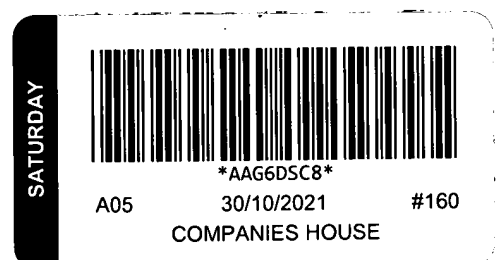


Mitie NI Limited

Annual report and financial statements

Registered number NI057012

31 March 2021



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Company information

Directors

L Sheridan
M 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

Directors' report

The Directors present the annual report and audited financial statements of Mitie NI Limited (the "Company") for the year ended 31 March 2021.

The Company is part of the Mitie group of companies (the "Group"), the ultimate parent company being Mitie Group plc.

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 9, the Company's revenue was £4,877,148 (2020: £5,579,261) and the profit for the year was £109,800 (2020: £331,153).

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 Mitie Group plc annual report and accounts 2021 which does not form part of this report.

Principal risks and uncertainties

The Company is part of the Mitie Group and manages its risks within the Mitie Group Risk Framework. Details of the principal risks and uncertainties are given in the Mitie Group plc annual report and accounts 2021. The Directors have reviewed the financial risk management objectives and policies of the Company in light of the Group Risk Framework. The Directors do not believe there to be any significant risks other than those detailed below.

Strategic risks

COVID-19

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

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

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

1. Crisis and Business Continuity Management frameworks invoked and implemented throughout Group and in collaboration with clients;
2. Continuing governance including a Group-led COVID-19 Working Group that has coordinated responses since February 2020;
3. Increased meeting frequency at Mitie Group Executive level (MGX) to monitor ongoing impacts and direct actions;
4. Close working relationship maintained with the UK Government through the Cabinet Office;

Directors' report (continued)

5. Coordinated support to critical infrastructure throughout the pandemic;
6. Ongoing dialogue with clients to understand their requirements;
7. Close monitoring of supply chain to ensure continuity of critical supplies;
8. Use of UK Government support schemes;
9. Regular forecasting and reviews of revenue and cash

Impact of the UK leaving the European Union ("Brexit")

The lack of clarity of the impact of Brexit on the UK may adversely affect our ability to plan and invest, as well as the availability of labour and materials. The still unresolved trading process for the Irish border may in turn cause some issues, as well as affect changes to the regulatory framework and lead to possible restrictions in the supply of materials. The rules around immigration and non-UK nationals working in the UK may adversely impact the supply of labour for our business and this is being rigorously monitored.

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

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

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

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

Financial risks

Reliance on material counterparties

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

Operational risks

Significant health, safety or environmental incidents

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

System, process or control failure

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

Attracting and retaining skilled people

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

Directors' report (continued)

Financial risk management

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

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

Future developments

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.

Post balance sheet events

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

COVID-19 and current trading

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

The COVID-19 pandemic, as with most businesses has had a negative impact. While turnover has fallen our business in Northern Ireland has exceeded expectations.

Going concern

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

Directors

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

Director	Date of appointment	Date of resignation
L Sheridan		
S C Kirkpatrick		27 August 2021
M 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 (2020: £900,000).

Directors' report *(continued)*

Environment

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

Political contributions

The Company made no political donations nor incurred any political expenditure during the year (2020: £nil).

Disclosure of information to auditor

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

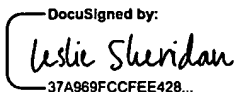
- so far as the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that ought to have been taken as a Director to be aware of any relevant audit information and to establish that the Company's auditor is aware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

On behalf of the Board:

DocuSigned by:

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L Sheridan
Director

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

26 /10 /2021

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF MITIE NI LIMITED

Opinion

We have audited the financial statements of Mitie NI Limited ("the Company") for the year ended 31 March 2021 which comprise the Profit and loss account, the Balance sheet, the Statement of changes in equity, and the notes to the financial statements, 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 Reduced Disclosure Framework (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 2021 and of its profit for the year;
- 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 relevant to our audit of the financial statements in the UK, including the 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 related 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 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 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

BDO Limerick
103/104 O'Connell Street,
Limerick

BDO Cork
Unit J, Euro House,
Castletown Little Island,
Cork

Michael Costello (Managing Partner)
Andrew Bourne
Katharine Byrne
Peter Carroll
Kevin Doyle
Stewart Dunne
Ivor Ferrick

Angela Fleming
Brian Garton
David Gray
Gerry Gray
Sinead Heaney
Oliarmud Hendrick
Derek Henry

Denis Heilly
Liam Hession
Brian Hughes
Ken Kilmartin
Carol Lynch
Stephen McCallan
David McCormick

Brian McNulty
Aidan McHugh
Gordon Medlar
Teresa Morahan
Paul Nestor
John O'Callaghan
David O'Connor

David H O'Connor
Sheehan O'Flaherty
Rory O'Keefe
Mark O'Sullivan
Patrick Sheehan
Gavin Smyth
Noel Taylor

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 misstatement in 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.; or

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of 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 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


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 at the Financial Reporting Council's ("FRC's") website at:

<https://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: 26/10/2021

Profit and loss account

	<i>Note</i>	2021 £	2020 £
Turnover	2	4,877,148	5,579,261
Cost of sales		(4,540,882)	(4,995,040)
Gross profit		336,266	584,221
Administrative expenses		(244,783)	(196,952)
Other items	3	43,844	-
Operating profit	3	135,327	387,269
Interest receivable and similar income	7	656	1,743
Interest payable and similar expenses	8	(1,649)	(1,404)
Profit before tax		134,334	387,608
Tax	9	(24,534)	(56,455)
Profit for the year		109,800	331,153

The notes on pages 12 to 29 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 2021

Balance sheet

	Note	2021 £	2020 £
Non-current assets			
Tangible fixed assets ¹	10	2,418	38,682
Deferred tax assets	14	5,469	5,132
Total non-current assets		7,887	43,814
Current assets			
Inventories	11	33,912	39,985
Debtors	12	727,753	916,132
Cash at bank and in hand		1,052,549	1,091,391
Total current assets		1,814,214	2,047,508
Current liabilities			
Creditors ²	13	(1,139,871)	(1,495,923)
Deferred income		(41,096)	(19,646)
Current tax payable ²		(98,205)	(116,894)
Lease liabilities	17	(8,938)	(16,298)
Provisions	15	(433)	(10,636)
Total current liabilities		(1,288,543)	(1,659,397)
Net current assets		525,671	388,111
Non-current liabilities			
Lease liabilities	17	-	(8,167)
Total non-current liabilities		-	(8,167)
Net assets		533,558	423,758
Capital and reserves			
Share capital	16	10	10
Profit and loss reserve	16	533,548	423,748
Shareholders' funds		533,558	423,758

Note:

1. Includes right-of-use assets of £Nil (2020: £30,060) recognised under IFRS 16. See Note 17.

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

The notes on pages 12 to 29 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 26 /10/ 2021 and were signed on its behalf by:

DocuSigned by:

Leslie Sheridan
 37A969FCCFEE428...
L Sheridan
 Director

Statement of changes in equity

	Share capital £	Capital contribution £	Profit and loss reserve £	Total equity £
At 1 April 2019	10	485	992,110	992,605
Profit for the year	-	-	331,153	331,153
Total comprehensive income	-	-	331,153	331,153
Transactions with owners				
Dividends paid (Note 16)	-	-	(900,000)	(900,000)
Transfer	-	(485)	485	-
Total transactions with owners	-	(485)	(899,515)	(900,000)
At 31 March 2020	10	-	423,748	423,758
At 1 April 2020	10	-	423,748	423,758
Profit for the year	-	-	109,800	109,800
Total comprehensive income	-	-	109,800	109,800
Transactions with owners				
Dividends paid (Note 16)	-	-	-	-
Total transactions with owners	-	-	-	-
At 31 March 2021	10	-	533,548	533,558

The notes on pages 12 to 29 form an integral part of the financial statements.

Notes

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 EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

c) Basis of preparation

Going concern

The company made a profit in the year. At 31 March 2021, it had net current assets of £525,671 (2020: £388,111) including cash at bank and in hand of £1,052,549 (2020: £1,091,391). 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.

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 Adopted IFRSs;
- certain disclosures required by IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15");
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of Key Management Personnel; and
- disclosure in respect of related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

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

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

Notes *(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 (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 (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, 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 (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 (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 net 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 (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:

Freehold buildings and long leasehold properties	50 years or lease term if shorter
Leasehold improvements	period of the lease
Plant and equipment, office equipment and vehicles	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 a lifetime credit loss approach. 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 (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.

Dividends

Dividends are recognised in the financial statements in the period in which the shareholder's right to receive payment of the dividend is established.

Notes (continued)

1 Accounting policies, judgements and estimates (continued)

e) Critical accounting judgements and key sources of estimation uncertainty

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

Critical judgements in applying the Company's accounting policies

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

Revenue recognition

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

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

Recoverability of trade debtors and accrued income

The Company has material amounts of billed and unbilled work outstanding at 31 March 2021. 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 an assessment of current disputes with customers over commercial positions, and where information suggests customers are facing significant financial difficulties.

Recoverability of amounts owed by Group undertakings

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

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 (continued)

3 Operating profit

Operating profit is stated after charging/(crediting):

	2021 £	2020 £
Depreciation of tangible fixed assets (Note 10)	3,739	5,291
Depreciation of right-of-use assets (Note 17)	15,030	20,041
Foreign exchange loss	1,040	8,132
Other items		
Other income ¹	(109,614)	-
Restructuring	22,552	-
Integration costs	43,218	-

Note:

1. For the year ended 31 March 2021, a net amount of £109,614 (2020: £Nil) 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 £149,536 (2020: Nil), less repayments back to the UK Government of £39,922 (2020: £Nil) relating to furloughed employees working for the Company.

4 Auditor's remuneration

The audit fee for the year was £10,000 (2020: £10,000).

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead 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	
	2021	2020
Management	9	8
Administration	6	5
Operations	210	211
	<u>225</u>	<u>224</u>

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

	2021 £	2020 £
Wages and salaries	1,931,734	1,935,049
Social security costs	92,097	95,660
Pension costs	34,275	34,115
	<u>2,058,106</u>	<u>2,064,824</u>

Notes (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
L Sheridan	Mitie Facilities Management Limited	Mitie Facilities Management Limited

7 Interest receivable and similar income

	2021	2020
	£	£
Bank interest	656	1,743
Total	656	1,743

8 Interest payable and similar expenses

	2021	2020
	£	£
Interest on lease liabilities	877	1,404
Unwinding of discounts on provision	772	-
Total	1,649	1,404

Notes (continued)

9 Tax

	2021 £	2020 £
<i>Analysis of charge in the year</i>		
<i>UK corporation tax at 19% (2020: 19%)</i>		
Current tax on profit for the period	25,513	73,334
Adjustments in respect of prior periods	(642)	(9,596)
Total current tax charge	<u>24,871</u>	<u>63,738</u>
<i>Deferred tax (see Note 14)</i>		
Origination and reversal of temporary timing differences	27	1,540
Restatement of opening deferred tax balances	-	(702)
Adjustments in respect of prior periods	(364)	(8,121)
Total deferred tax credit	<u>(337)</u>	<u>(7,283)</u>
Total charge for the year	<u><u>24,534</u></u>	<u><u>56,455</u></u>
	2021 £	2020 £
<i>Reconciliation of effective tax rate</i>		
Profit before tax	134,334	387,608
Tax using the UK corporation tax rate of 19% (2020: 19%)	25,523	73,646
Expenses not deductible for tax purposes	-	1,244
Adjustments in respect of employee share options	17	(16)
Adjustments in respect of prior periods	(1,006)	(17,717)
Restatement of opening deferred tax balances	-	(702)
Total tax charge	<u><u>24,534</u></u>	<u><u>56,455</u></u>

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

Notes (continued)

10 Tangible fixed assets

Tangible fixed assets comprise owned and leased assets.

	2021 £
Tangible fixed assets owned	2,418
Right-of-use assets (see Note 17)	-
At 31 March 2021	2,418

	Plant and equipment £	Office equipment £	Vehicles £	Total £
Cost				
At 1 April 2020	119,855	16,845	24,539	161,239
Disposals	-	(16,845)	(24,539)	(41,384)
At 31 March 2021	119,855	-	-	119,855
Accumulated depreciation and impairment				
At 1 April 2020	115,204	12,874	24,539	152,617
Depreciation charge for the year	2,233	1,506	-	3,739
Disposals	-	(14,380)	(24,539)	(38,919)
At 31 March 2021	117,437	-	-	117,437
Net book value				
At 1 April 2020	4,651	3,971	-	8,622
At 31 March 2021	2,418	-	-	2,418

11 Inventories

	2021 £	2020 £
Finished goods	33,912	39,985
	33,912	39,985

Notes (continued)

12 Debtors

	2021 £	2020 £
Trade debtors	315,340	478,797
Amounts owed by Group undertakings	320,704	150,300
Prepayments	4,623	8,642
Accrued income	80,648	267,623
Other debtors	6,438	10,770
	<u>727,753</u>	<u>916,132</u>
Total	<u>727,753</u>	<u>916,132</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

	2021 £	2020 ¹ £
Trade creditors	56,682	272,402
Amounts owed to Group undertakings	566,341	621,626
Other taxes and social security	140,365	193,330
Accruals	376,483	408,565
	<u>1,139,871</u>	<u>1,495,923</u>
	<u>1,139,871</u>	<u>1,495,923</u>

Note:

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

The 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 (continued)

14 Deferred tax

Recognised deferred tax assets and liabilities

Deferred tax is attributable to the following:

	2021 £	2020 £
Tangible fixed assets	4,959	4,686
Provisions	510	430
Share-based payments	-	16
	<u>5,469</u>	<u>5,132</u>

Movement in deferred tax during the year

	1 April 2020 £	Recognised in income £	31 March 2021 £
Tangible fixed assets	4,686	273	4,959
Provisions	430	80	510
Share-based payments	16	(16)	-
	<u>5,132</u>	<u>337</u>	<u>5,469</u>

Movement in deferred tax during the prior year

	1 April 2019 £	Recognised in income £	31 March 2020 £
Tangible fixed assets	(2,151)	6,837	4,686
Provisions	-	430	430
Share-based payments	-	16	16
	<u>(2,151)</u>	<u>7,283</u>	<u>5,132</u>

Notes (continued)

15 Provisions

	Dilapidations provisions £
At 1 April 2020	10,636
Amounts recognised in the profit or loss account	4,055
Released in the year	(15,030)
Unwinding of discount	772
At 31 March 2021	433
Included in current liabilities	433

The provision for dilapidations relates 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	2021 Number	2020 Number	2021 £	2020 £
Ordinary shares				
Ordinary shares at £1 each	10	10	10	10
	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>
	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>

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

Profit and loss reserve

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

Dividends

No dividends were paid during the year (2020: £900,000, at £90,000 per Ordinary share).

Notes (continued)

17 Leases

Right-of-use assets		Properties £
At 1 April 2019		50,101
Depreciation		(20,041)
		<hr/>
At 31 March 2020		30,060
Impairment		(15,030)
Depreciation		(15,030)
		<hr/>
At 31 March 2021		-
		<hr/>

Lease liabilities	£	£
At 1 April 2020/2019	24,465	39,465
Interest expense related to lease liabilities	877	1,404
Repayment of lease liabilities (including interest)	(16,404)	(16,404)
	<hr/>	<hr/>
At 31 March 2021/2020	8,938	24,465
	<hr/>	<hr/>
Current	8,938	16,298
Non-current	-	8,167
	<hr/>	<hr/>

Maturity analysis-contractual undiscounted cash flows	2021 £	2020 £
Less than one year	8,938	16,404
One to five years	-	8,202
	<hr/>	<hr/>
Total undiscounted lease liabilities at 31 March	8,938	24,606
	<hr/>	<hr/>

Amounts recognised in the profit and loss account	2021 £	2020 £
Depreciation of right-of-use assets	(15,030)	(20,041)
	<hr/>	<hr/>
Operating profit impact	(15,030)	(20,041)
Interest on lease liabilities	(877)	(1,404)
	<hr/>	<hr/>
Profit before tax impact	(15,907)	(21,445)
	<hr/>	<hr/>

Notes *(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.