



## **Mitie NI Limited**

**Annual report and financial statements**

**Registered number NI057012**

**31 March 2022**

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## **Company information**

### **Directors**

L Sheridan  
M R Peacock  
P J G Dickinson

### **Secretary**

Mitie Company Secretarial Services Limited

### **Registered office**

Mitec Operations Centre  
Unit 9B, First Floor  
Silverwood Business Park  
Silverwood Rd  
Lurgan  
Craigavon  
Northern Ireland  
BT66 6SY

### **Auditor**

BDO  
Statutory Audit Firm  
Beaux Lane House  
Mercer Street Lower  
Dublin 2  
Ireland  
D02 DH60

## **Directors' report**

The Directors present the annual report and audited financial statements of Mitie NI Limited (the "Company") for the financial year ended 31 March 2022.

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

### **Strategic report**

The Directors have taken advantage of the exemption provided by section 414B of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 from preparing a strategic report.

### **Review of the business**

The principal activity of the Company is the provision of a comprehensive suite of outsourced integrated or single service facilities management services to banking, industrial and commercial ventures. There have not been any significant changes in the Company's principal activities in the year under review.

As shown in the profit and loss account on page 8, the Company's revenue was £7,028,920 (2021: £4,877,148) and the profit for the year was £463,662 (2021: £109,800).

### **Going concern**

The Company's business activities have been described above and the factors likely to affect its future development and position have been set out below. The financial statements have been prepared on a going concern basis. See Note 1c.

### **Directors**

The Directors who held office during the year and up to the date of signing the financial statements were:

	<b>Date of appointment</b>	<b>Date of resignation</b>
L Sheridan		
S C Kirkpatrick		27 August 2021
M R Peacock	26 August 2021	
P J G Dickinson		

### **Directors' indemnity**

A qualifying third-party indemnity provision as defined in Section 234 of the Companies Act 2006 is in force for the benefit of certain of the Directors listed above in respect of liabilities incurred as a result of their office to the extent permitted by law.

### **Dividends**

No dividend was declared or paid in the year (2021: £nil).

### **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 Group's financing arrangements.

## Directors' report (continued)

### Future developments

In the next financial year the Company will continue to look at growth opportunities in the Northern Ireland market that are within its principal activities. The strategy is to deliver sustainable, profitable growth, and is supported by a focus on the following six key elements.

- People: develop the best talent at every level of the 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 service capability in current markets and in markets that offer attractive growth opportunities.
- Risk: manage risk and protect the business and its brand.
- Responsibility: take a long-term view by acting responsibly.

### Subsequent events

There are no material post balance sheet events that require adjustment or disclosure in the annual report and financial statements.

### Disclosure of information to auditor

Each Director in office as at the date of this Directors' report confirms that:

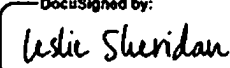
- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that ought to have been taken as a director to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

### Auditor

Pursuant to Section 487 of the Companies Act 2006, BDO have been appointed as the auditor.

Approved by the Board and signed on its behalf by:

DocuSigned by:  
  
37A968FCCFEE428...  
L Sheridan  
Director

28 October 2022

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

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

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

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

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

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

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Mitie NI Limited (the 'Company') for the year ended 31 March 2022, which comprise the Profit and loss account, the Balance sheet, the Statement of changes in equity and the Notes to the financial statements, including the summary of significant accounting policies set out in Note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework*.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 March 2022 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 properly 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 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 ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council's ('FRC'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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant section of this report.

#### 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.

#### Opinions on other matters prescribed by the Companies Act 2006

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- in our opinion, the Directors' report has been prepared in accordance with applicable legal requirements.



## **Independent auditor's report to the members of Mitie NI Limited** *(continued)*

### **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 a material misstatement in the Director's 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.

### **Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement set out on page 4, 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 they 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 going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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.

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.

The objectives of our audit, in respect to fraud are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- we obtained an understanding of the legal and regulatory frameworks that are applicable to the Company. We determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (FRS 101 and the Companies Act 2006);
- we understood how the Company is complying with those legal and regulatory frameworks by making enquiries to management, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of board minutes; and





**Independent auditor's report to the members of Mitie NI Limited** *(continued)*

- we assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it is considered there was a susceptibility of fraud. We considered the programs and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programs and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free of fraud or error.

A further description of our responsibilities for the audit of the financial statements is located at the FRC's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

A handwritten signature in black ink, appearing to read 'Gavin Smyth'.

**Gavin Smyth**  
*Senior Statutory Auditor*  
**for and on behalf of BDO**  
Statutory Audit Firm  
Dublin 2  
Ireland

28 October 2022

*Mitie NI Limited*  
*Annual report and financial statements*  
*31 March 2022*

## Profit and loss account

	<i>Note</i>	<b>2022</b> £	<b>2021</b> £
<b>Turnover</b>	<b>2</b>	<b>7,028,920</b>	<b>4,877,148</b>
<b>Cost of sales</b>		<b>(6,182,420)</b>	<b>(4,540,882)</b>
<b>Gross profit</b>		<b>846,500</b>	<b>336,266</b>
<b>Administrative expenses</b>		<b>(233,620)</b>	<b>(244,783)</b>
<b>Other items</b>	<b>3</b>	<b>(40,180)</b>	<b>43,844</b>
<b>Operating profit</b>	<b>3</b>	<b>572,700</b>	<b>135,327</b>
<b>Interest receivable and similar income</b>	<b>7</b>	<b>570</b>	<b>656</b>
<b>Interest payable and similar expenses</b>	<b>8</b>	<b>(35)</b>	<b>(1,649)</b>
<b>Profit before tax</b>		<b>573,235</b>	<b>134,334</b>
<b>Tax</b>	<b>9</b>	<b>(109,573)</b>	<b>(24,534)</b>
<b>Profit for the year</b>		<b>463,662</b>	<b>109,800</b>

The notes on pages 11 to 28 form an integral part of these financial statements.

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

There were no items of other comprehensive income recognised during the current or prior year. Accordingly, no statement of comprehensive income has been prepared.

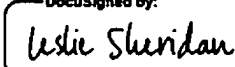
*Mitie NI Limited*  
*Annual report and financial statements*  
**31 March 2022**

## Balance sheet

	Note	2022 £	2021 £
<b>Non-current assets</b>			
Tangible fixed assets	10	-	2,418
Deferred tax assets	14	6,422	5,469
<b>Total non-current assets</b>		<u>6,422</u>	<u>7,887</u>
<b>Current assets</b>			
Inventories	11	26,928	33,912
Debtors	12	1,245,179	727,753
Cash at bank and in hand		1,991,944	1,052,549
<b>Total current assets</b>		<u>3,264,051</u>	<u>1,814,214</u>
<b>Current liabilities</b>			
Creditors	13	(2,100,770)	(1,139,871)
Deferred income		(36,443)	(41,096)
Current tax payable		(136,040)	(98,205)
Lease liabilities	17	-	(8,938)
Provisions	15	-	(433)
<b>Total current liabilities</b>		<u>(2,273,253)</u>	<u>(1,288,543)</u>
<b>Net current assets</b>		<u>990,798</u>	<u>525,671</u>
<b>Net assets</b>		<u>997,220</u>	<u>533,558</u>
<b>Capital and reserves</b>			
Share capital	16	10	10
Profit and loss reserve	16	997,210	533,548
<b>Shareholders' funds</b>		<u>997,220</u>	<u>533,558</u>

The notes on pages 11 to 28 form an integral part of the financial statements.

The financial statements of Mitie NI Limited, company number NI057012, were approved by the Board of Directors and authorised for issue on 28 October 2022 and were signed on its behalf by:

DocuSigned by:  
  
 37A969FCCFEE428...  
**L Sheridan**  
 Director

**Mitie NI Limited**  
**Annual report and financial statements**  
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## Statement of changes in equity

	Share capital £	Profit and loss reserve £	Total equity £
At 1 April 2020	10	423,748	423,758
Profit for the year	-	109,800	109,800
<b>Total comprehensive income</b>	-	109,800	109,800
At 31 March 2021	10	533,548	533,558
At 1 April 2021	10	533,548	533,558
Profit for the year	-	463,662	463,662
<b>Total comprehensive income</b>	-	463,662	463,662
At 31 March 2022	10	997,210	997,220

The notes on pages 11 to 28 form an integral part of the financial statements.

## Notes to the financial statements

### 1 Accounting policies, judgements and estimates

#### a) General information

Mitie NI Limited (the "Company") is a private company limited by shares and is incorporated in Northern Ireland and domiciled in the UK. Details of the Company's activities are set out in the Directors' report.

#### b) Statement of compliance with FRS 101

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK ("UK-adopted International Accounting Standards"), but makes amendments where necessary in order to comply with the Companies Act 2006 and to take advantage of FRS 101 disclosure exemptions.

On 31 December 2020, International Financial Reporting Standards ("IFRS") as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. In preparing these financial statements in accordance with FRS 101, the Company transitioned to UK-adopted International Accounting Standards (as described above) in its financial statements for the year ended 31 March 2021. This change constituted a change in accounting framework. However, there was no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

#### c) Basis of preparation

##### Going concern

The Company made a profit in the year. At 31 March 2022, it had net current assets of £990,798 (2021: £525,671) including cash at bank and in hand of £1,991,944 (2021: £1,052,549). 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 basis.

#### FRS 101 exemptions

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

- a cash flow statement and related notes;
- comparative period reconciliations for tangible fixed assets and share capital;
- the statement of compliance with UK-adopted International Accounting Standards;
- certain disclosures required by IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15");
- disclosures in respect of capital management;
- the effects of new but not yet effective UK-adopted International Accounting Standards;
- disclosures in respect of the compensation of Key Management Personnel; and
- disclosure in respect of related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

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

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

## **Notes to the financial statements (continued)**

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

#### **Accounting standards that are newly effective in the current year**

There are no new and mandatorily effective standards in the year that would have a material impact on the financial statements.

#### **Measurement convention**

The financial statements are prepared on the historical cost basis.

#### **Other items**

In the financial statements, the Company has elected to provide some further disclosures and performance measures, reported as 'Other items', in order to present its financial results in a way that demonstrates the performance of continuing operations.

Other items are items of financial performance which management believes should be separately identified on the face of the profit and loss account to assist in understanding the underlying financial performance achieved by the Company. The Company separately reports items such as cost of restructuring programmes and other exceptional items as Other items. Should these items be reversed, disclosure of this would also be as Other items.

Separate presentation of these items is intended to enhance understanding of the financial performance of the Company in the period and the extent to which results are influenced by material unusual and/or non-recurring items. Further detail of Other items is set out in Note 3.

## Notes to the financial statements (continued)

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

#### d) Significant accounting policies

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

##### Revenue recognition policy

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

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

##### Step 1 - Identify the contract(s) with a customer

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

##### Duration of contract

The Company frequently enters into contracts with customers which contain extension periods at the end of the initial term, automatic annual renewals, and/or termination for convenience and break clauses that could impact the actual duration of the contract. As the term of the contract impacts the period over which amortisation of contract assets and revenue from performance obligations may be recognised, judgement is applied 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, change to the total transaction price is estimated.

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

##### 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, judgement is applied to consider whether those promised goods or services are:

- i. distinct and accounted for as separate performance obligations;
- ii. combined with other promised goods or services until a bundle is identified that is distinct; or
- iii. part of a series of distinct goods or services that are substantially the same and have the same pattern of transfer over time i.e. where the customer is deemed to have simultaneously received and consumed the benefits of the goods or services over the life of the contract, the Company treats the series as a single performance obligation.

## Notes to the financial statements *(continued)*

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

#### *Step 3 - Determine the transaction price*

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

#### *Step 4 - Allocate the transaction price to the performance obligations in the contract*

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

#### *Step 5 - Recognise revenue when or as the entity satisfies its performance obligations*

For each performance obligation, management determines if revenue will be recognised over time or at a point in time. Where revenue is recognised over time, the Company applies the relevant output or input revenue recognition method for measuring progress that depicts the Company's performance in transferring control of the goods or services to the customer.

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

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

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

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

#### **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 customer to identify and implement cost saving initiatives across the life of the contract.

Management considers the majority of services provided within integrated facilities management contracts meet the definition of a series of distinct goods or 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, and therefore revenue will be recognised in line with the associated transfer of control.

#### **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.



## Notes to the financial statements *(continued)*

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

#### Short-term service-based arrangements

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

#### Other revenue

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

#### Accrued income and deferred income

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

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

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

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

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

#### Foreign currency

The financial statements are prepared in the functional currency applicable to the Company, which is Pounds Sterling. Transactions in currencies other than the functional currency are recorded at the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the profit and loss account for the period.

Non-monetary items are measured in terms of historical cost in a foreign currency and are not retranslated.

#### Finance costs

Finance costs consist of interest and other costs that are incurred in connection with the borrowing of funds. Finance costs are recognised in the profit and loss account in the period in which they are incurred.

## Notes to the financial statements *(continued)*

### 1 Accounting policies, judgements and estimates *(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 accounting profit as reported in the profit and loss account 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 profit and loss account, 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 or 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)*

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

#### 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 equipment	3-10 years
---------------------	------------

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 any impairment loss.

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 is estimated to be less than its carrying amount, the carrying amount of the asset 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 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 in prior years. A reversal of an impairment loss is recognised as income immediately.

#### Inventories

Inventories 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.

#### Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. The Company derecognises financial assets and liabilities only when the contractual rights and obligations are transferred, discharged or expire.

Financial assets comprise cash at bank and in hand, and trade and other debtors. The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Cash at bank and in hand include cash in hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. All of the Company's cash flows from customers are solely payments of principal and interest, and do not contain a significant financing component. Financial assets generated from all of the Company's revenue streams are therefore initially measured at their transaction price and are subsequently remeasured at amortised cost. The Company recognises a loss allowance for expected credit losses ("ECLs") on all receivable balances from customers subsequently measured at amortised cost, using the simplified approach. Under this approach, the Company recognises a loss allowance based on lifetime ECLs at each reporting date. ECLs are calculated on the basis of historic and forward-looking data on default risk which is applied to customers with common risk characteristics such as sector type.

Financial liabilities comprise trade and other creditors. These are measured at initial recognition at fair value and subsequently at amortised cost.

## Notes to the financial statements *(continued)*

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

#### Leases

At inception of a lease contract, the Company assesses whether the contract conveys the right to control the use of an identified asset for a certain period of time and whether it obtains substantially all the economic benefits from the use of that asset, in exchange for consideration. The Company recognises a lease liability and a corresponding right-of-use asset with respect to all lease arrangements in which it is a lessee.

A right-of-use asset is capitalised on the balance sheet at cost which comprises the present value of future lease payments determined at the inception of the lease adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred in addition to an estimate of costs to remove or restore the underlying asset. Where a lease incentive is receivable, the amount is offset against the right-of-use asset at inception. Right-of-use assets are depreciated using the straight-line method over the shorter of estimated life of the asset or the lease term and are reviewed for impairment to account for any loss when events or changes in circumstances indicate the carrying value may not be fully recoverable. Right-of-use assets exclude low-value leases and short-term leases of 12 months or less, costs for which are recognised as an operating expense within the profit and loss account as they are incurred.

The lease liability is initially measured at amortised cost using the effective interest rate method to calculate the present value of future lease payments and is subsequently increased by the associated interest cost and decreased by lease payments made. The effective interest rate is based on estimates of relevant incremental borrowing costs. Lease payments made are apportioned between an interest charge and a capital repayment amount. Lease payments comprise fixed lease rental payments only with the exception of property leases, for which the associated fixed service charge is also included. Lease liabilities are classified between current and non-current on the balance sheet.

The lease term comprises the non-cancellable period in addition to the determination of the enforceable period which is covered by an option to extend the lease, where it is reasonably certain that the option will be exercised, and the period covered by the option to terminate the lease to a point in time where no more than an 'insignificant penalty' is incurred. The Company assesses an insignificant penalty with reference to the wider economics of the lease including any investment in non-transferable leasehold improvements which may result in an impairment charge should the lease be terminated.

A modification to a lease which changes the lease payment amount (e.g. due to a renegotiation or market rent review) or amends the term of the lease, results in a reassessment of the lease liability with a corresponding adjustment to the right-of-use asset.

#### Retirement benefit costs

The Company operates a number of defined contribution retirement benefit schemes for all qualifying employees. Payments to the defined contribution and stakeholder pension schemes are charged as an expense as they fall due.

#### Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where management expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit and loss account net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

No provisions are recognised and only a disclosure in the financial statements is made for contingent liabilities. Contingent liabilities are possible obligations dependent on whether some uncertain future event occurs, or where a present obligation exists but payment is not probable, or the amount of payment cannot be measured reliably.

## **Notes to the financial statements (continued)**

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

#### **e) Critical accounting judgements and key sources of estimation uncertainty**

The preparation of the financial statements under FRS 101 requires management to make judgements, estimates and assumptions that affect amounts recognised for assets and liabilities at the reporting date and the amounts of revenue and expenses incurred during the reporting period. Actual results may differ from these judgements, estimates and assumptions.

#### **Critical judgements in applying the Company's accounting policies**

The following are the critical judgements, made by management in the process of applying the Company's accounting policies, that have the most significant effect on the amounts recognised in the Company's financial statements.

##### ***Revenue recognition***

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

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

##### ***Recoverability of trade debtors and accrued income***

The Company has material amounts of billed and unbilled work outstanding at 31 March 2022. Receivables are recognised initially at cost (being the same as fair value) and subsequently at amortised cost less any allowance for impairment, to ensure that amounts recognised represent the recoverable amount. The Company recognises a loss allowance for ECLs on all receivable balances from customers using a lifetime credit loss approach and includes specific allowance for impairment where there is evidence that the Company will not be able to collect amounts due from customers, subsequent to initial recognition. Management applies judgement on specific allowances for impairment based on the information available at each reporting date which includes information about past events, current conditions and forecasts of the future economic condition of customers.

##### ***Other items***

'Other items' are items of financial performance which management believes should be separately identified on the face of the profit and loss account to assist in understanding the underlying financial performance achieved by the Company. Determining whether an item should be classified within other items requires judgement as to whether an item is or is not part of the underlying performance of the Company.

#### **Key sources of estimation uncertainty**

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

### **2 Turnover**

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

## Notes to the financial statements *(continued)*

### 3 Operating profit

Operating profit is stated after charging/(crediting):

	2022	2021
	£	£
Depreciation of tangible fixed assets (Note 10)	2,418	3,739
Depreciation of right-of-use assets (Note 17)	-	15,030
Foreign exchange loss	430	1,040
Other items:		
Other income <sup>1</sup>	-	(109,614)
Restructuring	35,661	22,552
Integration costs	4,519	43,218

Note:

1. For the year ended 31 March 2022, a net amount of £nil (2021: £109,614) was received from a fellow Group company who made a claim on behalf of the Company and which represents UK Government grants received under the Coronavirus Job Retention Scheme of £nil (2021: £149,536) less repayments back to the UK Government of £nil (2021: £39,922), relating to furloughed employees working for the Company.

### 4 Auditor's remuneration

The audit fee for the year was £10,000 (2021: £10,000).

Fees paid to the Company's auditor and its associates in respect of services other than the statutory audit of the Company have not been disclosed as the information is required to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, Mitie Group plc.

### 5 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	
	2022	2021
Management	7	9
Administration	5	6
Operations	184	210
	<u>196</u>	<u>225</u>

The aggregate payroll costs incurred by the Company were as follows:

	2022	2021
	£	£
Wages and salaries	1,966,716	1,931,734
Social security costs	97,492	92,097
Pension costs	51,173	34,275
	<u>2,115,381</u>	<u>2,058,106</u>

## Notes to the financial statements *(continued)*

### 6 Directors' remuneration

The following Directors were also directors or employees of another Group company. They were remunerated by the company shown. It is not practicable to allocate their remuneration between their services as Directors of this Company and as directors or employees of other Group companies.

Director	Remunerated by	Disclosed by
P J G Dickinson	Mitie Limited	Mitie Limited
S C Kirkpatrick	Mitie Limited	Mitie Limited
M R Peacock	Mitie Limited	Mitie Limited
L Sheridan	Mitie Facilities Management Limited	Mitie Facilities Management Limited

### 7 Interest receivable and similar income

	2022 £	2021 £
Bank interest	570	656
Total	<u>570</u>	<u>656</u>

### 8 Interest payable and similar expenses

	2022 £	2021 £
Interest on lease liabilities	35	877
Unwinding of discounts on provisions	-	772
Total	<u>35</u>	<u>1,649</u>

## Notes to the financial statements *(continued)*

### 9 Tax

	2022 £	2021 £
<i>Analysis of charge in the year</i>		
<i>UK corporation tax at 19% (2021: 19%)</i>		
Current tax on profit for the year	109,511	25,513
Adjustments in respect of prior periods	1,015	(642)
	<hr/> 110,526	<hr/> 24,871
<i>Deferred tax (see Note 14)</i>		
Origination and reversal of temporary timing differences	397	27
Change in statutory tax rate	(1,222)	-
Adjustments in respect of prior periods	(128)	(364)
	<hr/> (953)	<hr/> (337)
<b>Total deferred tax credit</b>	<hr/> (953)	<hr/> (337)
<b>Total charge for the year</b>	<hr/> <b>109,573</b>	<hr/> <b>24,534</b>
	<hr/>	<hr/>
	2022	2021
	£	£
<i>Tax reconciliation</i>		
Profit before tax	573,235	134,334
Tax using the UK corporation tax rate of 19% (2021: 19%)	108,915	25,523
Expenses not deductible for tax purposes	993	-
Adjustments in respect of employee share options	-	17
Change in statutory tax rate	(1,222)	-
Adjustments in respect of prior periods	887	(1,006)
	<hr/> 109,573	<hr/> 24,534
<b>Total tax charge</b>	<hr/> <b>109,573</b>	<hr/> <b>24,534</b>

The UK corporation tax rate will increase from 19% to 25% from 1 April 2023. This change has been substantively enacted at the balance sheet date and is therefore incorporated into the amounts contained in these financial statements.



## Notes to the financial statements *(continued)*

### 10 Tangible fixed assets

	<b>Plant and equipment</b>
	<b>£</b>
<b>Cost</b>	
At 1 April 2021	119,855
<b>At 31 March 2022</b>	<b>119,855</b>
<b>Accumulated depreciation and impairment</b>	
At 1 April 2021	117,437
Depreciation charge for the year	2,418
<b>At 31 March 2022</b>	<b>119,855</b>
<b>Net book value</b>	
At 1 April 2021	2,418
<b>At 31 March 2022</b>	<b>-</b>

### 11 Inventories

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Finished goods</b>	<b>26,928</b>	<b>33,912</b>
	<b>26,928</b>	<b>33,912</b>

## Notes to the financial statements *(continued)*

### 12 Debtors

	2022 £	2021 £
Trade debtors	978,177	315,340
Amounts owed by Group undertakings	201,513	320,704
Prepayments	7,987	4,623
Accrued income	42,181	80,648
Other debtors	15,321	6,438
	<hr/>	<hr/>
Total	<u>1,245,179</u>	<u>727,753</u>

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

All debtors are due within one year. All trade debtors are due within the company's normal terms, which is no more than thirty days. Trade debtors and accrued income are shown net of impairment in respect of doubtful debts.

Amounts owed by Group undertakings are repayable on demand.

### 13 Creditors

	2022 £	2021 £
Trade creditors	143,479	56,682
Amounts owed to Group undertakings	963,191	566,341
Other taxes and social security	336,588	140,365
Accruals	657,512	376,483
	<hr/>	<hr/>
	<u>2,100,770</u>	<u>1,139,871</u>

The repayment terms of trade creditors vary between on demand and ninety days. Trade creditors are unsecured and interest free.

PAYE and VAT are subject to the terms of the relevant legislation.

Amounts owed to Group undertakings are repayable on demand.

## Notes to the financial statements *(continued)*

### 14 Deferred tax

Deferred tax is attributable to the following:

	2022 £	2021 £
Accelerated capital allowances	4,890	4,959
Short-term timing differences	1,532	510
	<u>6,422</u>	<u>5,469</u>

#### *Movement in deferred tax during the year*

	1 April 2021 £	Recognised in income £	31 March 2022 £
Accelerated capital allowances	4,959	(69)	4,890
Short-term timing differences	510	1,022	1,532
	<u>5,469</u>	<u>953</u>	<u>6,422</u>

#### *Movement in deferred tax during the prior year*

	1 April 2020 £	Recognised in income £	31 March 2021 £
Accelerated capital allowances	4,686	273	4,959
Short-term timing differences	430	80	510
Share options	16	(16)	-
	<u>5,132</u>	<u>337</u>	<u>5,469</u>

Deferred tax has been calculated using tax rates that were substantively enacted at the balance sheet date (see Note 9).

## Notes to the financial statements *(continued)*

### 15 Provisions

	Dilapidations provisions £
At 1 April 2021	433
Released in the year	(433)
	<hr/>
At 31 March 2022	-
	<hr/> <hr/>

The provision for dilapidations related to the legal obligation for leased properties to be returned to the landlord in the contracted condition at the end of the lease period. This cost would include repairs of any damage and wear and tear.

### 16 Equity

#### Share capital authorised and fully paid

	2022 Number	2021 Number	2022 £	2021 £
Ordinary shares				
Ordinary shares at £1 each	10	10	10	10
	<hr/>	<hr/>	<hr/>	<hr/>
	10	10	10	10
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

#### Profit and loss reserve

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

## Notes to the financial statements *(continued)*

### 17 Leases

Right-of-use assets	Properties	
	£	
At 1 April 2020		30,060
Depreciation		(15,030)
Impairment		(15,030)
		<hr/>
At 31 March 2021		-
		<hr/>
At 31 March 2022		-
		<hr/> <hr/>
 Lease liabilities		
	£	£
At 1 April 2021/2020	8,938	24,465
Interest expense related to lease liabilities	35	877
Repayment of lease liabilities (including interest)	(8,973)	(16,404)
	<hr/>	<hr/>
At 31 March 2022/2021	-	8,938
	<hr/> <hr/>	<hr/> <hr/>
Current	-	8,938
	<hr/> <hr/>	<hr/> <hr/>
 Maturity analysis-contractual undiscounted cash flows		
	2022	2021
	£	£
Less than one year	-	8,938
	<hr/>	<hr/>
Total undiscounted lease liabilities at 31 March	-	8,938
	<hr/> <hr/>	<hr/> <hr/>
 Amounts recognised in the profit and loss account		
	2022	2021
	£	£
Depreciation of right-of-use assets	-	(15,030)
	<hr/>	<hr/>
Operating profit impact	-	(15,030)
Interest on lease liabilities	(35)	(877)
	<hr/>	<hr/>
Profit before tax impact	(35)	(15,907)
	<hr/> <hr/>	<hr/> <hr/>

## **Notes to the financial statements** *(continued)*

### **18 Related party transactions**

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries within the Group.

### **19 Subsequent events**

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

### **20 Ultimate parent company and parent company of larger group**

The Company is a subsidiary undertaking of Mitie Facilities Management Limited which is the immediate parent company incorporated in Ireland. The ultimate controlling party is Mitie Group plc, a company incorporated in Scotland with its registered office at 35 Duchess Road, Rutherglen, Glasgow, G73 1AU. Mitie Group plc is the parent company of the largest and smallest groups into which the accounts of the Company are consolidated. The consolidated financial statements of Mitie Group plc are available to the public and may be obtained from the Company Secretary at Level 12, The Shard, 32 London Bridge Street, London, UK, SE1 9SG or from [www.mitie.com](http://www.mitie.com).