

## **Esoteric Limited**

Annual report and financial statements

Registered number 04441008

31 March 2023

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## Company information

### Directors

P J G Dickinson

M R Peacock

### Secretary

Mitie Company Secretarial Services Limited

### Registered office

Level 12

The Shard

32 London Bridge Street

London

SE1 9SG

## Directors' report

The directors of the Company (the "Directors") present the annual report and unaudited financial statements of Esoteric Limited (the "Company") for the year ended 31 March 2023.

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 specialist security and covert investigations, providing a range of both overt and covert security services and training to the government, police and commercial sector. There have not been any significant changes in the Company's principal activities in the year under review.

On 17 November 2021, the Company was acquired by Mitie Security Limited, a subsidiary of Mitie Group plc.

As shown in the income statement on page 5, the Company's revenue was £1,048,000 (2022: £1,053,000) and the profit for the year was £199,000 (2022: £236,000). During the year ended 31 March 2023, the Company's performance was broadly stable with good opportunity to grow in 2024.

### 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 to the financial statements.

### Directors

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

P J G Dickinson

M R Peacock

### 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 each of the Directors listed above in respect of liabilities incurred as a result of their office to the extent permitted by law.

### Dividends

There were no dividends during the year (2022: £25,000).

### Financial risk management

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

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers and manages any exposure on normal trade terms. The Company's requirement for additional funding is managed as part of the Group's financing arrangements.

### Subsequent events

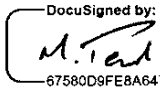
There have been no significant events since the balance sheet date.

## Directors' report (continued)

### Future developments

The Directors expect the general level of activity to increase in the forthcoming year. The Company is in a strong position to complement fellow Group companies with its industry leading security intelligence solutions and has a strong pipeline for the forthcoming year.

Approved by the Board and signed on its behalf by:

DocuSigned by:  
  
67580D9FE8A6479

**M R Peacock**  
Director

7th December 2023

## **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 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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.

**Income statement**

	<i>Note</i>	<b>2023</b> <b>£000</b>	<b>2022</b> <b>£000</b>
<b>Revenue</b>	<b>2</b>	<b>1,048</b>	<b>1,053</b>
Cost of sales		<b>(296)</b>	<b>(375)</b>
<b>Gross profit</b>		<b>752</b>	<b>678</b>
Administrative expenses		<b>(507)</b>	<b>(378)</b>
<b>Operating profit</b>	<b>3</b>	<b>245</b>	<b>300</b>
Finance costs	<b>7</b>	<b>-</b>	<b>(7)</b>
<b>Profit before tax</b>		<b>245</b>	<b>293</b>
<b>Tax</b>	<b>8</b>	<b>(46)</b>	<b>(57)</b>
<b>Profit for the year</b>		<b>199</b>	<b>236</b>

The notes on pages 8 to 20 form an integral part of the financial statements.

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

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

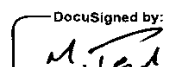
**Balance sheet**

	<i>Note</i>	<b>2023 £000</b>	<b>2022 £000</b>
<b>Non-current assets</b>			
Goodwill	9	-	1
Property, plant and equipment	10	116	160
<b>Total non-current assets</b>		<b>116</b>	<b>161</b>
<b>Current assets</b>			
Trade and other receivables	11	387	372
Cash and cash equivalents		301	131
<b>Total current assets</b>		<b>688</b>	<b>503</b>
<b>Current liabilities</b>			
Trade and other payables	12	(187)	(241)
Deferred income		(14)	-
Current tax payable		(32)	(41)
<b>Total current liabilities</b>		<b>(233)</b>	<b>(282)</b>
<b>Net current assets</b>		<b>455</b>	<b>221</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	13	(29)	(39)
<b>Total non-current liabilities</b>		<b>(29)</b>	<b>(39)</b>
<b>Net assets</b>		<b>542</b>	<b>343</b>
<b>Equity</b>			
Share capital	15	-	-
Retained earnings	15	542	343
<b>Total equity</b>		<b>542</b>	<b>343</b>

The notes on pages 8 to 20 form an integral part of the financial statements.

For the year ended 31 March 2023 the Company was entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the Company to obtain an audit of its accounts for the year ended 31 March 2023 in accordance with Section 476 of the Companies Act 2006. The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

The financial statements of Esoteric Limited, company number 04441008, were approved by the Board of Directors and authorised for issue on 7th December 2023 and were signed on its behalf by:

DocuSigned by:  
  
 67580D9FE8A6479

**M R Peacock**  
Director



**Statement of changes in equity**

	<b>Share capital £000</b>	<b>Retained earnings £000</b>	<b>Total equity £000</b>
At 1 April 2021	-	132	132
Profit for the year	-	236	236
<b>Total comprehensive income</b>	-	236	236
Dividends paid	-	(25)	(25)
<b>Total transactions with owners</b>	-	(25)	(25)
<b>At 31 March 2022</b>	-	<b>343</b>	<b>343</b>
Profit for the year	-	199	199
<b>Total comprehensive income</b>	-	199	199
<b>At 31 March 2023</b>	-	<b>542</b>	<b>542</b>

The notes on pages 8 to 20 form an integral part of the financial statements.

## Notes to the financial statements

### 1 Accounting policies, judgements and estimates

#### a) General information

Esoteric Limited (the "Company") is a private company limited by shares and is incorporated and domiciled in the United Kingdom. Details of the Company's activities are set out in the Directors' report. The Company's financial statements are presented in pounds sterling, which is the Company's functional and presentational currency. All amounts have been rounded to the nearest thousand pounds, unless otherwise indicated.

#### b) Statement of compliance with FRS 102

These financial statements have been prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102") and the requirements of the Companies Act 2006.

#### c) Basis of preparation

##### Going concern

The financial statements have been prepared on a going concern basis. The Company participates in the centralised treasury arrangements and shared banking arrangements of Mitie Group plc, its ultimate parent, and of its fellow subsidiaries (together the "Group"). The directors of Mitie Group plc have confirmed the provision of adequate financial resources to the Company for a period of not less than 12 months from the date of approval of the Company's statutory financial statements for the year ended 31 March 2023 to ensure that the Company can meet its liabilities as they fall due.

The directors of Mitie Group plc have carried out an assessment of the Group's ability to continue as a going concern for the period of at least 12 months from the date of approval of these financial statements (the "Going Concern Assessment Period"). This assessment was based on the latest medium-term cash forecasts from the Group's cash flow model (the "Base Case Forecasts"), which is based on the Group's board approved budget. These Base Case Forecasts indicate that the debt facilities currently in place are adequate to support the Group over the Going Concern Assessment Period.

The Group's principal debt financing arrangements as at 30 September 2023 were a £250m Revolving Credit Facility ("RCF"), which was undrawn as at 30 September 2023, and £150m of US private placement ("USPP") notes. These financing arrangements are subject to certain financial covenants which are tested every six months on a rolling 12-month basis.

The RCF was put in place in October 2021, and matures in October 2027. In September 2023, the Group increased the RCF from £150m to £250m and its maturity date was extended for one year to October 2027, with an option to extend for a further one year period.

Of the USPP notes, £120.0m were issued in December 2022 under a delayed funding agreement to avoid any overlap with the £121.5m (being the repayment amount after taking account of the cross-currency interest rate swaps) of notes that matured in the same month. The new notes are split equally between 8, 10 and 12 year maturities, and were issued with an average coupon of 2.94% that is significantly below the coupon of the maturing notes. The Base Case Forecasts assume that the remaining £30.0m of USPP notes, which are due to mature in December 2024, will not be replaced.

## Notes to the financial statements (continued)

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

The Group currently operates within the terms of its agreements with its lenders, with consolidated net cash (i.e. net cash adjusted for covenant purposes, primarily by the exclusion of lease liabilities) of £23.8m as at 30 September 2023. The Base Case Forecasts indicate that the Group will continue to operate within these terms and that the headroom provided by the Group's debt facilities currently in place is adequate to support the Group over the Going Concern Assessment Period.

The directors of Mitie Group plc have also completed a reverse stress test using the Group cash flow model to assess the point at which the financial covenants, or facility headroom, would be breached. The sensitivities considered have been chosen after considering the Group's principal risks and uncertainties.

The primary financial risks related to adverse changes in the economic environment and/or a deterioration in commercial or operational conditions are listed below. These risks have been considered in the context of any further UK budgetary changes, political uncertainty and the continued impact of the Russian invasion of Ukraine as well as an inflationary and potential recessionary economic environment:

- a downturn in revenues—this reflects the risks of not being able to deliver services to existing customers, or contracts being terminated or not renewed;
- a deterioration of gross margin—this reflects the risks of contracts being renegotiated at lower margins, or planned cost savings not being delivered;
- an increase in costs—this reflects the risks of a shortfall in planned overhead cost savings, including margin enhancement initiatives not being delivered, or other cost increases such as sustained higher cost inflation; and
- a downturn in cash generation—this reflects the risks of customers delaying payments due to liquidity constraints, the removal of ancillary debt facilities or any substantial one-off settlements related to commercial issues.

As a result of completing this assessment, the directors of Mitie Group plc concluded that the likelihood of the reverse stress scenarios arising was remote. In reaching the conclusion of remote, the directors of Mitie Group plc considered the following:

- all stress test scenarios would require a very severe deterioration compared to the Base Case Forecasts. Revenue is considered to be the key risk, as this is less within the control of management. Revenue would need to decline by approximately 40% by 30 September 2024 (half year FY25), compared to the Base Case Forecasts, which is considered to be very severe given the high proportion of the Group's revenue that is fixed in nature and the fact that even in a COVID-hit year ended 31 March 2021, the Group's revenue excluding Interserve declined by only 1.6%; and
- in the event that results started to trend significantly below those included in the Base Case Forecasts, additional mitigation actions have been identified that would be implemented, which are not factored into the stress test scenarios. These include the short-term scaling down of capital expenditure, overhead efficiency/reduction measures including cancellation of discretionary bonuses and reduced discretionary spend, asset disposals and reductions in cash distributions and share buybacks.

Based on these assessments, the directors of Mitie Group plc have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of no less than 12 months from the date of approval of these financial statements. In addition, the directors of Mitie Group plc have concluded that the likelihood of the reverse stress scenarios arising is remote and therefore no material uncertainty exists.

Based on this assessment, and their enquiries of the directors of Mitie Group plc, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of no less than 12 months from the date of approval of the Company's financial statements for the year ended 31 March 2023. Accordingly, the financial statements have been prepared on a going concern basis.

## Notes to the financial statements (continued)

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

#### FRS 102 exemptions

In these financial statements, the Company has applied the exemptions available under FRS 102 in respect of the following disclosures:

- a cash flow statement and related notes;
- comparative period reconciliations for intangible assets, property, plant and equipment, and share capital;
- certain financial instruments disclosures;
- disclosures in respect of the compensation of Key Management Personnel; and
- disclosures 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.

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

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

#### Measurement convention

The financial statements are prepared on the historical cost basis.

#### d) Significant accounting policies

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

#### Revenue recognition

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

## Notes to the financial statements (continued)

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

#### Finance costs

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

#### Taxation

Taxation for the period represents the sum of current tax and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

#### Goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 20 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

**Notes to the financial statements (continued)****1 Accounting policies, judgements and estimates (continued)****Property, plant and equipment**

Property, plant and equipment is initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Plant and vehicles: 3-5 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

***Impairment of fixed assets***

At each reporting period end date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised immediately in the income statement. Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

**Financial instruments**

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Financial assets**

Basic financial assets, which include trade and other receivables and cash and cash equivalents, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the Company transfers to another party substantially all of the risks and rewards of the ownership of the financial asset, or (c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

## Notes to the financial statements (continued)

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

#### Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

#### Financial liabilities

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

#### Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of transaction costs.

#### Foreign currency

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in the income statement.

#### Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### Dividends

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

**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 financial statements under FRS 102 requires management to make judgements, estimates and assumptions that affect amounts recognised for assets and liabilities at the reporting date and the amounts of revenue and expenses incurred during the reporting period. Actual results may differ from these judgements, estimates and assumptions.

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

There were no critical judgements that had significant effects on the amounts recognised in the financial statements.

**Key sources of estimation uncertainty**

There were no 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 in the next financial year.

**2 Revenue**

The Company derives all of its revenue from the provision of services to customers based in the United Kingdom and other countries.

**By geographical market:**

	2023 £000	2022 £000
United Kingdom	911	970
Europe	121	83
Rest of the world	16	-
	<u>1,048</u>	<u>1,053</u>

**3 Operating profit**

Operating profit is stated after charging:

	2023 £000	2022 £000
Depreciation of property, plant and equipment (Note 10)	63	64
Amortisation of goodwill (Note 9)	1	2

**4 Auditor's remuneration**

There was no auditor's remuneration for the year ended 31 March 2023. The auditor's remuneration for the year ended 31 March 2022 was borne by Mitie Group plc and no allocation or recharge was made to the Company.

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.



**Notes to the financial statements (continued)****5 Staff numbers and costs**

There were no persons employed by the Company (including Directors) during the year ended 31 March 2023. However, 9 employees worked for the Company but were employed by another Group company and the associated costs were allocated to the Company for cost recharging purposes (2022: 11). Prior to the acquisition of the Company by the Group, 11 employees were directly employed by the Company. The aggregate payroll costs incurred by the Company for allocated employees were as follows:

	2023 £000	2022 £000
Wages and salaries	288	257
Social security costs	28	17
Pension costs	6	6
	<u>322</u>	<u>280</u>

**6 Directors' remuneration**

	2023 £000	2022 £000
Directors' emoluments	-	5

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
M R Peacock	Mitie Limited	Mitie Limited

**Notes to the financial statements (continued)****7 Finance costs**

	<b>2023</b> <b>£000</b>	<b>2022</b> <b>£000</b>
Interest on bank loans and overdrafts	-	2
Interest on working capital facility	-	5
	<u>-</u>	<u>7</u>
	<u>-</u>	<u>7</u>

**8 Tax**

	<b>2023</b> <b>£000</b>	<b>2022</b> <b>£000</b>
<b><i>Analysis of charge/(credit) in the year</i></b>		
<i>UK corporation tax at 19% (2022: 19%)</i>		
Current tax on profit for the year	53	41
Adjustments in respect of prior periods	3	-
	<u>56</u>	<u>41</u>
Total current tax charge	56	41
<i>Deferred tax (see Note 13)</i>		
Origination and reversal of temporary timing differences	(8)	9
Change in statutory tax rate	-	8
Adjustments in respect of prior periods	(2)	(1)
	<u>(10)</u>	<u>16</u>
Total deferred tax (credit)/charge	(10)	16
Total charge for the year	<u>46</u>	<u>57</u>

***Tax reconciliation***

Profit before tax	245	293
Tax using the UK corporation tax rate of 19% (2022: 19%)	47	56
Items not taxable for tax purposes	(1)	-
Capital allowances super deduction	(1)	(6)
Change in statutory tax rate	-	8
Adjustments in respect of prior periods	1	(1)
	<u>46</u>	<u>57</u>
Total tax charge	<u>46</u>	<u>57</u>

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

**Notes to the financial statements (continued)****9 Goodwill**

	<b>£000</b>
<b>Cost</b>	
At 1 April 2022	50
<b>At 31 March 2023</b>	<b>50</b>
<b>Amortisation</b>	
At 1 April 2022	49
Charge for the year	1
<b>At 31 March 2023</b>	<b>50</b>
<b>Net book value</b>	
At 1 April 2022	1
<b>At 31 March 2023</b>	<b>-</b>

**10 Property, plant and equipment**

	<b>Plant and vehicles £000</b>
<b>Cost</b>	
At 1 April 2022	484
Additions	19
Disposals	(231)
<b>At 31 March 2023</b>	<b>272</b>
<b>Accumulated depreciation</b>	
At 1 April 2022	324
Charge for the year	63
Disposals	(231)
<b>At 31 March 2023</b>	<b>156</b>
<b>Net book value</b>	
At 1 April 2022	160
<b>At 31 March 2023</b>	<b>116</b>

**Notes to the financial statements (continued)****11 Trade and other receivables**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Trade receivables	<b>351</b>	201
Prepayments	<b>18</b>	29
Accrued income	<b>10</b>	134
Other receivables	<b>8</b>	8
	<b><u>387</u></b>	<b><u>372</u></b>

Management considers that the carrying amount of trade and other receivables approximates their fair value. Trade and other receivables are interest-free.

**12 Trade and other payables**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Trade payables	<b>31</b>	118
Amounts owed to Group undertakings	<b>75</b>	86
Other taxes and social security	<b>25</b>	14
Accruals	<b>35</b>	11
Other payables	<b>21</b>	12
	<b><u>187</u></b>	<b><u>241</u></b>

Trade and other payables are interest-free.

Amounts owed to Group undertakings are repayable on demand.

**Notes to the financial statements (continued)****13 Deferred tax liabilities**

	Accelerated capital allowances £000	Short-term timing differences £000	Total £000
At 1 April 2021	(23)	-	(23)
Recognised in income statement	(14)	(2)	(16)
At 31 March 2022	(37)	(2)	(39)
Recognised in income statement	8	2	10
<b>At 31 March 2023</b>	<b>(29)</b>	<b>-</b>	<b>(29)</b>

Deferred tax has been calculated using tax rates that were substantively enacted at the balance sheet date (see Note 8).

**14 Operating lease commitments**

The Company had future minimum lease payments under non-cancellable operating leases as follows:

	2023 £000	2022 £000
<b>Land and buildings</b>		
Within one year	14	23
One to five years	-	14
	<b>14</b>	<b>37</b>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £23,000 (2022: £23,000).

**Notes to the financial statements (continued)****15 Equity****Share capital**

	<b>2023 Number</b>	<b>2022 Number</b>	<b>2023 £000</b>	<b>2022 £000</b>
Ordinary shares of £1 each	<b>100</b>	100	-	-

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.

**Retained earnings**

This comprises the retained profits and losses of the Company, less amounts distributed to the Company's shareholder.

**Dividends**

The following dividends were recognised during the year:

	<b>2023 £000</b>	<b>2022 £000</b>
£nil (2022: £252) per qualifying ordinary share	-	25
	-	25

**16 Related parties**

The Company has taken advantage of the exemption under paragraph 1A of section 33 of FRS 102 not to disclose transactions with fellow wholly owned subsidiaries within the Group.

During the year ended 31 March 2023 transactions with one of the Directors amounted to £nil (2022: £1,000). No balances were outstanding as at 31 March 2023 (2022: £nil).

**17 Subsequent events**

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

**18 Ultimate parent company and parent company of larger group**

The Company is a subsidiary undertaking of Mitie Security Limited which is the immediate parent company incorporated in the United Kingdom. The ultimate controlling party is Mitie Group plc, a company incorporated in the United Kingdom 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, SE1 9SG or from [www.mitie.com](http://www.mitie.com).