

Utiyx Asset Management Projects Limited

Annual report and financial statements

Registered number 06900472

31 March 2021



Contents

Company information	1
Directors' report	2
Statement of Directors' responsibilities in respect of the Annual report and financial statements	4
Profit and loss account	5
Balance sheet	6
Statement of changes in equity	7
Notes	8

Company information

Directors

M R Peacock
P J G Dickinson

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 financial statements of Utilyx Asset Management Projects Limited (the "Company") for the year ended 31 March 2021.

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 Company is a wholly owned indirect subsidiary of Mitie Group plc (the "Group"). The principal activity of the Company is that of a holding Company. There is no change in the principal activity of the Company from the prior year.

As shown in the Company's profit and loss account on page 5, the Company's turnover was £nil (2020: £nil) and the loss after tax was £56,000 (2020: £100,000).

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	Date of appointment	Date of resignation
S C Kirkpatrick		27/08/21
P J G Dickinson		
M R Peacock	26/08/21	

Directors' indemnity

A qualifying third-party indemnity provision as defined in Section 23 of the Companies Act 2006 is in force for the benefit of each of the Utilyx Asset Management Projects Limited 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: no dividend).

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.

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.

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 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 (2020: £nil).


Future developments

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

Post balance sheet events

Subsequent events have been disclosed in Note 9.

On behalf of the Board

DocuSigned by:

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M R Peacock

Director

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

25 November 2021

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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.

Utilyx Asset Management Projects Limited
Annual report and financial statements
 31 March 2021

Profit and loss account

	<i>Note</i>	2021 £000	2020 £000
Interest payable and similar expenses	3	(56)	(100)
Loss before tax		(56)	(100)
Tax	4	-	-
Loss for the year		(56)	(100)

The notes on pages 8 to 12 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.

Utilyx Asset Management Projects Limited
Annual report and financial statements
 31 March 2021

Balance sheet

	<i>Note</i>	2021 £000	2020 £000
Current assets			
Cash at bank and in hand		26	-
Total current assets		26	-
Current liabilities			
Current tax payable ¹		-	(1)
Creditors	6	(2,210)	(2,127)
Total current liabilities		(2,210)	(2,128)
Net current liabilities		(2,184)	(2,128)
Net liabilities		(2,184)	(2,128)
Capital and reserves			
Share capital	7	-	-
Profit and loss reserve	7	(2,184)	(2,128)
Shareholders' deficit		(2,184)	(2,128)

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.

The notes on pages 8 to 12 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 Utilyx Asset Management Projects Limited, company number 06900472, were approved by the Board of Directors and authorised for issue on 25 November 2021 and were signed on its behalf by:

DocuSigned by:

 67580D9FE8A6479...
M R Peacock
 Director

Statement of changes in equity

	Share capital £000	Profit and loss reserve £000	Total equity £000
Balance at 1 April 2019	-	(2,028)	(2,028)
Loss for the year	-	(100)	(100)
Total comprehensive expense	-	(100)	(100)
At 31 March 2020	-	(2,128)	(2,128)
At 1 April 2020	-	(2,128)	(2,128)
Loss for the year	-	(56)	(56)
Total comprehensive expense	-	(56)	(56)
At 31 March 2021	-	(2,184)	(2,184)

The notes on pages 8 to 12 form an integral part of the financial statements.

Notes

1 Accounting policies, judgements and estimates

a) General information

Utiy Asset Management Projects Limited (the "Company") is a private company limited by shares and is incorporated in England and Wales and domiciled in the UK. Details of the Company's activities are set out in the Directors' report.

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.

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 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 (together the Group). The Directors have received a letter of support from the directors of Mitie Group plc to confirm 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 period ended 31 March 2021 (the Going Concern Assessment Period) to ensure that the Company can meet its liabilities as they fall due.

The directors of Mitie Group plc have carried out an assessment on the ability of the Group to continue as a going concern for the period of at least 12 months from the date of approval of the financial statements. 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 Board. This includes the ongoing impact of COVID-19 on each of the Group's operations. 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 2021 were a £250m revolving credit facility maturing in December 2022 of which £241.4m was undrawn at 30 September 2021, 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 replaced in October 2021 by a new £150m facility maturing in October 2025 (with an option to extend for a further year, subject to lenders' approval), on significantly more favourable terms. The issue of £120.0m of new USPP notes has also been agreed, under a delayed funding arrangement in December 2022, avoiding any overlap with the existing £121.5m of notes that mature in the same month. The new notes are split equally between 8, 10 and 12 year maturities, and will be issued with an average coupon that is significantly below the current coupon. The remaining £30m of USPP notes are due to mature in December 2024, which is outside of the Going Concern Assessment Period. These financing arrangements are subject to certain financial covenants which are tested every six months on a rolling 12-month basis.

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 £120.5m at 30 September 2021. 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 reverse stress tests 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.

Notes *(continued)*

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

Going concern *(continued)*

The primary financial risks for the Group 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 the potential further impact of COVID-19, taking into account the continued success of the vaccine roll-out, easing of restrictions and improvements in the economy:

- 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 integration synergies identified as a result of the Interserve Facilities Management acquisition 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, the directors of Mitie Group plc considered the following:

- The improvement in trading for the Group up to the end of October 2021, compared with the more severe initial adverse impact of COVID-19, in the context of the continued easing of UK lockdown measures and anticipated economic recovery.
- All reverse 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 30% in the year ending 31 March 2022, 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 in a COVID-hit year, the Group's revenue excluding Interserve Facilities Management declined by only 1.6% for the year ended 31 March 2021.
- In the event that 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 reverse stress test scenarios. These include cancellation of discretionary bonuses and reduced discretionary spend, including capital investments.

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.

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 audited financial statements for the year ended 31 March 2021. Accordingly, the financial statements have been prepared on a going concern basis.

Notes (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 Adopted IFRS;
- 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:

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

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.

Financial instruments – classification and measurement

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a 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.

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

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 critical judgements that had significant effects on the amounts recognised in the financial statements.

2 Directors' Remuneration

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 of other group companies.

Director	Remunerated by	Disclosed in
S C Kirkpatrick	Mitie Limited	Mitie Limited
P J G Dickinson	Mitie Limited	Mitie Limited

There are no employees in the Company (2020: nil).

3 Interest payable and similar expenses

	2021 £000	2020 £000
Interest payable to Group undertakings	56	100

4 Taxation

	2021 £000	2020 £000
<i>Analysis of charge in the year</i>		
	2021 £000	2020 £000
Loss before tax	(56)	(100)
Tax using the UK corporation tax rate of 19% (2020: 19%)	(11)	(19)
Items not deductible	11	19
Total tax charge	-	-

The main rate of UK corporation tax rate 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.

Notes (continued)

5 Investments in subsidiaries

The Company has the following investments in subsidiaries:

	Country of Incorporation	Class of shares held	Ownership
Utiy Healthcare Energy Services Limited *	England and Wales	Ordinary	100%

*Held directly by the Company.

The registered office of the company listed above is Level 12, The Shard, 32 London Bridge Street, London, SE1 9SG.

6 Creditors

	2021 £000	2020 ¹ £000
Bank loans and overdrafts	-	92
Amounts owed to Group undertakings	2,210	2,035
	<u>2,210</u>	<u>2,127</u>

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.

Included within amounts owed to Group undertakings above is a £2,200,000 (2020: £2,000,000) interest free loan (2020: 5% per annum). Amounts owed to Group undertakings are repayable on demand and bear no interest.

7 Capital and reserves

Share capital authorised and fully paid	2021 Number	2020 Number	2021 £000	2020 £000
Ordinary shares				
1 Ordinary shares at £1 each	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</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.

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.

8 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.

9 Subsequent events

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

10 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Utiy Asset Management 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, SE1 9SG, UK or from www.mitie.com.