Mitie Care and Custody Limited

Annual Report and Financial Statements

Registered number 06976230

31 March 2016

Contents

Company information

Directors

Colin Dobell
Paul Ferry

Secretary

Mitie Company Secretarial Services Limited

Registered office

1 Harlequin Office Park
Fieldfare
Emersons Green
Bristol
BS16 7FN

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

Strategic report

Mitie Care and Custody Limited ("the Company") is part of the Mitie group of companies ("the Group"), the ultimate parent company being Mitie Group plc.

The directors, in preparing this strategic report, have complied with Section 414c of the Companies Act 2006.

Review of the business

The principal activity of the Company is to provide outsourced custody services to HM Government, including the management of prisons and immigration removal centres. There have not been any significant changes in the Company's principal activities in the year under review.

As shown in the Company's profit and loss account on page 8, the Company's revenue was £33,450,356 (2015: £28,655,734) and the profit after tax was £1,921,233 (2015: £2,157,501) . The increase in revenue is due to having a full year on the Heathrow contract which started in September 2014. The reduction in profit in the current year has been caused by not having the benefit of capitalising mobilisation costs at Heathrow including salaries and IT assets which took place at the start of the contract.

Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Company's directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the business. The performance of the Group's divisions is discussed in the Group's annual report which does not form part of this report.

Principal risks and uncertainties

The Company is part of the Mitie Group and manages its risks within the Mitie Group Risk Framework. Details of the principal risks and uncertainties are given in the Mitie Group plc annual report. The directors have reviewed the financial risk management objectives and policies of the Company in the light of the Group Risk Framework. The directors do not believe there to be any other significant risks.

Key risks include:

Strategic Risks

Changes in the market and to the economic conditions

The Company is exposed to UK market conditions. Company performance and resourcing requirements may be impacted by any changes in the market. We have an ability to recognise and adapt to any change in requirement for services and are well placed to adapt to policy changes.

Financial Risks

Reliance on material counterparties

The Company depends on a number of significant counterparties, including clients, suppliers, banks and insurers, to maintain its business. The failure of a key business partner could affect the business. This risk is mitigated by limiting the dependency on any one partner.

Operational Risks

Significant health, safety or environmental incident

The potential to cause harm to employees, clients, or to damage the environment exists and is mitigated by an extensive Quality Health, Safety and environmental (QHSE) programme that is monitored closely.

System, process or control failure

Increased reliance on business systems dictates a robust governance framework and set of processes. Failure of the framework could impact on operational performance. Mitie's core policies provide the basis of the governance framework. These are subject to reviews which underpins the mitigation activity for this risk. These reviews are carried out alongside regular, formal, documented testing of business critical systems.

Strategic report *(continued)*

Attracting and retaining skilled people

Failure to attract new talent and develop existing employees could impact growth. The Company utilises Mitie's career development, recruitment and talent management programmes to ensure that it attracts and retains key people.

Financial risk management

The Company does not enter into any hedging instruments, or any financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers and manages any exposure on normal trade terms. The Company prepares regular forecasts of cash flow and liquidity and any requirement for additional funding is managed as part of the overall Mitie Group plc financing arrangements.

Future developments

The directors expect the general level of activity to remain consistent in the forthcoming year. We do not expect any new significant contract opportunities to mobilise within the next 12 months however; we have a very robust pipeline of bidding activity throughout the coming year and are confident we will secure increased volumes of new business that will mobilise during 2017.

Central government has announced a number of new initiatives recently including a new prison programme and more devolved powers to PCC's and prison governors. Whilst it is unclear at this stage how this may affect our business model, we expect this to create a range of new opportunities in our core criminal justice markets.

Post balance sheet events

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

Approved by the Board and signed on its behalf by:

Colin Dobell
Director

30 June 2016

Directors' report

Going concern

The company's business activities, together with the factors likely to affect its future development and position are set out in the Strategic report.

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its ultimate parent and fellow subsidiaries.

Directors

The directors who held office during the year, together with those subsequently appointed, were:

Director	Date of appointment	Date of resignation
Colin Dobell	-	-
Paul Ferry	-	-
Nigel Beswick	-	29/12/2015

Dividends

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

	2016	2015
	£	£
A Ordinary	**0.08**	0.00
B Ordinary	**0.08**	0.00
C Ordinary	**0.08**	0.00

Environment

The Group endeavours to identify, monitor and manage the impact of their activities on the environment and is fully committed to environmental accountability and protection. The Company operates in accordance with Group policies which are described in the Group's annual and sustainability reports which do not form part of this report.

Political contributions

The Company made no political donations nor incurred any political expenditure during the year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given, and should be interpreted in accordance with Section 418 of the Companies Act 2006.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 2.

Auditor

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

Directors' report *(continued)*

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

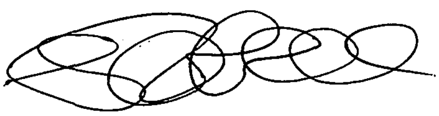
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the board



Colin Dobell
Director

1 Harlequin Office Park
Fieldfare
Emersons Green
BS16 7FN

30 June 2016

Independent auditor's report to the members of Mitie Care and Custody Limited

We have audited the financial statements of Mitie Care and Custody Limited for the year ended 31 March 2016 which comprise the Profit and loss account, the Statement of comprehensive income, the Balance sheet, the Cash flow statement, the Statement of changes in equity and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

30 June 2016

Profit and loss account

	Note	**2016 Total £000**	2015 Total £000
Turnover	*2*	**33,450**	28,656
Cost of sales		**(29,135)**	(24,341)
Gross profit		**4,315**	4,315
Administrative expenses		**(2,059)**	(1,536)
Operating profit		**2,256**	2,779
Other interest receivable and similar income	*6*	**194**	12
Interest payable and similar charges	*7*	**(19)**	(58)
Profit on ordinary activities before taxation		**2,431**	2,733
Tax on profit on ordinary activities	*8*	**(510)**	(576)
Profit for the financial year		**1,921**	2,157

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 year. Accordingly, no statement of other comprehensive income has been prepared.

Balance sheet

	Note	2016 £000	Restated 2015 £000
Fixed assets			
Tangible assets	*9*	**505**	519
		505	519
Current assets			
Stocks	*10*	**60**	24
Debtors	*11*	**2,952**	2,738
Cash at bank and in hand	*12*	**5,556**	4,847
		8,568	7,609
Creditors: amounts falling due within one year	*13*	**(5,590)**	(6,560)
Net current assets		**2,978**	1,049
Total assets less current liabilities		**3,483**	1,568
Net assets		**3,483**	1,568
Capital and reserves			
Called up share capital	*16*	**385**	385
Share premium account	*16*	**313**	313
Profit and loss account	*16*	**2,785**	870
Shareholders' funds		**3,483**	1,568

These financial statements were approved by the board of directors on 30 June 2016 and were signed on its behalf by:

Colin Dobell
Director

Statement of changes in equity

	Called up share capital £000	Share Premium Account £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2015	**385**	**313**	**870**	**1,568**
Total comprehensive income for the year				
Profit or loss	-	-	**1,921**	**1,921**
Total comprehensive income for the year	-	-	**1,921**	**1,921**
Transactions with owners, recorded directly in equity				
Equity-settled share based payment transactions	-	-	**44**	**44**
Dividends	-	-	**(50)**	**(50)**
Total contributions by and distributions to owners	-	-	**(6)**	**(6)**
Balance at 31 March 2016	**385**	**313**	**2,785**	**3,483**

	Called up Share capital £000	Share Premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2014	385	218	(1,322)	(719)
Total comprehensive income for the year				
Profit or loss	-	-	2,157	2,157
Total comprehensive income for the year	-	-	2,157	2,157
Transactions with owners, recorded directly in equity				
Issue of shares	-	95	-	95
Equity-settled share based payment transactions	-	-	35	35
Total contributions by and distributions to owners	-	95	35	130
Balance at 31 March 2015	385	313	870	1,568

Notes

1 Accounting policies

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

As more fully detailed in the Directors' report the Company's financial statements have been prepared on a going concern basis.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101")*. The amendments to FRS 101 (2013/14 Cycle) issued in July 2014 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has adopted FRS 101 for the first time. In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position, financial performance and cash flows of the Company is provided in note 18.

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

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

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

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy; and
- Disclosures in respect of the compensation of Key Management Personnel.

Notes *(continued)*

1 Accounting policies *(continued)*

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

- IFRS 2 Share Based Payments in respect of group settled share based payments;
- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets;
- Disclosures required by IFRS 5 Non-current *Assets Held for Sale and Discontinued Operations* in respect of the cash flows of discontinued operations;
- Certain disclosures required by IFRS 3 *Business Combinations* in respect of business combinations undertaken by the Company [in the current and prior periods including the comparative period reconciliation for goodwill; and]
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures.*

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 balance sheet at 1 April 2014 for the purposes of the transition to FRS 101.

Judgements made by the directors, in the application of these accounting policies, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.

Measurement convention

The financial statements are prepared on the historical cost basis.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any impairment in value. Depreciation is charged so as to write off the cost less expected residual value of the assets over their estimated useful lives and is calculated on a straight-line basis as follows:

- Plant and vehicles: 5 years

Annually the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the CGU to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised as income immediately.

Notes *(continued)*

1 Accounting policies *(continued)*

Stocks

Stocks are stated at the lower of cost and net realisable value. Costs represent materials, direct labour and overheads incurred in bringing the inventories to their present condition and location. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and estimated selling costs. Provision is made for obsolete, slow moving or defective items where appropriate.

Share-based payment transactions

The Company participates in a number of Mitie Group plc executive and employee share option schemes. For all grants of share options, the fair value as at the date of grant is calculated using the appropriate valuation model and the corresponding expense is recognised on a straight-line basis over the vesting period based on the Company's estimate of shares that will actually vest. Further details of the Group's share option schemes are contained in the Mitie Group plc annual report.

The Company took advantage of the option available in IFRS 1 to apply IFRS 2 only to equity instruments that were granted after 7 November 2002 and that had not vested by 1 April 2014.

Turnover

Turnover represents the total, excluding sales taxes, receivable in respect of goods and services supplied. All turnover arises within the United Kingdom from the Company's principal activity.

Turnover is recognised as services are delivered to the extent that it is probable that the economic benefits will flow to the Company and can be reliably measured.

Notes *(continued)*

1 Accounting policies *(continued)*

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based upon tax rates and legislation that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when: there is a legally enforceable right to set off current tax assets against current tax liabilities; when they relate to income taxes levied by the same taxation authority; and the Company intends to settle its current tax assets and liabilities on a net basis.

Critical accounting judgements in applying the Company's accounting policies

In the process of applying the Company's accounting policies, which are described in note 1 above, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

Revenue is recognised for certain long-term complex projects based on the stage of completion of the contract activity. This is measured by comparing the proportion of costs incurred, which include transition costs reflecting costs incurred in the performance of transitioning services (see Note 1), against the estimated whole-life contract costs. Particular judgement is required in evaluating the operational and financial business plans for these contracts to forecast the expected whole-life contract billings, costs and margin and to assess the recoverability of any resulting accrued income through the life of the contract. In forming the judgement around expected whole-life contract billings, account is taken of potential deductions from and increments to revenue that may arise from the application of performance related measures under contracts.

Notes *(continued)*

2 Turnover

The Company derives all of its turnover from the provision of services to customers based in the UK. The services of the Company are based around providing outsourced custody services to HM Government, including the management of prisons and immigration removal centres.

3 Expenses and auditor's remuneration

Auditor's remuneration:

	2016	2015
	£000	£000
Fee's payable to the company's auditor for the audit of the company's annual accounts	**6**	6

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2016	2015
Operations	**659**	489
Administration	**13**	9
	672	498

The aggregate payroll costs of these persons were as follows:

	2016	2015
	£000	£000
Wages and salaries	**18,214**	12,958
Share based payments (See note 15)	**44**	35
Social security costs	**1,726**	1,207
Termination and redundancy payments	**3**	49
Contributions to defined contribution plans	**504**	346
	20,491	14,595

Notes *(continued)*

5 Directors' remuneration

	2016	2015
	£000	£000
Directors' emoluments	**395**	301

6 Other interest receivable and similar income

	2016	2015
	£000	£000
Interest income on financial assets	**194**	12
Total interest receivable and similar income	**194**	12

7 Interest payable and similar charges

	2016	2015
	£000	£000
Interest payable and similar on bank loans and overdrafts	**19**	58
Total other interest payable and similar charges	**19**	58

Notes *(continued)*

8 Taxation

Analysis of charge in the year	**2016 £000**	2015 £000
UK corporation tax at *20% (*2015: 21%)		
Current tax on income for the period	**514**	595
Adjustments in respect of prior periods	**9**	1
	523	596
Total current tax	**523**	596
Deferred tax (see note 14)		
Origination and reversal of temporary timing differences	**(21)**	(19)
Recognition of previously unrecognised tax losses	**3**	(1)
Reduction in statutory tax rate	**5**	-
Total deferred tax	**(13)**	(20)
Tax on profit on ordinary activities	**510**	576

Tax recognised directly in equity	**2016 £000**	2015 £000
Current tax recognised directly in equity	(1,007)	-
Deferred tax recognised directly in equity	1,919	-
Total tax recognised directly in equity	912	-

Reconciliation of effective tax rate	**2016 £000**	2015 £000
Profit for the year	**1,921**	2,157
Total tax expense	**510**	576
Profit excluding taxation	**2,431**	2,733
Tax using the UK corporation tax rate of 20% (2015: 21%)	**486**	574
Reduction in statutory tax rate on deferred tax balances	**5**	-
Expenses not deductible for tax purposes	**-**	1
Relief in respect of employee share options	**7**	-
Adjustments in respect of prior periods	**12**	1
Total tax expense	**510**	576

The main rate of corporation tax will remain at 20% until 1st April 2017 when it will reduce to 19%, remaining at this level until a further reduction to 18% from 1st April 2020. These rates have been used to calculate the deferred tax balance as they were substantively enacted at the balance sheet date.

Notes *(continued)*

9 Tangible fixed assets

	Plant & vehicles £000	Total £000
Cost		
Balance at 1 April 2015	866	866
Additions	220	220
Balance at 31 March 2016	1,086	1,086
Accumulated Depreciation and Impairment		
Balance at 1 April 2015	347	347
Depreciation charge for the year	234	234
Balance at 31 March 2016	581	581
Net book value		
At 1 April 2015	519	519
At 31 March 2016	**505**	**505**

10 Stocks

	2016 £000	2015 £000
Raw materials and consumables	**60**	24
	60	24

Notes *(continued)*

11 Debtors

	2016 £000	2015 £000
Trade debtors	**540**	934
Mobilisation costs	**1,137**	1,394
Amounts owed by group undertakings	**13**	6
Other debtors	**834**	145
Deferred tax assets (see note 14)	**41**	30
Prepayments	**387**	229
Total	**2,952**	2,738
Due within one year	**1,955**	1,556
Due after more than one year	**997**	1,182

12 Cash at bank and in hand

	2016 £000	2015 £000
Cash at bank and in hand	**5,556**	4,847

13 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	**710**	996
Amounts owed to group undertakings	**118**	192
Taxation and social security	**1,971**	2,776
Other creditors	**292**	118
Accruals and deferred income	**2,499**	2,478
	5,590	6,560

Notes *(continued)*

14 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2016	2015	**2016**	2015	**2016**	2015
	£000	£000	**£000**	£000	**£000**	£000
Tangible fixed assets	**24**	18	**-**	-	**24**	18
Share-based payments	**8**	9	**-**	-	**8**	9
Deferred government grants	**-**	-	**-**	-	**-**	-
Provisions	**9**	-	**-**	-	**9**	-
Other	**-**	3	**-**	-	**-**	3
Tax (assets)/liabilities	**41**	30	**-**	-	**41**	30
Net tax liabilities	**41**	30	**-**	-	**41**	30

Movement in deferred tax during the year

	1 April 2015	**Recognised in income**	**Recognised in equity**	**Included in disposal group**	**Acquired in business combination**	**31 March 2016**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Tangible fixed assets	18	6	-	-	-	**24**
Share-based payments	9	1	(2)	-	-	**8**
Provisions	-	9	-	-	-	**9**
Other	3	(3)	-	-	-	**-**
	30	13	(2)	-	-	**41**

Movement in deferred tax during the prior year

	1 April 2014	Recognised in income	Recognised in equity	Included in disposal group	Acquired in business combination	31 March 2015
	£000	£000	£000	£000	£000	£000
Depreciation in excess of capital allowances	**6**	**12**	-	-	-	**18**
Share-based payments	**1**	**8**	-	-	-	**9**
Other	**2**	**1**	-	-	-	**3**
	9	21	-	-	-	30

Notes *(continued)*

14 Deferred tax assets and liabilities *(continued)*

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

The UK Government announced reductions in the UK corporation tax rate from 20% to 19% from 1 April 2017 and from 19% to 18% from 1 April 2020, which were substantively enacted on 26 October 2015. The reduction in the balance sheet carrying value of deferred tax assets and liabilities to reflect the rate of tax at which those differences are expected to reverse has not had a material impact on the current year/period tax charge.

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

15 Share based payments

The Mitie Group operates five equity-settled share option schemes, involving ordinary 2.5p shares in Mitie Group plc, which are open to employees of the Company. Full details of the schemes are given in the annual report of Mitie Group plc. The main terms of each scheme are as follows:

Discretionary schemes

Mitie Group plc long term incentive plan

Awards of shares or rights to acquire shares with an exercise price of nil and a vesting period of 3 - 5 years. Awards may be forfeited if the employee leaves the Group. Performance conditions must be satisfied which are based on movements in a range of market and non-market conditions.

Mitie Group plc executive share option scheme

The right to acquire shares at a predetermined price following a vesting period of three years. Options may be forfeit if the employee leaves the Group. Before options can be exercised, a performance condition, linked to growth in earnings per share, must be satisfied

Conditional share plan

Awards of shares or rights to acquire shares with an exercise price of nil and a vesting period of 1 - 2 years. Awards may be forfeited if the employee leaves the Group.

Non-discretionary schemes

Mitie Group plc SAYE scheme

The right to acquire shares at a predetermined price if the employee saves a regular amount over a three year period. Options must be exercised within six months of the date of vesting. Options may be forfeited if the employee leaves the Group.

Share incentive plan

Employees are invited to invest in Partnership shares which are purchase in the market on their behalf and held in a UK employee benefit trust. One Matching share is awarded for every ten Partnership shares purchased. Matching shares may be forfeited if the employee disposes of the Partnership shares within three years of purchase.

	2016	2015
Weighted average remaining contractual life	4 years	4 years

The options outstanding at 31 March 2016 had exercise prices ranging from 0p to 0p (2015: 0p to 0p). During the year, options were granted in May, July and August 2015. In 2015, options were granted in May to September 2014.

Notes *(continued)*

16 Capital and reserves

Share capital	At start of year	Number of issues/ reductions	At end of year	**2016 £000**	2015 £000
Ordinary Shares					
A Ordinary shares at £1 each	382,500	-	382,500	**383**	383
B Ordinary shares at £0.01 each	237,527	-	237,527	**2**	2
C Ordinary shares at £1 each	1	-	1	**-**	-
	620,028	-	620,028	**385**	385

The holders of A, B and C 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.

Share premium account

The share premium account represents the premium arising on the issue of equity shares.

Dividend

The following dividends were recognised during the period:

	2016 £000	2015 £000
£0.08 (2015: £0.00) per qualifying A, B and C ordinary share	**50**	-
	50	-

Notes *(continued)*

17 Related parties

Related parties with which the Company has transacted

Under FRS 101 the company is exempt from disclosing key management personnel compensation and transactions with other companies wholly owned by Mitie Group plc. Other related party transactions are disclosed below:

	Sales to		Purchases from	
	2016	2015	**2016**	2015
	£000	£000	**£000**	£000
Mitie Related Parties	**205**	11	**3,291**	1,591
	205	11	**3,291**	1,591

	Receivables outstanding		Creditors outstanding	
	2016	**2015**	**2016**	**2015**
	£000	**£000**	**£000**	**£000**
Mitie Related Parties	**13**	6	**118**	192
	13	6	**118**	192

All inter- company balances are unsecured; trading balances are payable within 30 days unless both parties agree an extension, funding balances are repayable on demand.

Directors of the Company and their immediate relatives control 28.23 per cent of the voting shares of the Company.

Notes *(continued)*

18 Explanation of transition to FRS 101

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

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

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

Reconciliation of equity

	1 April 2014			**31 March 2015**		
	UK GAAP	Effect of transition to FRS 101	FRS 101	**UK GAAP**	**Effect of transition to FRS 101**	**FRS 101**
	£000	£000	£000	**£000**	**£000**	**£000**
Fixed assets						
Goodwill	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-
Tangible fixed assets	100	-	100	**519**	-	**519**
Investments	-	-	-	-	-	-
	100	-	100	**519**	-	**519**
Current assets						
Stocks	5	-	5	**24**	-	**24**
Trade debtors	832	-	832	**934**	-	**934**
Amounts owed by group undertakings	-	-	-	**6**	-	**6**
Other debtors	907	(907)	-	**1,539**	**(1,394)**	**145**
Deferred tax asset	9	-	9	**30**	-	**30**
Prepayments and accrued income	181	907	1,088	**229**	**1,394**	**1,623**
Cash at bank and in hand	23	-	23	**4,847**	-	**4,847**
	1,957	-	1,957	**7,609**	-	**7,609**
Creditors: amounts due within one year						
Bank loans and overdrafts	(1,159)	-	(1,159)	-	-	-
Trade creditors	(605)	-	(605)	**(996)**	-	**(996)**
Amounts owed to group undertakings	(97)	-	(97)	**(192)**	-	**(192)**
Taxation and social security	(329)	-	(329)	**(2,776)**	-	**(2,776)**
Other creditors	(179)	-	(179)	**(118)**	-	**(118)**
Accruals and deferred income	(407)	-	(407)	**(2,478)**	-	**(2,478)**
	(2,776)	-	(2,776)	**(6,560)**	-	**(6,560)**

Notes (continued)

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

	1 April 2014			**31 March 2015**		
	UK GAAP	Effect of transition to FRS 101	FRS 101	**UK GAAP**	**Effect of transition to FRS 101**	**FRS 101**
Net current assets/(liabilities)	(819)	-	(819)	**1,049**	-	**1,049**
Total assets less current liabilities	(719)	-	(719)	**1,568**	-	**1,568**
Creditors: amounts falling due after more than one year						
Provisions for liabilities						
Net assets/(liabilities)	(719)	-	(719)	**1,568**	-	**1,568**
Capital and reserves						
Called up share capital	385	-	385	**385**	-	**385**
Share premium account	218	-	218	**313**	-	**313**
Profit and loss account	(1,322)	-	(1,322)	**870**	-	**870**
Shareholders' equity	(719)	-	(719)	**1,568**	-	**1,568**

Notes to the reconciliation of equity
a) The only impact to Mitie Care and Custody Limited of the transition from UK GAAP to FRS 101 was the reallocation between Amounts Recoverable on Contracts and Accrued Income.

Notes (continued)

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

Reconciliation of profit for 2015

	Note	UK GAAP	2015 Effect of transition to FRS 101	FRS 101
		£000	£000	£000
Turnover		28,656	-	28,656
Cost of sales		(24,341)	-	(24,341)
Gross profit		4,315	-	4,315
Administrative expenses		(1,536)	-	(1,536)
Operating profit		2,779	-	2,779
Other interest receivable and similar income		12	-	12
Interest payable and similar charges		(58)	-	(58)
Profit on ordinary activities before taxation		2,733	-	2,733
Taxation		(576)	-	(576)
Tax on profit on ordinary activities		(576)	-	(576)
Profit for the year		2,157	-	2,157

19 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Mitie Group plc which is the immediate parent company incorporated in Scotland. The ultimate controlling party is Mitie Group plc, a company incorporated in Scotland. Mitie Group plc is the parent company of the largest and smalled groups into which the accounts of the Company are consolidated. The consolidated financial statements of Mitie Group plc are available to the public and may be obtained from the Company Secretary at 1 Harlequin Office Park, Fieldfare, Emersons Green, Bristol, South Gloucestershire, BS16 7FN, UK or from www.mitie.com.