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Global Aware International Ltd

Annual report and financial statements

Registered number 06753723

31 March 2021

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Company information

Directors
P J G Dickinson
J M Towse

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 Global Aware International Ltd (the "Company") for the year ended 31 March 2021.

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

Review of the business
The principal activity of the Company is the provision of Global Security Operations. The Company's Global Security Operations is *an innovative, industry-leading holistic security solution, that combines actionable intelligence, proprietary Merlin 24/7* technology and expert people, including over 20,000 frontline security officers and experienced risk specialists, enabling clients to make highly informed decisions about their security on a local, national and global scale. There have not been any significant changes in the Company's principal activity in the year under review.

The Company became part of the Mitie group on 31 July 2019. During the prior period the Company shortened its accounting period from 31 July 2020 to the 8 months to 31 March 2020 to align to the Group's year end.

As shown in the Company's profit and loss account on page 7, the Company's turnover was £805,000 for the year (2020: £415,000 for the 8 month period) and the profit after tax was £159,000 for the year (2020: £83,000 for the 8 month period).

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 and accounts 2021. The Directors have reviewed the financial risk management objectives and policies of the Company in light of the Group Risk Framework. The Directors do not believe there to be any significant risks other than those detailed below.

The key risks are as follows:

Strategic risks

COVID-19
Whilst the COVID-19 pandemic has had an unprecedented impact on businesses and economic activity across the world, Mitie has been able to meet many of the challenges COVID-19 brought with it. That said, these challenges remain as major issues for all organisations including Mitie and will continue to cause uncertainty in revenues, supplies and employee availability. Failure to monitor, respond to and plan for the ongoing and any future impacts of the COVID-19 pandemic, in particular the effect on employees, customers and the supply chain, could result in severe consequences for the financial health and reputation of the Company's business.

The Company has gone through a continuing pattern of modelling and assessing the impact throughout the crisis, including the government imposed lockdown measures, establishing new ways of working through the different phases and then preparing longer term plans once the UK lockdown starts to ease and business activity returns to more normal levels. To manage the risk, crisis management and business continuity plans have been driven by a robust governance structure, agile working practices and support to our numerous front line workers. Where necessary government support schemes have been utilised and working groups established at the Mitie Group level and with individual clients to monitor ongoing impacts, mitigating developing issues and to coordinate action planning. By being at the centre of the Government's Test and Trace approach to COVID-19 Mitie has been able to achieve good revenues, however in the medium term new business opportunities will be required to be identified as the need for testing for those affected by the pandemic reduce.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These controls include but are not limited to:

1. Crisis and Business Continuity Management frameworks invoked and implemented throughout the Group and in collaboration with clients;
2. Continuing governance including a Group-led COVID-19 Working Group that has coordinated responses since February 2020;
3. Increased meeting frequency at the Mitie Group Executive level (MGX) to monitor ongoing impacts and direct actions;
4. Close working relationship maintained with the UK Government through the Cabinet Office;
5. Coordinated support to critical infrastructure throughout the pandemic;
6. Ongoing dialogue with clients to understand their requirements;
7. Close monitoring of supply chain to ensure continuity of critical supplies;
8. Use of UK Government support schemes, including the Coronavirus Job Retention Scheme (Furlough); and
9. Regular forecasting and reviews of revenue and cash.

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Directors' report *(continued)*

Strategic Risks *(continued)*

Impact of the UK leaving the European Union (Brexit)
The lack of clarity of the impact of Brexit on the UK may still adversely affect our ability to plan and invest, as well as the availability of labour and materials. Whilst the Company's client base is predominantly within the UK, the recent integration of Interserve FM has brought with it some non UK business, which may bring some trading issues. The still unresolved trading process for the Irish border may in turn cause some issues, as well as affect changes to the regulatory framework and lead to possible restrictions in the supply of materials. The rules around immigration and non-UK nationals working in the UK may adversely impact the supply of labour for our business and this is being rigorously monitored.

The continuing impact of the Brexit negotiations may also influence the decisions taken by both public and private sector clients as to which activities should be outsourced and the amount of discretionary spend available for outsourcing activities. This may result in fewer opportunities for the Company and have a consequential negative impact on our financial performance.

Controls and mitigation plans have been put in place by the Group to mitigate such risks. These controls include but are not limited to:

1. Executive level sponsor appointed to lead the organisational response;
2. Group-led Brexit Readiness Working Group established and led by the Group Head of Risk;
3. Full review of EU-UK Trade and Cooperation Agreement undertaken, and robust control plan adopted;
4. Close working relationship maintained with UK Government to ensure continuity of service;
5. Dedicated account managers to focus on growing integrated strategic accounts and wider ongoing client dialogue to understand requirements and sales opportunities;
6. Continuing drive for greater customer retention and higher Net Promoter Scores through improvements in customer service following 2020/21 good scores;
7. Regular review of overseas insurance to ensure compliance; and
8. Ongoing review of Settlement Status and implications of non-tariff measures.

In conjunction with the above, it is important that we are able to offer competitive, innovative and high-quality solutions to clients, and demonstrate the value we bring to them. We also need to ensure we carefully monitor and identify the most appropriate opportunities in both the public and private sectors.

Financial Risks
Reliance on material counterparties
The Company depends on 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 incidents
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 programme that is closely monitored.

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. The Group's core policies provide the basis of the governance framework. These are subject to reviews which underpin 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 the Group's career development, recruitment and talent management programmes to ensure that it attracts and retains key people.

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Directors' report *(continued)*

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. The Company is in a strong position to complement fellow Group companies with its industry leading security solutions and has a strong pipeline for the forthcoming year.

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

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.

Going concern
The Company's business activities have been described above. 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:

Director
P J G Dickinson
J M Towse

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 in the year (2020: £nil).

COVID-19 and current trading
In line with the Group approach, the Company established three overriding priorities to guide its response to the COVID-19 crisis: protecting the health and safety of colleagues, customers, other business partners and the communities that it serves; ensuring that its business is able to continue to operate with minimal disruption; and to deliver the essential services it provides to its customers.

The demand for security services has remained strong and we continue to support our clients in delivering critical services across the UK.

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Directors' report *(continued)*

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 report which does not form part of this report.

On behalf of the Board

DocuSigned by:
Jason Towse
D70976517962438

J M Towse
Director

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

7 October 2021

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

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

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

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

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

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

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Profit and loss account

	Note	**Year ending 31 March 2021 £000**	Restated[1] 8 month period ending 31 March 2020 £000
Turnover	*2*	**805**	415
Cost of sales		**(96)**	(55)
Gross profit		**709**	360
Administrative expenses		**(513)**	(258)
Operating profit		**196**	102
Interest receivable and similar income	*5*	**-**	1
Profit before tax		**196**	103
Tax	*6*	**(37)**	(20)
Profit for the period		**159**	83

Note:
1. The Company changed the preparation of its financial statements from FRS 102 to FRS 101. See note 1c for details of the restatement.

The notes on pages 10 to 18 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 year or prior period. Accordingly, no statement of comprehensive income has been prepared.

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Balance sheet

	Note	2021 £000	Restated[1] 2020 £000
Current assets			
Debtors	7	**270**	442
Cash at bank and in hand		**1,004**	882
Total current assets		**1,274**	1,324
Current liabilities			
Creditors[2]	8	**(183)**	(425)
Current tax payable		**(57)**	(78)
Deferred income		**(115)**	(232)
Total current liabilities		**(355)**	(735)
Net current assets		**919**	589
Non-current liabilities			
Deferred income		**(171)**	-
Total non-current liabilities		**(171)**	-
Net assets		**748**	589
Capital and reserves			
Share capital	9	**-**	-
Profit and loss reserve	9	**748**	589
Shareholders' funds		**748**	589

Note:
1. The Company changed the preparation of its financial statements from FRS 102 to FRS 101. See note 1c for details of the restatement.
2. The creditors balance as at 31 March 2020 has been re-presented to exclude current tax payable which is now presented on a separate line within current liabilities.

The notes on pages 10 to 18 form an integral part of the financial statements.

For the year ended 31 March 2021 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 2021 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 Global Aware International Ltd, company number 06753723, were approved by the Board of Directors and authorised for issue on 7 October 2021 and were signed on its behalf by:

DocuSigned by:
Jason Towse
D70976517962438

J M Towse
Director

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Statement of changes in equity

	Share capital £000	**Profit and loss reserve £000**	**Total equity £000**
At 31 July 2019	-	506	506
Profit for the period	-	83	83
Total comprehensive income	-	83	83
At 31 March 2020	-	589	589
At 1 April 2020	-	589	589
Profit for the year	-	159	159
Total comprehensive income	**-**	**159**	**159**
At 31 March 2021	**-**	**748**	**748**

The notes on pages 10 to 18 form an integral part of the financial statements.

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Notes

1 Accounting policies, judgements and estimates

a) General information
Global Aware International Ltd (the "Company") is a private company limited by shares and is incorporated in England and Wales and domiciled in the United Kingdom. Details of the Company's activities are set out in the Directors' report.

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 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.

c) Basis of preparation

Going concern
The directors are satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements. This is on the basis of their assessment of the Company's financial position, including its net current assets and net assets, the Company's directors expect that the Company will be able to continue in operational existence for at least the next twelve months from the date of singing these financial statements and hence continue to adopt the going concern basis of accounting in preparing the financial statements.

Transition from FRS 102 to 101
The Company is changing the preparation of its financial statements from FRS 102 to FRS 101. This brings this set of financial statements in line with the rest of the Group. The transition to FRS 101 has no material impact on the reported financial position of the Company.

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 Adopted IFRSs;
- certain disclosures required by IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15");
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of Key Management Personnel; and
- disclosure 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:

- IFRS 2 *Share-based Payment* in respect of Group settled share-based payments; and
- certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instruments: Disclosures.*

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Notes *(continued)*

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

c) Basis of preparation *(continued)*

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.

Revenue recognition policy
The Company operates contracts with a varying degree of complexity across its service lines, so a range of methods is used for the recognition of revenue based on the principles set out in IFRS 15. Revenue represents income recognised in respect of services provided during the period based on the delivery of performance obligations and an assessment of when control is transferred to the customer.

IFRS 15 provides a single, principles based five-step model to be applied to all sales contracts as outlined below. It is based on the transfer of control of goods and services to customers and replaces the separate models for goods, services and construction contracts.

Step 1 - Identify the contract(s) with a customer
For all contracts with customers, the Company determines if the arrangement creates enforceable rights and obligations. This assessment results in certain Framework arrangements or Master Service Agreements ("MSAs") not meeting the definition of contracts under IFRS 15 unless they specify the minimum quantities to be ordered. Usually the work order and any change orders together with the Framework or MSA will constitute the IFRS 15 contract.

Duration of contract
The Company frequently enters into contracts with customers which contain extension periods at the end of the initial term, automatic annual renewals, and/or termination for convenience and break clauses that could impact the actual duration of the contract. As the term of the contract impacts the period over which amortisation of contract assets and revenue from performance obligations may be recognised, the Company applies judgement to assess the impact that such clauses have in determining the relevant contract term. In forming this judgement, management considers certain influencing factors including the amount of discount provided, the presence of significant termination penalties in the contract, and the relationship, experience and performance of contract delivery with the customer and/or the wider industry, in understanding the likelihood of extension or termination of the contract.

Contract modifications
A contract modification takes place when the amendment creates new enforceable rights and obligations or changes the existing price or scope (or both) of the contract, and the modification has been approved. Contract modifications can be approved in writing, by oral agreement, or implied by customary business practices.

If the parties to the contract have not approved a contract modification, revenue is recognised in accordance with the existing contractual terms. If a change in scope has been approved but the corresponding change in price is still being negotiated, the Company estimates the change to the total transaction price.

Contract modifications are accounted for as a separate contract if the contract scope changes due to the addition of distinct goods or services and the change in contract price reflects the standalone selling price of the distinct goods or services. The facts and circumstances of any modification are considered in isolation as these are specific to each contract and may result in different accounting outcomes.

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Notes *(continued)*

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

d) Significant accounting policies *(continued)*

Step 2 - Identify the performance obligations in the contract
Performance obligations are the contractual promises by the Company to transfer distinct goods or services to a customer. For arrangements with multiple components to be delivered to customers such as in the Company's integrated facilities management contracts, the Company applies judgement to consider whether those promised goods or services are:

i. distinct and accounted for as separate performance obligations;

ii. combined with other promised goods or services until a bundle is identified that is distinct; or

iii. part of a series of distinct goods or services that are substantially the same and have the same pattern of transfer over time i.e. where the customer is deemed to have simultaneously received and consumed the benefits of the goods or services over the life of the contract, the Company treats the series as a single performance obligation.

Step 3 - Determine the transaction price
At contract inception, the total transaction price is determined, being the amount to which the Company expects to be entitled and has rights under the contract. This includes the fixed price stated in the contract and an assessment of any variable consideration, up or down, resulting from e.g. discounts, rebates, service penalties. Variable consideration is typically estimated based on the expected value method and is only recognised to the extent it is highly probable that a subsequent change in its estimate would not result in a significant revenue reversal.

Step 4 - Allocate the transaction price to the performance obligations in the contract
The Company allocates the total transaction price to the identified performance obligations based on their relative stand-alone selling prices. This is predominantly based on an observable price or a cost plus margin arrangement.

Step 5 - Recognise revenue when or as the entity satisfies its performance obligations
For each performance obligation, the Company determines if revenue will be recognised over time or at a point in time. Where revenue is recognised over time, the Company applies the relevant output or input revenue recognition method for measuring progress that depicts the Company's performance in transferring control of the goods or services to the customer.

Certain long-term contracts use output methods based upon surveys of performance completed, appraisals of results achieved, or milestones reached which allow the Company to recognise revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services under the contract.

Under the input method, measured progress and revenue are recognised in direct proportion to costs incurred where the transfer of control is most closely aligned to the Company's efforts in delivering the service.

Where deemed appropriate, the Company will utilise the practical expedient within IFRS 15, allowing revenue to be recognised at the amount which the Company has the right to invoice, where that amount corresponds directly with the value to the customer of the Company's performance obligations completed to date.

If performance obligations do not meet the criteria to recognise revenue over time, revenue is recognised at the point in time when control of the goods or services passes to the customer. This may be at the point of physical delivery of goods and acceptance by a customer or when the customer obtains control of an asset or service in a contract with customer-specified acceptance criteria. Sales of goods are recognised when goods are delivered and control has passed to the customer.

Repeat service-based contracts (single and bundled contracts)
The Company operates a number of single or joint-service line arrangements where repeat services meet the definition of a series of distinct services that are substantially the same. They have the same pattern of transfer of value to the customer as the series constitutes core services provided in distinct time increments (e.g. monthly or quarterly). The Company therefore treats the series of such services as one performance obligation.

Short-term service-based arrangements
The Company delivers a range of other short-term service based performance obligations and professional services work for which revenue is recognised at the point in time when control of the service has transferred to the customer. This may be at the point when the customer obtains control of the service in a contract with customer-specified acceptance criteria e.g. the delivery of a strategic operating model or report.

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Notes *(continued)*

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

d) Significant accounting policies *(continued)*

Other revenue

Interest 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.

Accrued income and deferred income

The Company's customer contracts include a diverse range of payment schedules which are often agreed at the inception of long-term contracts under which it receives payments throughout the term of the arrangement. Payments for goods and services transferred at a point in time may be at the delivery date, in arrears or part payment in advance.

Where revenue recognised at the period end date is more than amounts invoiced, the Company recognises accrued income for the difference. Where revenue recognised at the period end date is less than amounts invoiced, the Company recognises deferred income for the difference.

Certain arrangements with customers include a contractual obligation to make redundancies for which the Company is reimbursed for the costs incurred. Revenue is not recognised on these transactions. Instead, the Company expenses all redundancy costs in the period they are incurred and any reimbursement credit is matched against the associated cost included in the profit and loss account up to the value of the redundancy cost incurred. Any cash payments received from the customer in excess of the reimbursement cost of redundancy are deferred over the contract term and unwound in line with the other services being delivered.

Where price step-downs are required in a contract and output is not decreasing, revenue is deferred from initial periods to subsequent periods in order for revenue to be recognised on a consistent basis.

Providing the option for a customer to obtain extension periods or other services at a significant discount may lead to a separate performance obligation where a material right exists. Where this is the case, the Company allocates part of the transaction price from the original contract to deferred income which is then amortised over the discounted extension period or recognised immediately when the extension right expires.

Taxation

The tax charge represents the tax currently payable.

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 at bank and in hand, and trade and other debtors. 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 at bank and in hand 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. 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 creditors. These are measured at initial recognition at fair value and subsequently at amortised cost.

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

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Notes *(continued)*

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

e) Critical accounting judgements and key sources of estimation uncertainty
The preparation of the 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
The following are the critical judgements, made by management in the process of applying the Company's accounting policies, that have the most significant effect on the amounts recognised in the Company's financial statements.

Revenue recognition
The Company's revenue recognition policies, which are set out under Revenue recognition in Note 1d, are central to how the Company measures the work it has performed in each financial year.

Due to the size and complexity of the Company's contracts, management is required to form a number of key judgements in the determination of the amount of revenue and profits to record, and related balance sheet items such as contract assets, accrued income and deferred income to recognise. This includes an assessment of the costs the Company incurs to deliver the contractual commitments and whether such costs should be expensed as incurred or capitalised. These judgements are inherently subjective and may cover future events such as the achievement of contractual performance targets and planned cost savings or discounts.

For certain contracts, key judgements were made concerning contract extensions and amendments which, for example, directly impact the timing of revenue recognition in addition to the phasing of upfront payments to, or from customers which are deferred to the balance sheet and unwound over the expected contract term. Management considers this to be an area of judgement due to the determination of whether a modification represents a separate contract based on its assessment of the stand-alone selling price, rather than a termination of the existing contract and establishment of a new contract for which the revised contract price would be recognised from the date of modification.

Recoverability of trade debtors
The Company has material amounts of billed work outstanding at 31 March 2021. Debtors are recognised initially at cost (being the same as fair value) and subsequently at amortised cost less any allowance for impairment, to ensure that amounts recognised represent the recoverable amount. The Company recognises a loss allowance for ECLs on all receivable balances from customers using a lifetime credit loss approach and includes specific allowance for impairment where there is evidence that the Company will not be able to collect amounts due from customers, subsequent to initial recognition. Management applies judgement on specific allowances for impairment based on the information available at each reporting date which includes an assessment of current disputes with customers over commercial positions, and where information suggests customers are facing significant financial difficulties.

Recoverability of amounts owed by Group undertakings
The Company has material amounts owed by Group undertakings outstanding at year end. The judgement as to whether an amount has become irrecoverable is an assessment made by the Directors in the determination of the expected total credit loss recognised under IFRS 9. This assessment takes into consideration Group solvency and access to Group funding by the debtor. The Directors consider the full amount owed to be recoverable under IFRS 9.

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

Notes *(continued)*

2 Turnover

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

3 Staff numbers and costs

There were no persons employed by the Company (including Directors) during the year ended 31 March 2021 and 8 month period ending 31 March 2020. Wages and salaries were recharged from the parent company Mitie Security Limited. The aggregate payroll costs of these persons was as follows:

	Year ending 31 March 2021 £000	8 month period ending 31 March 2020 £000
Wages and salaries	**440**	216
Social security costs	**32**	1
Pension costs	**3**	-
	475	217

4 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
J M Towse	Mitie Limited	Mitie Security Limited

5 Interest receivable and similar income

	Year ending 31 March 2021 £000	8 month period ending 31 March 2020 £000
Bank interest	-	1
Total	-	1

Notes *(continued)*

6 Tax

Analysis of charge in the year	**Year ending 31 March 2021 £000**	8 month period ending 31 March 2020 £000
UK corporation tax at *19% (2020: 19%)*		
Current tax on profit for the period	**37**	20
Total charge for the year	**37**	20

Reconciliation of effective tax rate	**Year ending 31 March 2021 £000**	8 month period ending 31 March 2020 £000
Profit before tax	**196**	103
Tax using the UK corporation tax rate of 19% *(2020: 19%)*	**37**	20
Total tax charge	**37**	20

The main rate of corporation tax will remain at 19% until 1 April 2023 when it will increase to 25%. This future corporation tax rate change is not expected to have a material impact on the Company's financial statements.

7 Debtors

	2021 £000	2020 £000
Trade debtors	**20**	121
Amounts owed by Group undertakings	**241**	309
Other taxes and social security	**-**	12
Accrued income	**9**	-
Total	**270**	442

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

Amounts owed by Group undertakings are repayable on demand.

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Notes *(continued)*

8 Creditors

	2021	2020[1]
	£000	£000
Trade creditors	**6**	266
Amounts owed to Group undertakings	**151**	104
Other taxes and social security	**12**	-
Accruals	**14**	-
Other creditors	**-**	55
Total	**183**	425

Note:
1 The creditors balance as at 31 March 2020 has been re-presented to exclude current tax payable which is now presented on a separate line within current liabilities.

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

Amounts due to Group undertakings are repayable on demand.

9 Capital and reserves

Share capital authorised and fully paid	**2021**	2020	**2021**	2020
	Number	Number	**£000**	£000
Ordinary Shares				
Ordinary shares at £1 each	**1**	1	**-**	-
	1	1	**-**	-

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

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

Dividends
No dividend was declared or paid in the year (2020: £nil).

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.

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Notes *(continued)*

12 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Global Aware International Group Limited which is the immediate parent company incorporated in England and Wales. The ultimate controlling party is Mitie Group plc, a company incorporated in Scotland 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.