

**MITIE Limited**

**Reports and Financial Statements  
for the year ended  
31 March 2017**

*Registered number: NI57012*

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**MITIE LIMITED**

**REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

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**MITIE LIMITED**

**DIRECTORS AND OTHER INFORMATION**

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**DIRECTORS**

Padraig Byrne  
Leslie Sheridan  
Richard Blumberger (Appointed on 19/04/2017)  
Martyn Freeman (Resigned 19/04/2017)

**SECRETARY**

MITIE Company Secretarial Services Ltd

**REGISTERED OFFICE**

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

**AUDITOR**

Deloitte  
Chartered Accountants and Statutory Audit Firm  
Deloitte & Touche House  
Earlsfort Terrace  
Dublin 2

**BANKERS**

Bank of Ireland  
Belfast City  
BT1 2BA  
Northern Ireland

**SOLICITORS**

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

## **MITIE LIMITED**

### **STRATEGIC REPORT**

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

#### **REVIEW OF THE BUSINESS**

Mitie Ltd ("the company"), a subsidiary of Mitie Group plc ("the Group") provides a comprehensive suite of outsourced integrated or single service facilities management services to banking, industrial and commercial ventures. There have not been any significant changes in the company's principal activities in the year under review, however, subsequent to financial year end and on 1 April 2017, the security division of the company has been transferred to another Mitie Group company.

As shown in the company's statement of comprehensive income on page 12, the company's sales have increased by 6% over the prior year. This is due to new sales and increased project works on contracts. The total comprehensive profit for the year has increased by £142,208 from the prior year. The statement of financial position on page 19 of the financial statements shows the company's financial position has decreased at the year-end in net asset terms by 15%.

#### **KEY PERFORMANCE INDICATORS**

The Group manages its operations on a divisional basis. For this reason, the company's directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the business. The performance of the Group's divisions is discussed in the Group's annual report which does not form part of this report. The report is publicly available at [www.mitie.com](http://www.mitie.com).

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

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

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

##### *Contract bidding mobilisation and delivery*

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

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

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

**PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)**

*Significant health, safety or environmental incident*

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

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

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

*Retention and attraction of skilled people*

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

*Continuing uncertainty in the economic environment*

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

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

**MITIE LIMITED**

**STRATEGIC REPORT (CONTINUED)**

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**FUTURE DEVELOPMENTS**

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

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

By order of the Board



Leslie Sheridan  
Director

Date: 6<sup>th</sup> October 2017.

## **MITIE LIMITED**

### **DIRECTORS' REPORT**

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The directors submit their annual report and audited financial statements of MITIE Limited ("the company") for the year ended 31 March 2017.

#### **PRINCIPAL ACTIVITIES**

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

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

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

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

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

Revenue for the year was £7,538,209 (2016: £7,073,293). Total comprehensive income for the year was £6,896 (2016: Loss (£135,312)). There was no dividend declared or paid in the current and prior financial year.

#### **GOING CONCERN**

The company made a profit in the year. At 31 March 2017, it had net current assets of £608,745 (2016: £585,520) including cash and cash equivalents of £445,064 (2016: £726,480). This, along with forecasts which show profitability going forward, means that the directors believe that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore these financial statements have been prepared on a going concern assumption.

#### **FINANCIAL RISK MANAGEMENT**

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

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

## **MITIE LIMITED**

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

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#### **SUBSEQUENT EVENTS**

On 1<sup>st</sup> April 2017, the delivery of security services on all contracts operated by Mitie Limited were transferred to another Mitie Group PLC subsidiary (Mitie Security Limited).

#### **DIRECTORS AND SECRETARY**

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

**Directors:**

Padraig Byrne

Leslie Sheridan

Richard Blumberger (Appointed on 19/04/2017)

Martyn Freeman (Resigned 19/04/2017)

**Secretary:**

MITIE Company Secretarial Services Ltd

#### **CREDITOR PAYMENT POLICY**

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

#### **ENVIRONMENT**

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

#### **EMPLOYEES**

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

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



**MITIE LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

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**AUDITOR**

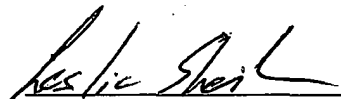
Each of the persons who is a director at the date of approval of this report confirms that:

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

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

Then ultimate Parent Company's Board has decided that it will conduct a tender process for the appointment of new external auditors in the coming months.

By order of the Board



Leslie Sheridan  
Director

Date: 6<sup>th</sup> October 2017.

## **MITIE LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the company financial statements, the directors are required to:

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

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

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MITIE LIMITED**

We have audited the financial statements of Mitle Limited for the year ended 31 March 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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

### **Respective responsibilities of directors and auditor**

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

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; including FRS101 'reduce disclosure framework' and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

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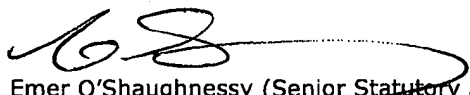
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## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MITIE LIMITED**

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

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

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



Emer O'Shaughnessy (Senior Statutory Auditor)  
For and on behalf of Deloitte  
Chartered Accountants and Statutory Auditor

Earlsfort Terrace  
Dublin 2  
Dublin, Ireland

9 October 2017

**MITIE LIMITED****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2017**

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	<i>Notes</i>	<b>2017</b> £	2016 £
Revenue	3	<b>7,538,209</b>	7,073,293
Cost of sales		<b>(7,244,964)</b>	(6,870,929)
<b>GROSS PROFIT</b>		<b>293,245</b>	202,364
Operating expenses		<b>(285,511)</b>	(372,014)
<b>OPERATING PROFIT/(LOSS)</b>	4	<b>7,734</b>	(169,650)
Finance income	6	<b>1,248</b>	1,379
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>8,982</b>	(168,271)
Taxation (charge)/credit	7	<b>(2,086)</b>	32,959
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b>		<b>6,896</b>	(135,312)

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All recognised gains and losses for both the current year and the previous year are included in the statement of comprehensive income and arise from continuing operations.

**MITIE LIMITED**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2017**

	Notes	2017 £	2016 £
<b>NON-CURRENT ASSETS</b>			
Intangible assets	8	69	897
Property, plant and equipment	9	31,382	48,559
Deferred tax asset	10	6,427	4,479
<b>TOTAL NON-CURRENT ASSETS</b>		<b>37,878</b>	<b>53,935</b>
<b>CURRENT ASSETS</b>			
Inventory	11	62,254	47,382
Trade and other receivables	12	1,335,356	1,374,703
Cash and cash equivalents		445,064	726,480
<b>TOTAL CURRENT ASSETS</b>		<b>1,842,674</b>	<b>2,148,169</b>
<b>TOTAL ASSETS</b>		<b>1,880,552</b>	<b>2,202,104</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	1,233,929	1,562,649
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,233,929</b>	<b>1,562,649</b>
<b>EQUITY</b>			
Called up share capital	14	10	10
Capital contribution	15	485	213
Profit and loss account		646,128	639,232
<b>TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS</b>		<b>646,623</b>	<b>639,455</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,880,552</b>	<b>2,202,104</b>

The financial statements of MITIE Limited, registered number: N157012, were approved by the Board of Directors and authorised for issue on 6<sup>th</sup> October 2017 and signed on its behalf by:

  
Leslie Sheridan  
Director

**MITIE LIMITED****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2017**

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	<b>Called-up Share Capital</b>	<b>Capital Contribution</b>	<b>Profit and Loss Account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2015	10	2,810	771,734	774,554
Transfers	-	(2,810)	2,810	-
Total comprehensive loss for the financial year	-	-	(135,312)	(135,312)
Capital contribution received (Note 15)	-	213	-	213
<b>At 31 March 2016</b>	<b>10</b>	<b>213</b>	<b>639,232</b>	<b>639,455</b>
Capital contribution received (Note 15)	-	272	-	272
Total comprehensive income for the financial year	-	-	6,896	6,896
<b>At 31 March 2017</b>	<b>10</b>	<b>485</b>	<b>646,128</b>	<b>646,623</b>

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## **MITIE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

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#### **1. ACCOUNTING POLICIES**

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

#### **Basis of Preparation**

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

The following principal accounting policies have been applied:

#### *Financial reporting standard 101 - reduced disclosure exemptions*

As permitted by FRS 101, the Company has taken advantage of the following disclosure exemptions available under the standard:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS I 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f) 16: 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose 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
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

This information is included in the consolidated financial statements of Mitie Group Plc as at 31 March 2017 and these financial statements may be obtained from [www.mitie.com](http://www.mitie.com).

The preparation of financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.



**1. ACCOUNTING POLICIES (CONTINUED)**

**Basis of Preparation (Continued)**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions in accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Judgements made by management in the applications of FRS 101 that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next period are discussed in note 2.

**Going Concern**

The Company made a profit in the year. At 31 March 2017, It had net current assets of £608,745 (2016: £585,520) including cash and cash equivalents of £445,064 (2016: £726,480). 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.

**Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the amount of the consideration received or receivable and represents amounts receivable for the goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue from contracts represents the sales value of work done in the year, including fees invoiced and estimates in respect of amounts to be invoiced after the year end. Revenues are recognised by reference to the stage of completion of the Company's contracts. In most cases, given that the services provided reflect an indeterminate number of acts over the contract term, revenue is recognised on a straight-line basis over the length of the contract. Where specific works on contracts represent a significant element of the whole, revenue is deferred until those works have been completed. Full provision is made for all known or anticipated losses on each contract immediately when such losses are forecast.

All bid costs are expensed through the income statement up to a point where contract award or full recovery of the cost is virtually certain. Costs incurred after the confirmation of preferred bidder, that are specific costs incurred to ensure that the project or programme has appropriate organisation, operational and technical infrastructure and mechanisms in place to enable the delivery of full service under the contract target operating model are defined as mobilisation costs. These costs are included within the trade and other receivable on the balance sheet provided that the cost relate directly to contract or separately identifiable, can be measured reliably, and the future net cash inflows from contracts are estimated to be no less than the amount capitalised. Such costs may be incurred when a contract is awarded, when there is subsequent change in the scope of the contracted services. The mobilisation costs are amortised over the contracted period (including only contracted extension periods) generally on straight line basis, or on a basis to reflect the profile of work to be performed over the contracted period if the straight line base is not considered to be appropriate for the specific contract to which the cost relate. If the contract becomes loss making only unamortised costs are written off and the expected loss is provided for immediately.

**MITIE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2017**

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**1. ACCOUNTING POLICIES (CONTINUED)**

**Accrued Income**

Accrued income comprises income relating to the current year, which will not be invoiced until after the year end. Accrued Income is recognised to the extent that it is recoverable.

**Property, Plant and Equipment**

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Plant and equipment	3-5 years
Office equipment	3-5 years
Vehicles	4 years

**Intangible Assets – Computer Software**

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

**Operating Leases**

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

**Inventories**

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

**Foreign Currencies**

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

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

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

**1. ACCOUNTING POLICIES (CONTINUED)**

**Taxation**

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

**Deferred Taxation**

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

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

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

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

**Share Capital**

*Ordinary shares*

Ordinary shares are classified as equity.

**1. ACCOUNTING POLICIES (CONTINUED)**

**Non-Derivative Financial Instruments**

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

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

*Cash and cash equivalents*

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

*Trade and other receivables*

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

*Trade and other payables*

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

*Other*

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

**Impairment**

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

**Financial Risk Management**

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

***Credit risk***

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

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

***Liquidity risk***

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

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

**1. ACCOUNTING POLICIES (CONTINUED)**

**Retirement Benefits**

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

**Operating Leases**

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

**Share Based Payments**

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

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

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

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

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

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

**MITIE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2017**

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

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

*Accrued Income and Contract Related Assets*

Renegotiation of terms. The company enters into renegotiation of existing contract terms such as the timing or the specifications of the services to be delivered. Depending on the outcome of such negotiation, the timing and amount of revenue recognised may be different.

Recoverability of contract related assets are linked to profitability of the contracts, management is also required to determine the recoverability of contract related assets, accrued income and accounts receivable. Judgement is also required in determining whether or not the future economic benefit from contracts are sufficient to recover those contract assets.

<b>3. REVENUE</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Cleaning	<b>2,331,015</b>	2,162,300
Security	<b>1,913,767</b>	1,907,366
Other	<b>3,293,427</b>	3,003,627
	<hr/>	<hr/>
Total	<b>7,538,209</b>	7,073,293
	<hr/>	<hr/>

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

**MITIE LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2017**

<b>4. OPERATING PROFIT/(LOSS)</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
This is stated after charging/(crediting) the following:		
Auditor's remuneration for the audit of the financial statements	<b>19,128</b>	9,583
Operating lease rentals:		
- Motor vehicles	<b>31,952</b>	33,241
Depreciation	<b>24,637</b>	28,521
Amortisation	<b>828</b>	828
Foreign exchange loss/(gain)	<b>690</b>	(167)
Gain on sale of fixed assets	-	(3,084)

Directors' remuneration was borne by another MITIE Group Company.

**5. STAFF NUMBERS AND COSTS**

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

	<b>2017</b>	<b>2016</b>
	<b>Number</b>	<b>Number</b>
Management	<b>4</b>	3
Administration	<b>10</b>	9
Operations	<b>291</b>	280
	<b>305</b>	292
	<b>£</b>	<b>£</b>
Wages and salaries	<b>3,674,333</b>	2,724,779
Social security costs	<b>149,690</b>	146,442
Pension	<b>12,835</b>	14,591
	<b>3,836,858</b>	2,885,812

<b>6. FINANCE INCOME</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Interest income	<b>1,248</b>	1,379

**MITIE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2017**

<b>7. TAXATION</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Recognised in the income statement</b>		
<i>Current tax:</i>		
UK Corporation tax on profit for the year	<b>4,034</b>	(33,075)
Deferred tax (credit)/charge (Note 10)	<b>(1,948)</b>	116
	<b>2,086</b>	(32,959)
<b>Reconciliation of total charge</b>		
Profit/(loss) before tax	<b>8,982</b>	(168,271)
Profit before tax multiplied by the UK standard rate of corporation tax of 20% (2016: 21%)		
	<b>1,797</b>	(33,654)
<i>Effects of:</i>		
Other timing differences	-	506
Relief in respect of employee share options	-	185
Adjustments to tax charge in respect of prior periods	<b>2,237</b>	(72)
Deferred tax (credit)/charge	<b>(1,948)</b>	76
<b>Tax credit for the year</b>	<b>2,086</b>	(32,959)

**8. INTANGIBLE ASSETS**

	<b>Computer Software</b>
	<b>£</b>
<b>Cost:</b>	
At 1 April 2015	4,140
At 1 April 2016	4,140
<b>At 31 March 2017</b>	<b>4,140</b>
<b>Amortisation:</b>	
At 1 April 2015	2,415
Amortisation charge	828
At 1 April 2016	3,243
Amortisation charge	828
<b>At 31 March 2017</b>	<b>4,071</b>
<b>Carrying Amount:</b>	
<b>At 31 March 2017</b>	<b>69</b>
Carrying Amount:	
At 31 March 2016	897



**MITIE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2017**

**9. PROPERTY, PLANT AND EQUIPMENT**

	<b>Plant and Equipment £</b>	<b>Office Equipment £</b>	<b>Vehicles £</b>	<b>Total £</b>
<b>Cost:</b>				
At 1 April 2015	108,689	7,808	37,631	154,128
Additions	-	-	-	-
Disposals	-	-	(13,092)	(13,092)
	<u>108,689</u>	<u>7,808</u>	<u>24,539</u>	<u>141,036</u>
At 1 April 2016	108,689	7,808	24,539	141,036
Additions	-	7,462	-	7,462
	<u>108,689</u>	<u>15,270</u>	<u>24,539</u>	<u>148,498</u>
<b>Accumulated depreciation:</b>				
At 1 April 2015	39,867	3,999	28,336	72,202
Charge for the year	23,065	1,562	3,895	28,522
Disposals	-	-	(8,246)	(8,246)
	<u>62,932</u>	<u>5,561</u>	<u>23,985</u>	<u>92,478</u>
At 1 April 2016	62,932	5,561	23,985	92,478
Charge for the year	22,274	1,810	554	24,638
	<u>85,206</u>	<u>7,371</u>	<u>24,539</u>	<u>117,116</u>
<b>Carrying Amount:</b>				
At 31 March 2017	<u>23,483</u>	<u>7,899</u>	-	<u>31,382</u>
Carrying Amount:				
At 31 March 2016	<u>45,757</u>	<u>2,247</u>	554	<u>48,559</u>

**MITIE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2017**

<b>10. DEFERRED TAX ASSET</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Opening balance	4,479	4,595
Provided/(utilised) during year	1,948	(116)
<b>Closing balance</b>	<u><u>6,427</u></u>	<u><u>4,479</u></u>

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

<b>11. INVENTORY</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Finished goods	62,254	47,382
	<u><u>62,254</u></u>	<u><u>47,382</u></u>

<b>12. TRADE AND OTHER RECEIVABLES</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Trade receivables	566,413	527,095
Prepayments and accrued income	258,096	297,013
Amounts due from other MITIE Group companies	510,847	498,595
Corporation Tax Receivable	-	51,604
	<u><u>1,335,356</u></u>	<u><u>1,374,307</u></u>

<b>13. TRADE AND OTHER PAYABLES</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Trade payables and accruals	724,541	644,445
VAT	41,337	91,955
PAYE/NIC	38,743	34,644
Amounts due to fellow group undertakings	403,658	660,105
Deferred income	25,126	131,500
Corporation Tax payables	524	-
	<u><u>1,233,929</u></u>	<u><u>1,562,649</u></u>

Deferred income arises on advanced payments received from customers.

**MITIE LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2017**

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<b>14. SHARE CAPITAL</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called-up and fully paid:</b>		
10 ordinary shares of STG£1 each	<b>10</b>	<b>10</b>
	<hr/>	<hr/>

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

During the year the company received a capital contribution of £272 (2016: £213) in relation to the share options granted by the ultimate parent company to one employee.

The expense recognised in the year arising from share-based payment transactions is £272 (2016: £213). The detailed disclosures are not included on the basis that they are not material to the accounts.

**16. ULTIMATE PARENT UNDERTAKING**

MITIE Limited is a limited Company incorporated in Northern Ireland.

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

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

**17. OPERATING LEASES**

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

	<b>Motor Vehicles</b>	<b>Motor Vehicles</b>
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Less than one year	<b>24,863</b>	26,935
Between two and five years	<b>15,895</b>	35,050
	<hr/> <b>40,758</b> <hr/>	<hr/> 61,985 <hr/>

**MITIE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2017**

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**18. RETIREMENT BENEFITS**

The Company operates a defined contribution retirement benefit scheme for qualifying employees. The assets of the scheme are held separately from those of the Company in funds controlled by the scheme providers. The Company paid employer contributions of £21,237.55 (2016: £14,591) during the year. As at 31 March 2017, contributions of £1,809 (2016: £1,930) due in respect of the current reporting year had not been paid over to the scheme.

**19. SUBSEQUENT EVENTS**

On 1st April 2017, the delivery of security services on all contracts operated by Mitie Limited were transferred to another Mitie Group PLC subsidiary (Mitie Security Limited).