

MITIE NI Limited  
(Formerly Mitie Limited)

Reports and Financial Statements  
for the year ended  
31 March 2018

*Registered number: NI57012*



**MITIE NI LIMITED**

**REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**MITIE NI LIMITED**

**DIRECTORS AND OTHER INFORMATION**

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**DIRECTORS**

Leslie Sheridan  
Richard Blumberger (Appointed on 19/04/2017)  
Peter Dickinson (Appointed on 11/01/2018)  
Martyn Freeman (Resigned 19/04/2017)  
Padraig Byrne (Resigned on 08/10/17)

**SECRETARY**

MITIE Company Secretarial Services Ltd

**REGISTERED OFFICE**

Clara House  
Dunmurray Office Park  
37A Upper Dunmurray Lane  
BT17 0AA  
Northern Ireland

**AUDITOR**

BDO  
Statutory Audit Firm  
Beaux Lane House  
Mercer Street Lower  
Dublin 2

**BANKERS**

Bank of Ireland  
Belfast City  
BT1 2BA  
Northern Ireland

**SOLICITORS**

John Ross & Son Solicitors  
734 Upper Newtownards Road  
Dundonald  
Belfast  
BT16 1RJ

The directors, in preparing this strategic report, have complied with S414C of the Companies Act 2006.

## **REVIEW OF THE BUSINESS**

Mitie NI Ltd ("the company"), a subsidiary of Mitie Group plc ("the Group") provides a comprehensive suite of outsourced integrated or single service facilities management services to banking, industrial and commercial ventures. On 1 April 2017, the security division of the company was transferred to another Mitie Group company. There have been no other significant changes in the company's principal activities in the year under review.

As shown in the company's statement of comprehensive income on page 13, the company's sales have decreased by 17% over the prior year. This is due to the security contracts being transferred to another group company on 1<sup>st</sup> April 2017. The total comprehensive profit for the year has increased by £152,429 from the prior year. The statement of financial position on page 14 of the financial statements shows the company's financial position has improved at the year-end in net asset terms by 27%.

## **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. The report is publicly available at [www.mitie.com](http://www.mitie.com).

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The directors have an established risk management and corporate governance framework for identifying, evaluating and managing significant risks faced by Mitie NI Ltd. The directors recognise that risks and uncertainties offer the potential for both upside and downside changes to our business. The directors employ internal and external specialists to manage our risk profile and regularly review our system of internal control to ensure that risks are appropriately identified and addressed.

The company's principal risks and uncertainties are set out below:

### *Contract bidding mobilisation and delivery*

Complex integrated facilities management contracts are materially important to the achievement of our strategic objectives. The company's ability to successfully bid, mobilise, operate and manage such contracts is critical for the maintenance of our financial position. As the service offering becomes increasingly complex as a business differentiator, the company becomes increasingly reliant on the delivery of sophisticated technological solutions to the clients. These solutions necessarily carry increased risk around design, delivery and successful implementation when compared to our more traditional business activities.

### *Financial strength and access to sources of funding*

The company's financial strength makes the company an attractive partner to our clients and stakeholders. Should the company's financial performance deteriorate, the company's ability to access funding on competitive terms could be impacted. As a people business, the company's most significant area of expenditure is staff costs which have to be paid regularly and at specific times. The company's ability to do this is reliant upon the continued availability of funding, the company's ability to manage our cash flow and working capital.

**PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)**

*Significant health, safety or environmental incident*

Many of the company's diverse operations, if not effectively managed, have the potential to result in significant harm to the employees, business partners, members of the public, or to damage the environment. As a major employer, the company's focus on and commitment to, safeguarding the people and protecting the environment remains unwavering. Failure to do so could result in a significant incident, affecting an employee, their family, friends and colleagues, or lead to a regulatory action, financial impact or damage to the company's reputation.

*System, process or control failure may impact the company's operational performance*

The company's operational efficiency and future business performance is increasingly reliant on the use of sophisticated, interdependent business systems, which provide the basis for contract management and business support activities. These systems in addition to our governance framework of policies and procedures will remain critical for the control and success of the business as they help to drive innovative solutions to customer requirements, improve operational efficiency via the use of targeted management information and underpin the effectiveness of our business support functions. The business critical nature of these systems means that operational failure may result in a significant impact on operational delivery, contract management and client expectations.

*Retention and attraction of skilled people*

The company acknowledges the importance of attracting and retaining the best skilled people at all levels of the business to achieve the strategic objectives and helping to deliver the company's long term growth aspirations. This is particularly the case where the company requires specialist technical expertise or management and where the market may be highly competitive. Challenges in attracting new talent, or developing and retaining our existing employees could impact the company's ability to achieve our strategic growth objectives.

*Continuing uncertainty in the economic environment*

The company's principle macro-economic exposure remains the UK. The directors are closely monitoring the ongoing Brexit negotiations, and potential resulting policy changes, in particular relating to the Northern Ireland/ Republic of Ireland border to determine the impact on future contract opportunities. Regulatory wage inflation and other labour costs provides further challenge. The directors' ability to recognise and respond to variations in the volume, value and range of services required may impact the company's ability to win or retain significant business opportunities.

The directors have implemented procedures and controls to mitigate against these risks, insofar as is possible.

**FUTURE DEVELOPMENTS**

In the coming period the company will continue to look at growth opportunities in the Northern Ireland market that are within its principal activities. Our strategy is to deliver sustainable, profitable growth, and is supported by a focus on six key elements:

- |                          |  |
|--------------------------|--|
| People                   | - Develop the best talent at every level of our business.  |
| Clients                  | - Provide world-class services to attract new clients and retain and expand contracts with existing clients.       |
| Operational excellence   | - Deliver market-leading, innovative services with maximum efficiency.   |
| New Markets and Services | - Develop our service capability in our current markets and in markets that offer attractive growth opportunities. |
| Risk                     | - Manage risk and protect our business and brand.  |
| Responsibility           | - Take a long term view by acting responsibly.   |

By order of the Board



Leslie Sheridan  
Director

Date: 21/12/18

## **MITIE NI LIMITED**

### **DIRECTORS' REPORT**

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The directors submit their annual report and audited financial statements of MITIE NI Limited ("the company") for the year ended 31 March 2018.

#### **PRINCIPAL ACTIVITIES**

The company is a subsidiary of MITIE Group PLC ("the Group").

On 27 January 2012 the immediate parent undertaking of MITIE Limited changed from MITIE Group PLC, a UK registered undertaking, to MITIE Facilities Management Limited, an Irish registered undertaking.

The company's principal activities during the year continued to be the provision of a comprehensive suite of outsourced integrated or single service facilities management services to banking, industrial and commercial ventures.

In the coming periods, the company will continue to look at growth opportunities in the Northern Ireland market that are within its principal activities.

#### **REVIEW OF THE YEAR**

Revenue for the year was £6,278,143 (2017: £7,538,209). Total comprehensive income for the year was £159,325 (2017: £6,896). There was no dividend declared or paid in the current and prior financial year.

#### **GOING CONCERN**

The company made a profit in the year. At 31 March 2018, it had net current assets of £774,221 (2017: £608,745) including cash and cash equivalents of £1,058,654 (2017: £445,064). This, along with forecasts which show profitability going forward, means that the directors believe that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore, these financial statements have been prepared on a going concern assumption.

#### **FINANCIAL RISK MANAGEMENT**

The directors have reviewed the financial risk management objectives and policies of the company. The directors do not believe there to be significant risks in this area. The company does not enter into any hedging instruments, as there are not believed to be any material exposures. It does not enter into 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.

## **MITIE NI LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

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#### **SUBSEQUENT EVENTS**

There have been no reportable events since financial year end.

#### **DIRECTORS AND SECRETARY**

The directors and secretary who served throughout the year and to the date of this report, except as noted were as follows:

##### **Directors:**

Leslie Sheridan

Peter Dickinson (Appointed on 11/01/2018)

Richard Blumberger (Appointed on 19/04/2017)

Martyn Freeman (Resigned on 19/04/2017)

Padraig Byrne (Resigned on 08/10/2017)

##### **Secretary:**

MITIE Company Secretarial Services Ltd

#### **CREDITOR PAYMENT POLICY**

The company's policy is to source goods and services from a wide range of suppliers in accordance with commercial practices based on fairness and transparency. The company works to ensure that payments are made to them in accordance with agreed contractual terms.

#### **ENVIRONMENT**

MITIE Limited endeavours to identify, monitor and manage the impact of their activities on the environment and are fully committed to environmental accountability and protection. The company operates in accordance with MITIE Group policies, which are described in the Group's annual report which does not form part of this report, but is publicly available.

#### **EMPLOYEES**

The company offers equal opportunities to all applicants for employment whatever their sex, race or religion. Disabled persons are considered for employment, training, career development and promotion on the basis of the aptitudes and abilities in common with all employees, providing the disability does not make the particular employment impractical or the employee unable to conform to the stringent regulations which apply to the operations of the company.

The company recognises the importance of good communications and employee relationships. In each group company there is a relationship between the Chief Executive of MITIE Group PLC and individual employees in the company. In these conditions, complex consultative procedures are seldom required to ensure that there is an understanding of the purposes of the business and the commercial realities of success.

**AUDITOR**

Each of the persons who is a director at the date of approval of this report confirms that:

- So far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- The directors have taken all the necessary steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte resigned as auditors on 20<sup>th</sup> March 2018 and the directors appointed BDO, Statutory Audit Firm, to fill the vacancy. BDO have expressed their willingness to continue in office as auditors, in accordance with the provisions of Section 485 of the Companies Act 2006. A resolution to reappoint BDO, Chartered Accountants and Registered Auditors, will be proposed at the forthcoming Annual General Meeting.

By order of the Board



Leslie Sheridan  
Director

Date: 21/12/18.

**DIRECTORS' RESPONSIBILITIES STATEMENT**

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The directors are responsible for preparing the annual 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 the directors 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 the company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MITIE NI LIMITED

### Opinion

We have audited the financial statements of MITIE NI LIMITED (the 'Company') for the year ended 31 March 2018, which comprise the Statement of Comprehensive Income, the Statement of financial position, the Statement of changes in equity and the related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Offices:  
Four Michael Street  
Limerick

Michael Costello (Managing Partner)  
Andrew Bourg  
Katharine Byrne  
Maurice Carr  
Kevin Doyle  
John Gilmor Gavin  
  
Chartered Accountants

Jim Hamilton  
Sinead Heaney  
Diarmuid Hendrick  
Derek Henry  
Liam Hession  
Gerard Holliday

Brian Hughes  
Ken Kilmartin  
Teresa Morahan  
Paul Nestor  
John O'Callaghan  
Con Quigley  
Gavin Smyth

Peter Carroll  
Eddie Doyle  
Stewart Dunne  
Ivor Feerick  
Brian Gartlan  
David Giles  
Derry Gray

Denis Herlihy  
David McCormick  
Brian McEnery  
Ciarán Medlar  
David O'Connor  
Patrick Sheehan  
Noel Taylor

BDO, a partnership established under Irish law, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is authorised by the Institute of Chartered Accountants in Ireland to carry on investment business.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MITIE NI LIMITED (CONTINUED)**

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MITIE NI LIMITED (CONTINUED)****Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

**Use of our report**

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.



John O'Callaghan (Senior statutory auditor)  
for and on behalf of **BDO**  
Statutory Audit Firm  
AI223876  
Mercer Street Lower  
Dublin 2

Date: 21 December 2018.

**MITIE NI LIMITED**
**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	Continuing Operations 2018 £	Discontinued Operations 2018 £	Total 2018 £	Continuing Operations 2017 £	Discontinued Operations 2017 £	Total 2017 £
Revenue	3	6,242,929	35,214	6,278,143	5,624,442	1,913,767	7,538,209
Cost of sales		5,698,490	(51,056)	(5,749,546)	(5,331,227)	(1,937,466)	(7,244,964)
<b>GROSS PROFIT</b>		<b>544,439</b>	<b>(15,842)</b>	<b>528,597</b>	<b>316,944</b>	<b>(23,699)</b>	<b>293,245</b>
Operating expenses		(333,442)	-	(333,442)	(285,511)	-	(285,511)
<b>OPERATING PROFIT/(LOSS)</b>	4	<b>210,997</b>	<b>(15,842)</b>	<b>195,155</b>	<b>31,433</b>	<b>(23,699)</b>	<b>7,734</b>
Finance income	6	1,055	-	1,055	1,248	-	1,248
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>212,052</b>	<b>(15,842)</b>	<b>196,210</b>	<b>32,681</b>	<b>(23,699)</b>	<b>8,982</b>
Taxation (charge)/credit	7	(36,885)	-	(36,885)	(2,086)	-	(2,086)
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b>		<b>175,167</b>	<b>(15,842)</b>	<b>159,325</b>	<b>30,595</b>	<b>(23,699)</b>	<b>6,896</b>

All recognised gains and losses for both the current year and the previous year are included in the statement of comprehensive income and arise from continuing & discontinued operations. On 1<sup>st</sup> April 2017 the security division of the business was transferred to Mitie Security Limited, a fellow group company. The results of the security division are included within discontinued operations.

**MITIE NI LIMITED**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2018**

	Notes	2018 £	2017 £
<b>NON-CURRENT ASSETS</b>			
Intangible assets	8	-	69
Property, plant and equipment	9	26,548	31,382
Deferred tax asset	10	5,179	6,427
<b>TOTAL NON-CURRENT ASSETS</b>		<b>31,727</b>	<b>37,878</b>
<b>CURRENT ASSETS</b>			
Inventory	11	56,559	62,254
Trade and other receivables	12	1,182,055	1,335,356
Cash and cash equivalents		1,058,654	445,064
<b>TOTAL CURRENT ASSETS</b>		<b>2,297,268</b>	<b>1,842,674</b>
<b>TOTAL ASSETS</b>		<b>2,328,995</b>	<b>1,880,552</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	1,523,047	1,233,929
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,523,047</b>	<b>1,233,929</b>
<b>EQUITY</b>			
Called up share capital	14	10	10
Capital contribution	15	485	485
Profit and loss account		805,453	646,128
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS</b>		<b>805,948</b>	<b>646,623</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,328,955</b>	<b>1,880,552</b>

The financial statements of MITIE NI Limited, registered number: NI57012, were approved by the Board of Directors and authorised for issue on 21<sup>st</sup> December 2018 and signed on its behalf by:



Leslie Sheridan  
Director

**MITIE NI LIMITED****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2018**

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	<b>Called-up Share Capital £</b>	<b>Capital Contribution £</b>	<b>Profit and Loss Account £</b>	<b>Total £</b>
At 1 April 2017	10	485	646,128	646,623
Total comprehensive income for the financial year	-	-	159,325	159,325
<b>At 31 March 2018</b>	<b>10</b>	<b>485</b>	<b>805,453</b>	<b>805,948</b>

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## **1. ACCOUNTING POLICIES**

The company is a private company limited by shares and is registered in Northern Ireland. The address of the company's registered office is shown on page 2. The nature of the company's operations and its principal activities are set out in the Strategic Report on pages 3-5. The financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates. The financial statements are separate financial statements. The financial statements of the company are included in the group accounts of Mitie Group Plc. The financial statements are available as set out on page 3. The company has applied financial reporting standard 101 'Reduced Disclosure Framework' (FRS101) issued by the Financial Reporting Council.

### **Basis of Preparation**

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and comply with Companies Act 2006. The financial statements have been approved on the historical cost basis except for certain financial instruments which are required to be measured at fair value.

### **Going Concern**

The Company made a profit in the year. At 31 March 2018, it had net current assets of £774,221 (2017: £608,745) including cash and cash equivalents of £1,058,654 (2017: £445,064). This, along with forecasts which show profitability going forward, means that the directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, these financial statements have been prepared on a going concern assumption.

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, tangible fixed assets and intangible assets;
- 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.
- 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 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;
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**1. ACCOUNTING POLICIES (continued)**

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

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 2.

**Early adoption of IFRS 15**

The Company decided to early adopt IFRS 15 Revenue from Contracts with Customers, with a date of initial application of 1 April 2017. As a result, the Company has changed its accounting policies and updated its internal processes and controls relating to revenue recognition.

The Company has applied IFRS 15 using the cumulative effect method - i.e. by recognising the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at 1 April 2017, calculated only for those contracts that were not completed as at 1 April 2017. Therefore, the comparative information has not been restated and continues to be reported under IAS 18 Revenue and IAS 11 Construction contracts. The application of IFRS 15 has not resulted in any material impact on the amounts reported in these financial statements.

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.

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when or as the entity satisfies its performance obligations

Set out below is the revenue recognition policy under IFRS 15 and the five-step model together with the impact of adopting the standard.

**Revenue recognition policy under IFRS 15**

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

**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 a contract under IFRS 15 unless it specifies 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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

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**1. ACCOUNTING POLICIES (CONTINUED)**

**Early Adoption of IFRS 15 (continued)**

*Duration of contract*

The Group 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 Group 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 good or service. 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.

**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 and 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 and 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 current 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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

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**1. ACCOUNTING POLICIES (CONTINUED))**

**Early Adoption of IFRS 15** *(continued)*

**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 faithfully depicts the Company's performance in transferring control of the goods and services to the customer.

Certain 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 and services transferred to date relative to the remaining goods and 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 IFRS15, 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 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 good or service 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.

**Long-term complex contracts**

The Company has a number of long-term complex contracts which are predominantly integrated facilities management arrangements. Typically, these contracts involve the provision of multiple service lines, with a single management team providing an integrated service. Such contracts tend to be transformational in nature where the business works with the client to identify and implement cost saving initiatives across the life of the contract. The Company considers the majority of services provided within integrated facilities management contracts meet the definition of a series of distinct goods and services that are substantially the same and have the same pattern of transfer over time. The series constitutes services provided in distinct time increments (e.g. monthly or quarterly) and therefore the Company treats the series of such services as one performance obligation. The Company also delivers major project-based services under long-term complex contracts that include performance obligations under which revenue is recognised over time as value from the service is transferred to the customer. This may be where the Company has a legally enforceable right to remuneration for the work completed to date, or at milestone periods, and therefore revenue will be recognised in line with the associated transfer of control or milestone dates.

**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 across certain reporting segments 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.

Sales of goods are recognised when goods are delivered and control has passed to the customer.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

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**1. ACCOUNTING POLICIES (CONTINUED))**

**Early Adoption of IFRS 15 (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.

**Contract assets**

*Pre-contract costs*

The Company incurs pre-contract expenses (e.g. legal costs) when it is expected to enter into a new contract. The incremental costs to obtain a contract with a customer are recognised within contract assets if it is expected that those costs will be recoverable. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognised as an expense in the period.

*Contract fulfilment costs*

Costs incurred to ensure that the project or programme has appropriate organisational, operational and technical infrastructures, and mechanisms in place to enable the delivery of full services under the contract target operating model, are defined as contract fulfilment costs. Only costs which meet all three of the criteria below are included within contract assets on the balance sheet:

- i. the costs directly relate to the contract (e.g. direct labour, materials, sub-contractors);
- ii. the Company is building an asset that belongs to the customer that will subsequently be used to deliver contract outcomes;
- iii. the costs are expected to be recoverable i.e. the contract is expected to be profitable after amortising the capitalised costs.

Contract fulfilment costs covered within the scope of another accounting standard, such as inventories, intangible assets, or property, plant and equipment are not capitalised as contract fulfilment assets but are treated according to the other standard.

*Amortisation and impairment of contract assets*

The Company amortises contract assets (pre-contract costs and contract fulfilment costs) on a systematic basis that is consistent with the entity's transfer of the related goods or services to the customer. The expense is recognised in profit or loss in the period.

A capitalised pre-contract cost or contract fulfilment cost is derecognised either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

The Company is required to determine the recoverability of contract related assets at each reporting date. An impairment exists if the carrying amount of any asset exceeds the amount of consideration the entity expects to receive in exchange for providing the associated goods and services, less the remaining costs that relate directly to providing those goods and services under the relevant contract. In determining the estimated amount of consideration, the Company uses the same principles as it does to determine the contract transaction price which includes estimates around variable consideration. An impairment is recognised immediately where such losses are forecast.

*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 records 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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

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**1. ACCOUNTING POLICIES (CONTINUED)**

**Early Adoption of IFRS 15 (continued)**

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 income statement 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 years to subsequent years 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.

The company has early adopted the Triennial review 2017 amendments to FRS 101, and therefore has applied the exemptions available to the disclosure requirements of IFRS 15 Revenue from Contracts with Customers in respect of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129. These disclosure exemptions generally relate to the qualitative and quantitative information about its contracts with customers, the significant judgements made in applying the standard, and any assets recognised from the costs to obtain or fulfil a contract with a customer.

There has been no adjusting entries in the financial statements as a results of adopting IFRS15.

**Revenue under IAS 18 in relation to prior year**

Revenue represents income recognised in respect of services provided during the period (stated net of sales taxes) and is earned within the United Kingdom & Ireland. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. When revenue is recognised but has not yet been billed, accrued income arises. Deferred income arises when the Company has billed clients in advance of recognising revenue.

All bid costs are expensed through the profit and loss account up to the point where contract award or full recovery of the costs is virtually certain. The confirmation of the preferred bidder for a contract by a client is the point at which the award of a contract is considered to be virtually certain.

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract at the balance sheet date. Revenue from time and material contracts is recognised at the contractual rates as labour hours and tasks are delivered and direct expenses incurred. In other cases, the Company distinguishes between the following types of contract:

**1. ACCOUNTING POLICIES (CONTINUED)**

**Basis of Preparation** *(continued)*

**Recognition: repeat service-based contracts (single and bundled contracts)**

Revenue is recognised on a straight-line basis unless this is not an accurate reflection of the work performed. Where a straight-line basis is not appropriate, for example if specific works on contracts represent a significant element of the whole, revenue is recognised based on the percentage of completion method, based on the proportion of costs incurred at the balance sheet date relative to the total estimated cost of completing the contracted work.

Costs incurred, after confirmation of preferred bidder, that are specific costs incurred to ensure that the project or programme has appropriate organisational, operational and technical infrastructures and mechanisms in place to enable the delivery of full services under the contract target operating model are defined as mobilisation costs. These costs are included within trade and other receivables on the balance sheet provided that the costs relate directly to the contract, are separately identifiable, can be measured reliably and that the future net cash inflows from the contract are estimated to be no less than the amounts capitalised.

Such costs may be incurred when a contract is awarded, or when there is a subsequent change in the scope of contracted services. The mobilisation costs are amortised over the contracted period (including any contracted extension periods), generally on a straight-line basis, or on a basis to reflect the profile of work to be performed over the contracted period if the straight-line basis is not considered to be appropriate for the specific contract to which the costs relate. If the contract becomes loss making, any unamortised costs are written off and the expected loss is provided for immediately.

**Recognition: long-term complex contracts**

The Company has a number of long-term contracts for the provision of complex project based services, predominantly integrated facilities management contracts. These are contracts which are transformational in nature and usually five years in initial duration.

In this context, transformational means that the cost to the client over the life of the contract is reduced as a result of significant transformations in service provision. Typically these contracts are priced to average the annual charge to the client over the contract period and involve the provision of multiple service lines, with a single management team providing an integrated service.

Where the outcome of such complex project based contracts can be measured reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is measured by the proportion of contract costs incurred for work performed to date compared to the total estimated contract costs using the percentage of completion methodology.

Contract costs used to determine the stage of completion are recognised in the profit and loss account as expenses in the period in which they are incurred and include transition costs which are similar in nature to mobilisation costs under repeat service-based contracts. Transition costs are expenses incurred in the performance of transitioning services provided after confirmation of preferred bidder and before commencement of full services under the contract target operating model; no profit margin is recognised for these transition costs.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

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**1. ACCOUNTING POLICIES (CONTINUED))**

**Basis of Preparation** (*continued*)

**Revenue** (*continued*)

Contract costs also include transition costs arising when there is a subsequent change in the scope of contracted services and include budgeted cost savings. Where the outcome of a complex project-based contract cannot be estimated reliably, contract revenue is recognised to the extent that it is probable that contract costs will be recovered. Full provision is made for all known or anticipated losses on each contract immediately as losses are forecast. In a number of long-term complex contracts, the achievement of certain key performance indicators (KPIs) is a significant milestone which enables revenue to be recognised. KPIs are generally measured contemporaneously with the performance of the service, rather than being measured over a long period or retrospectively.

**Amendments to IFRSs that are mandatorily effective for the current year**

In the current year, the Company has applied a number of amendments to IFRS issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2017. The adoption of the changes set out below has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses.
- Amendments to IAS 7 Disclosure Initiative.
- Amendments to IFRS included in the Annual Improvements to IFRS Standards 2014-2016 Cycle.

**New standards not yet adopted**

The Company has taken the exemption available under FRS 101 in respect of not disclosing the impact of new standards that are not yet in effect.

**Property, Plant and Equipment**

Items of property, plant and equipment 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:

- Leasehold improvements: period of the lease
- Plant and vehicles: 3 - 10 years

**Intangible Assets – Computer Software**

Following initial recognition, the carrying amount of an intangible asset is its cost less any accumulated amortisation and any accumulated impairment losses. Amortisation expense is charged to administrative expenses in the statement of comprehensive income on a straight-line basis over its useful life which the directors estimate to be five years.

**Operating Leases**

Rentals paid under operating leases are charged against income on a straight-line basis over the lease term.

**1. ACCOUNTING POLICIES (CONTINUED)**

**Inventories**

Inventories are valued at the lower of cost and net realisable value. The cost of finished goods represents finished products. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and estimated selling costs.

**Foreign Currencies**

The financial statements are presented in the currency of the primary economic environment in which the Company operates (its functional currency), which is Pounds Sterling.

In preparing the financial statements, transactions in currencies other than the entity's financial currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the statement of financial position date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the statement of comprehensive income in the period in which they arise.

**Taxation**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income 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 statement of financial position date.

**Deferred Taxation**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets or 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 the initial recognition of 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 on tax laws and rates that have been enacted or substantively enacted at the statement of financial position date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited in 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 and 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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

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**1. ACCOUNTING POLICIES (CONTINUED)**

**Share Capital**

*Ordinary shares*

Ordinary shares are classified as equity.

**Non-Derivative Financial Instruments**

Non-derivative financial instruments comprise, trade and other receivables, cash and cash equivalents, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

*Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to insignificant risk of change in value.

*Trade and other receivables*

Trade and other receivables do not carry any interest and are recognised and carried at the lower of their original invoiced value and recoverable amount. A provision made when there is objective evidence that the asset is impaired. Balances are written off when the probability of recovery is assessed as being remote.

*Trade and other payables*

Trade payables are non-interest bearing and are stated at their nominal value.

*Other*

Other non-derivative financial instruments are measured at amortised cost using effective interest method, less any impairment losses.

**Impairment**

The carrying amount of the Company's assets is reviewed at each statement of financial position date to determine whether there is any indication of impairment, or more frequently if indicators of impairment arise.

**Financial Risk Management**

Exposure to credit and currency risk arises in the normal course of the Company's business.

**Credit risk**

Management has a credit risk policy in place. The Company's exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all new customers requiring credit over a set amount. The Company does not require collateral in respect of financial assets.

Maximum exposure to credit risk is represented by the carrying value of trade receivables.

**1. ACCOUNTING POLICIES (CONTINUED)**

**Financial Risk Management (Continued)**

***Liquidity risk***

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flow. This is generally carried out at the Group level in accordance with the practice and limits set by MITIE Group PLC. In addition, the Group's liability management policy involves monitoring key balance sheet ratios against set internal measures.

The maximum exposure to liquidity risk is represented by the carrying value of trade payables which have a contractual maturity within 6 months.

**Retirement Benefits**

The Company operates a defined contribution pension plan for its staff. Obligations for contributions for the period are recognised as an expense in the statement of comprehensive income as incurred.

**Operating Leases**

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

**Share Based Payments**

Where the Company's parent Company has granted rights to its equity instruments to employees of the Company, such arrangements are accounted for as equity-settled share-based payment arrangements. In such instances a capital contribution is recognised to the extent that the Company is not recharged by its parent.

Where the Company grants to its employees' rights to equity instruments of its parent, the Company accounts for such arrangements as cash-settled share-based payment arrangements.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

SAYE share options granted to employees are treated as cancelled when employees cease to contribute to the scheme. This results in accelerated recognition of the expenses that would have arisen over the remainder of the original vesting period.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

**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*

The Company's revenue recognition policies, which are set out under IFRS 15 in Note 1 for the current year and under IAS 18 in respect of prior years, are central to how the Company measures the work it has performed in each financial year.

*The Company's current policy under IFRS 15*

Management is required to form a number of key judgements and assumptions 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 (refer to Note 1). 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.

In addition, for certain contracts, key assumptions are made concerning:

- i. contract extensions and amendments which, for example, directly impact the phasing of upfront payments from customers which are recognised in deferred income and unwound over the expected contract term; or
- ii. where options are granted to customers leading to the recognition of a material right. These judgements are inherently subjective and may cover future events such as the achievement of contractual performance targets and planned cost savings or discounts.

*The Company's prior year policy under IAS 18*

The Directors made no critical accounting judgements that are concluded to have a significant effect at the amounts recognised in the financial statements.

**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.

<b>3. REVENUE</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Cleaning	<b>1,996,518</b>	2,331,015
Security	<b>35,214</b>	1,913,767
Other	<b>4,246,411</b>	3,293,427
	<hr/>	<hr/>
Total	<b>6,278,143</b>	7,538,209
	<hr/>	<hr/>

Other includes management services, mechanical & electrical maintenance and project works, reception, mailroom, pest, waste, etc. All revenue arises in Northern Ireland and the United Kingdom.

**MITIE NI LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

<b>4. OPERATING PROFIT/(LOSS)</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
This is stated after charging/(crediting) the following:		
Auditor's remuneration for the audit of the financial statements	<b>18,121</b>	19,128
Operating lease rentals:		
- Motor vehicles	<b>37,602</b>	31,952
Depreciation	<b>16,000</b>	24,637
Amortisation	<b>69</b>	828
Foreign exchange loss/(gain)	<b>1,251</b>	690
Gain on sale of fixed assets	<b>-</b>	-

Directors' remuneration was borne by another MITIE Group Company.

**5. STAFF NUMBERS AND COSTS**

The average monthly number of employees (including Executive Directors) during the year, analysed by function, were:

	<b>2018</b>	<b>2017</b>
	<b>Number</b>	<b>Number</b>
Management	<b>8</b>	4
Administration	<b>6</b>	10
Operations	<b>199</b>	291
	<b>213</b>	305
	<b>£</b>	<b>£</b>
Wages and salaries	<b>2,081,038</b>	3,674,333
Social security costs	<b>107,729</b>	149,690
Pension	<b>7,512</b>	12,835
	<b>2,196,279</b>	3,836,858

<b>6. FINANCE INCOME</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Interest income	<b>1,055</b>	1,248

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

<b>7. TAXATION</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Recognised in the income statement</b>		
<i>Current tax:</i>		
UK Corporation tax on profit for the year	35,637	4,034
Deferred tax (credit)/charge (Note 10)	1,248	(1,948)
	<u>36,885</u>	<u>2,086</u>
<b>Reconciliation of total charge</b>		
Profit/(loss) before tax	196,210	8,982
	<u>          </u>	<u>          </u>
Profit before tax multiplied by the UK standard rate of corporation tax of 19% (2017: 20%)	37,280	1,797
<i>Effects of:</i>		
Expenses not deductible for tax purposes	52	-
Relief in respect of employee share options	(51)	-
Adjustments to tax charge in respect of prior periods	(378)	2,237
Reduction in statutory rate on deferred tax balances	(18)	(1,948)
	<u>36,885</u>	<u>2,086</u>
<b>Tax (charge)/credit for the year</b>	<u>36,885</u>	<u>2,086</u>

**8. INTANGIBLE ASSETS**

	<b>Computer Software</b>
	<b>£</b>
<b>Cost:</b>	
At 1 April 2017	4,140
<b>At 31 March 2018</b>	<u><b>4,140</b></u>
<b>Amortisation:</b>	
At 1 April 2017	4,071
Amortisation charge	69
<b>At 31 March 2018</b>	<u><b>4,140</b></u>
<b>Carrying Amount:</b>	
<b>At 31 March 2018</b>	<u><b>-</b></u>
Carrying Amount:	
At 31 March 2017	69

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**9. PROPERTY, PLANT AND EQUIPMENT**

	<b>Plant and Equipment £</b>	<b>Office Equipment £</b>	<b>Vehicles £</b>	<b>Total £</b>
<b>Cost:</b>				
At 1 April 2017	108,689	15,270	24,539	148,498
Additions	11,166	-	-	11,166
Disposals	-	-	-	-
<b>At 31 March 2018</b>	<b>119,855</b>	<b>15,270</b>	<b>24,539</b>	<b>159,664</b>
<b>Accumulated depreciation:</b>				
At 1 April 2017	85,206	7,371	24,539	117,116
Charge for the year	13,822	2,178	-	16,000
Disposals	-	-	-	-
<b>At 31 March 2018</b>	<b>99,028</b>	<b>9,549</b>	<b>24,539</b>	<b>133,116</b>
<b>Carrying Amount:</b>				
<b>At 31 March 2018</b>	<b>20,827</b>	<b>5,721</b>	<b>-</b>	<b>26,548</b>
<b>Carrying Amount:</b>				
<b>At 31 March 2017</b>	<b>23,483</b>	<b>7,899</b>	<b>-</b>	<b>31,382</b>

**MITIE NI LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

<b>10. DEFERRED TAX ASSET</b>	<b>2018 £</b>	<b>2017 £</b>
Opening balance	<b>6,427</b>	4,479
Provided/(utilised) during year	1,248	1,948
<b>Closing balance</b>	<b>5,179</b>	<b>6,427</b>

The deferred tax asset comprises short term temporary differences arising on fixed assets and share based payments.

<b>11. INVENTORY</b>	<b>2018 £</b>	<b>2017 £</b>
Finished goods	<b>56,559</b>	62,254

<b>12. TRADE AND OTHER RECEIVABLES</b>	<b>2018 £</b>	<b>2017 £</b>
Trade receivables	<b>459,016</b>	566,413
Prepayments and accrued income	<b>223,971</b>	258,096
Amounts due from other MITIE Group companies	<b>488,607</b>	510,847
Other debtors	<b>10,461</b>	-
	<b>1,182,055</b>	<b>1,335,356</b>

<b>13. TRADE AND OTHER PAYABLES</b>	<b>2018 £</b>	<b>2017 £</b>
Trade payables and accruals	<b>706,766</b>	724,541
VAT	<b>79,427</b>	41,337
PAYE/NIC	<b>23,404</b>	38,743
Amounts due to fellow group undertakings	<b>666,167</b>	403,658
Deferred income	<b>11,117</b>	25,126
Corporation Tax payable	<b>36,166</b>	524
	<b>1,523,047</b>	<b>1,233,929</b>

**MITIE NI LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018****14. SHARE CAPITAL**

	<b>2018</b>	2017
	<b>£</b>	£
<b>Allotted, called-up and fully paid:</b>		
10 ordinary shares of STG£1 each	<b>10</b>	10

**15. CAPITAL CONTRIBUTION AND SHARE BASED PAYMENT**

During the year the company did not receive any capital contributions (2017: £272) in relation to share options granted by the ultimate parent company.

There was no expense recognised in the year arising from share-based payment transactions (2017: £272). The detailed disclosures are not included on the basis that they are not material to the accounts.

**16. ULTIMATE PARENT UNDERTAKING**

MITIE Limited is a limited Company incorporated in Northern Ireland.

The directors regard MITIE Group PLC, a Company registered in Scotland, as the Company's ultimate parent undertaking and controlling party. MITIE Group PLC is both the smallest and largest group for which consolidated financial statements are prepared. Copies of the Group financial statements can be obtained from the Company secretary at the registered office.

The immediate parent undertaking of MITIE Limited is MITIE Facilities Management Limited, an Irish registered undertaking.

**17. OPERATING LEASES**

Non-cancellable operating lease rentals are payable as set out below. These amounts represent the minimum future lease payments, in aggregate, that the Company is required to make under existing lease agreements.

	<b>Motor Vehicles</b>	Motor Vehicles
	<b>2018</b>	2017
	<b>£</b>	£
Less than one year	<b>19,494</b>	24,863
Between two and five years	<b>30,239</b>	15,895
	<b>49,733</b>	40,758

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

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**18. RETIREMENT BENEFITS**

The Company operates a defined contribution retirement benefit scheme for qualifying employees. The assets of the scheme are held separately from those of the Company in funds controlled by the scheme providers. The Company paid employer contributions of £13,898 (2017: £21,237.55) during the year. As at 31 March 2018, contributions of £2,052 (2017: £1,809) due in respect of the current reporting year had not been paid over to the scheme.

**19. SUBSEQUENT EVENTS**

There have been no reportable events since year end.