

Company Registration Number:

06600039

Mitie T S 2 Limited

Annual Report and Financial Statements

For the year ended 31 March 2014



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Officers and professional advisers

DIRECTORS

S C Baxter

R McGregor-Smith

COMPANY SECRETARY

Mitie Company Secretarial Services Limited

REGISTERED OFFICE

1 Harlequin Office Park

Fieldfare

Emersons Green

Bristol

England

BS16 7FN

AUDITOR

Deloitte LLP

Chartered Accountants and Statutory auditor

London

United Kingdom

Strategic report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Review of the business

The Company provides treasury services to the group.

The Company made a loss of £5.8m (2013: Profit of £3.9m) in the year due to a provision made against amounts owed by Group joint ventures & associates.

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 key risk to the Company is the recoverability of its intercompany debtors. However, all subsidiaries of Mitie Group plc have the support of Mitie Group plc in order to meet their liabilities as they fall due.

Group risks are discussed in the group's annual report which does not form part of this report.

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.

Approved by the Board and signed on its behalf by:



19TH SEPTEMBER 2014

S C Baxter
Director

Directors' report

The directors present the annual report and financial statements of Mitie T S 2 Limited ("the Company") for the year ended 31 March 2014.

Dividends

No dividend was declared or paid in the year (2013: no dividend).

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.

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.

Future developments

The directors expect the general level of activity to be consistent with 2014 in the forthcoming year.

Post balance sheet events

There are no significant events since the balance sheet date.

Financial risk management

This is disclosed in the Strategic Report.

Directors

The directors who served throughout the year are shown on page 1. There have been no changes since the year end date

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

- so far as 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
- she has each taken all the steps that she ought to have taken as a director to make 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 Strategic report and a Directors' report which complies with the relevant requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board and signed on its behalf by:



19TH SEPTEMBER 2014

S C Baxter
Director

Independent auditor's report to the members of Mitie T S 2 Limited

We have audited the financial statements of Mitie T S 2 Limited for the year ended 31 March 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 14. 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 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

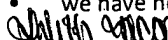
Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

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.


Judith Tacon (Senior statutory auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

19 September 2014

Profit and Loss account**For the year ended 31 March 2014**

	Note	2014 £'000	2013 £'000
Administration expense		(10,156)	-
Operating (loss)	2	(10,156)	-
(Loss) on ordinary activities before interest and taxation		(10,156)	-
Interest receivable and similar income	3	11,203	4,361
Interest payable and similar charges	3	(6,851)	(486)
(Loss)/profit on ordinary activities before taxation		(5,804)	3,875
Tax credit on (loss)/profit on ordinary activities	4	1,760	6
(Loss)/profit for the financial year	8, 9	(4,044)	3,881

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

There are no recognised gains and losses for the current or preceding financial year other than as stated in the profit and loss account. Accordingly, no separate statement of total recognised gains and losses is presented.

Balance Sheet**As at 31 March 2014**

	Note	2014 £'000	2013 £'000
Current assets			
Debtors			
- due within one year	5	211,403	209,690
- due after one year	5	4,701	12,750
Cash at bank and in hand		4,771	-
		<u>220,875</u>	<u>222,440</u>
Creditors: amounts falling due within one year	6	(144,132)	(141,653)
		<u>76,743</u>	<u>80,787</u>
Net current assets			
		<u>76,743</u>	<u>80,787</u>
Total assets less current liabilities, being net assets		<u>76,743</u>	<u>80,787</u>
Share capital and reserves			
Called-up share capital	7	69	69
Share premium account	8	69,121	69,121
Profit and loss account	8	7,553	11,597
		<u>76,743</u>	<u>80,787</u>
Shareholder's funds	9	<u>76,743</u>	<u>80,787</u>

The financial statements of Mitie T S 2 Limited (registered number 06600039) were approved by the board of directors and authorised for issue on



19TH SEPTEMBER 2014

Signed on its behalf by:
S C Baxter
Director

Notes to the financial statements

For the year ended 31 March 2014

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 year and the preceding year.

Group financial statements

Consolidated group accounts have not been prepared as the Company has taken advantage of the exemption from this requirement, conferred by FRS 2, on the grounds that its accounts are consolidated in the larger group of Mitie Group plc. Accordingly, the financial statements present information about the Company as an entity and not as a group.

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.

Cash flow statement

The Company has taken the exemption from the requirement to prepare a cash flow statement, as it is included within the consolidated financial statements of Mitie Group plc and greater than 90% of the voting rights of the Company are held by Mitie Group plc.

2. Operating (loss)

	2014 £'000	2013 £'000
Operating (Loss) is stated after charging		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	6	-
	<u>6</u>	<u>-</u>

Audit fees of £nil (2013: £5000) were borne by Mitie Group plc and not recharged.

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.

Notes to the financial statements (continued)

For the year ended 31 March 2014

3. Interest

	2014 £'000	2013 £'000
<i>Interest receivable and similar income</i>		
Bank interest	65	-
Other	-	162
Intercompany interest receivable	11,138	4,199
	<u>11,203</u>	<u>4,361</u>
<i>Interest payable and similar charges</i>		
Bank interest	(15)	-
Intercompany interest payable	(6,836)	(486)
	<u>(6,851)</u>	<u>(486)</u>

Notes to the financial statements (continued)

For the year ended 31 March 2014

4. Tax on (loss)/profit on ordinary activities

	2014 £'000	2013 £'000
(a) Analysis of charge / (credit) in the year		
United Kingdom corporation tax 23% (2013: 24%)	468	(28)
Adjustment in respect of prior years	(198)	22
	<hr/>	<hr/>
Total current tax (Note 4(b))	270	(6)
Deferred taxation:		
Timing differences - origination and reversal	(2,030)	-
	<hr/>	<hr/>
Tax on (loss)/profit on ordinary activities	<u>(1,760)</u>	<u>(6)</u>

(b) Factors affecting tax charge / (credit) 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 23% (2013: 24%). The differences are as follows:

	£'000	£'000
(Loss)/profit on ordinary activities before tax	<u>(5,804)</u>	<u>3,875</u>
Tax at 23% (2013: 24%) thereon:	(1,335)	930
Expenses not deductible for tax purposes	(532)	(958)
Other timing differences	2,335	-
Adjustments to tax charge in respect of prior periods	(198)	22
	<hr/>	<hr/>
Current tax charge / (credit) for the year (Note 4(a))	<u>270</u>	<u>(6)</u>

The Finance Bill 2013, enacted as the Finance Act 2013 in July 2013 reduced the corporation tax rate from 23% to 21% with the effect from 1 April 2014 with a further reduction to 20% from 1 April 2015. This will reduce the Company's future tax charge accordingly, and hence the rate of 20% has been used to calculate the position on deferred tax at the year-end (2013: 23%). The directors are not aware of any other factors that will materially affect the future tax charge.

	2014 £'000	2013 £'000
The deferred tax balance comprises the following:		
Other timing difference	2,030	-
	<hr/>	<hr/>
Total deferred tax asset	<u>2,030</u>	<u>-</u>
Amount charge to the profit and loss account in the year in relation to deferred tax	<u>(2,030)</u>	<u>-</u>

Notes to the financial statements (continued)

For the year ended 31 March 2014

5. Debtors

	2014 £'000	2013 £'000
Amounts falling due within one year:		
Amounts owed by Group undertakings	208,569	209,418
Prepayments and accrued income	804	272
Deferred tax asset	2,030	-
	<u>211,403</u>	<u>209,690</u>
Amounts falling due after more than one year:		
Amounts owed by Group joint ventures & associates	14,851	12,750
Less: provision made against amounts owed by Group joint ventures & associates	(10,150)	-
	<u>4,701</u>	<u>12,750</u>

6. Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Bank loans and overdrafts	-	1,641
Amounts owed to Group undertakings	142,795	139,967
Corporation tax	537	-
Other creditors	797	-
Accruals and deferred income	3	45
	<u>144,132</u>	<u>141,653</u>

7. Called-up share capital

	2014 £'000	2013 £'000
Allotted and called-up share capital		
1 £1 A Ordinary shares	-	-
69,190,000 £0.001 B Ordinary shares	69	69
	<u>69</u>	<u>69</u>

Notes to the financial statements (continued)

For the year ended 31 March 2014

8. Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 April 2013	69,121	11,597
(Loss)/profit for the financial year	-	(4,044)
	<hr/>	<hr/>
At 31 March 2014	69,121	7,553
	<hr/>	<hr/>

9. Reconciliation of movement in shareholder's funds

	2014 £'000	2013 £'000
(Loss)/profit for the financial year	(4,044)	3,881
Issue of share capital	-	69,190
Transfer of other reserves	-	(69,190)
	<hr/>	<hr/>
Net addition to shareholder's (deficit)/funds	(4,044)	3,881
Opening shareholder's funds	80,787	76,906
	<hr/>	<hr/>
Closing shareholder's funds	76,743	80,787
	<hr/>	<hr/>

10. Directors

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.

Director	Remunerated by
S C Baxter	Mitie Group plc
R McGregor-Smith	Mitie Group plc

Notes to the financial statements (continued)**For the year ended 31 March 2014****11. Employees**

Mitie Treasury Services 2 Limited had no employees in the year ended 31 March 2014 (2013: none).

12. Financial commitments***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.

	2014 £'000	2013 £'000
Overall commitment	2,228	-

13. Related party transactions

Set out below are the 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. Other than those described below, there were no transactions with entities other than members of Mitie Group plc which require disclosure under FRS 8.

During the year the company held £1.42m (2013: £1.6m) of loan notes issued by joint ventures & associates of Mitie Group plc. The fixed rate, unsecured loan notes are included in the debtors notes to the accounts and are repayable on 31 October 2015.

During the year the company held £13.431m (2013: £12.25m) of loan notes issued by joint ventures & associates of Mitie Group plc. The fixed rate, secured sub-ordinated loan notes, of which £2.281m was issued at 31 March 2014 and are included in the debtors notes to the accounts and are repayable on 1 April 2015.

14. Ultimate parent undertaking and controlling party

Mitie Facilities Services 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 accounts are prepared. Copies of the group financial statements can be obtained from the Company Secretary at the registered office.