Mitie Shared Services Limited

Annual report and financial statements

Registered number 01597821

31 March 2021

Contents

Company information

Directors
P J G Dickinson
S C Kirkpatrick

Secretary
Mitie Company Secretarial Services Limited

Registered office
Level 12
The Shard
32 London Bridge Street
London
SE1 9SG

Auditor
BDO LLP
Statutory Auditor
55 Baker Street
London
W1U 7EU
United Kingdom

Strategic report

Mitie Shared Services Limited (the "Company") is a subsidiary of Mitie Group plc. Mitie Group plc, together with its subsidiaries, comprise the "Group".

The directors of the Company (the "Directors"), in preparing this Strategic report, have complied with Section 414c of the Companies Act 2006.

Review of the business
The principal activity of the Company is to provide back office support services to companies within the Mitie Group, including managing and recharging property overheads and fleet costs, and providing services such as accounts payable, employee services and information systems. There have not been any significant changes in the Company's principal activities in the year under review.

As shown in the Company's profit and loss account on page 13, the Company's turnover was £69,324,000 (2020: £72,616,000) and the loss after tax was £14,724,000 (2020: £13,080,000). For the year ended 31 March 2021, a net amount of £nil (2020: £nil) was received representing UK Government grants under the Coronavirus Job Retention Scheme. Refer to Note 3.

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 2021 Mitie Group plc Annual Report and Accounts 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 2021 Mitie Group plc Annual Report and Accounts. 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.

Key risks include:

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.

Strategic report *(continued)*

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;
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, including the Coronavirus Job Retention Scheme (Furlough); and
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 still adversely affect our ability to plan and invest, as well as the availability of labour and materials. Whilst the Company's client base is predominantly within the UK, the recent integration of Interserve FM has brought with it some non UK business, which may bring some trading issues. 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 the Company's business and this is being rigorously monitored.

The continuing impact of the Brexit negotiations may also influence the decisions taken by both public and private sector clients as to 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; and
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.

Strategic report *(continued)*

System, process or control failure
Increased reliance on business systems dictates 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.

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.

Section 172 statement

The board of directors of Mitie Group plc ("Mitie") is referred to in this statement as the "Board".

The following disclosure describes how the Directors have had regard to the matters set out in section 172(1) (a) to (f) and forms the statement required under section 414CZA of the Companies Act 2006.

Stakeholders
The Directors consider the groups set out in the table below as its key stakeholders, which align with those of the wider Group. Through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, and group wide engagement, both direct and indirect, the Directors aim to understand the factors and respective interests of each.

Stakeholder	Engagement activity	Areas of interest identified
Shareholder	- Regular senior leadership meetings	- Financial performance - People and culture
Communities and the environment	- The Mitie Foundation - Local community events - Employee volunteering	- Social Value - Reduction in carbon emissions
Employees[1]	- Upload engagement survey - Townhall meetings and Team Talk Live - Back to Floor sessions - Regular communication plan for furloughed employees	- Reward and recognition - Remuneration and Benefits - UK Government Coronavirus Job Retention Scheme (Furlough) - Career opportunities and development; - Effective data, systems and processes
Suppliers	- Supplier conferences and workshops - Global supplier portal	- Responsible procurement - Prompt payment code

Note:
1. The Company's workforce is employed through another Group company.

Strategic report *(continued)*

Consequences of any decision in the long term
The Directors are aware that strategic decisions can have long term implications on the Company and its stakeholders, and these decisions are carefully considered.

Example: With full support from the Board, approval from Mitie Group plc's shareholder was sought and obtained in November 2020 for the acquisition of Interserve Facilities Management ("Interserve"). Completion of the acquisition took place on 30 November 2020.

The Directors, through Mitie's governance framework, were a part of this decision-making process by considering matters such as the enhancement of competitive positioning, diversification, resilience, and significant growth opportunities the acquisition could bring. The Directors attended numerous Board and management meetings and were involved in the preparation and review of detailed due diligence, financial modelling, board papers and external advice related to the acquisition.

Having regard to the interests of employees

Mitie has a number of mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making. Two examples of how Directors engage with employees are Mitie's annual Upload survey, the annual benchmark of employee engagement measurement, and the work carried out by Jennifer Duvalier, a member of Mitie's Board, as designated non-executive director for the workforce. Jennifer updates the Board on her activities undertaken in respect of this role at every Mitie Board meeting which is then cascaded to senior managers and Directors in the Group.

Examples: In response to the Upload results, the Directors were part of the decision to roll out of several new reward and recognition initiatives and now has a celebration hub where all colleagues can go to recognise and celebrate each other's achievements in a variety of ways.

Recognising the need for effective processes and efficient working, the Directors endorsed the 'Simplifying Mitie' campaign which encourages employees to make suggestions to improve this. The Directors recognise that those using the technology and observing processes every day are best placed to make the suggestions for improvement. As a result of Simplifying Mitie feedback, several improvements have been implemented, including the launch of a new supplier on-boarding portal.

Following the COVID-19 pandemic outbreak, the Directors' chose to the utilise the Furlough to prevent redundancies amongst Mite's employees. To safe-guard the interest of furloughed employees, the Directors' introduced certain measures including (but not limited to), regular communication plan for furloughed employees, setting up a dedicated furlough website, introducing a mechanism for efficient re-deployment of furloughed staff where possible and providing extremely vulnerable employees with the right to be furloughed.

Fostering business relationships with suppliers and others
Suppliers
The Directors aim to ensure the Company's suppliers adhere to Mitie's supplier code of conduct and selects a supply chain according to how Mitie can best support SME's and local enterprises.

Mitie recently launched a new vendor on-boarding platform which reduces the risk of engaging with non-compliant suppliers and makes it easier to communicate with existing suppliers. With suppliers in mind, the system makes on-boarding easy and straight forward and provides the Directors the peace of mind that suppliers will be compliant, safe and meet the needs of customers.

Companies within the Mitie Group
The Company is a wholly owned subsidiary of Mite Group plc. The Directors of the Company operate within the governance framework for the Group and hold regular senior leadership meetings discussing items such as financial performance and people.

Impact of operations of the community and the environment
The Directors are supportive of Mitie's initiatives to improve the operations of the Company on the community and the environment.

Example: The Directors have been involved in Mitie's Plan Zero commitment, pledging that the company will reach net zero carbon emissions by 2025.

Example: Through the Mitie Foundation, Mitie offers a range of volunteering activities for employees, including in schools, academies and colleges, in prisons and with ex-offenders and with people with disabilities.

Strategic report *(continued)*

Maintaining a high standard of business conduct

Ethical business practice

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including, modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's One Code of conduct.

Good governance

The Company operates within a robust governance framework which includes processes and procedures set by Board. This framework is applied throughout the Mitie Group and is adhered to by the directors of all of Mitie's subsidiaries. This ensures consistency in decision making which is crucial for achieving long term success and creating sustainable value.

Details of how Mitie complies with the UK Corporate Governance Code can be found in the 2021 Mitie Group plc Annual Report and Accounts.

The need to act fairly as between members of the company.

The Company is a wholly owned subsidiary of Mitie Group plc. The Directors of the Company operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

Future developments

The Directors expect the general level of activity to reduce in the forthcoming year. This is as a result of planned measures being taken to overcome the effect of COVID-19 on the Group. The Company intends to take measures to reduce its operating cost base.

Post balance sheet events

Subsequent events have been disclosed in Note 20.

Approved by the Board and signed on its behalf by:

DocuSigned by:

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S C Kirkpatrick
Director

21 July 2021

Directors' report

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

In preparing this Directors' report, the Directors have complied with S414C(11) of the Companies Act 2006 by including certain disclosures required by S416(4) within the Strategic report.

Going concern
The Company's business activities, together with the factors likely to affect its future development and position are set out in the Strategic report. 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:

P J G Dickinson
S C Kirkpatrick

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
No dividend was declared or paid in the year (2020: £nil).

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.

Employees
The Company recognises the importance of good communications and employee relationships. The Group communicates with employees via multiple channels, including Group-wide mailings, employee magazines and updates, employee-focused initiatives and events (including Group business road shows, media networks and the provision of access to broadcasts of periodic financial presentations).

The Company remains committed to developing a culture that encourages the inclusion and diversity of all of the Company's employees through respecting and appreciating their differences and promoting the continuous development of employees through skills enhancement and training programmes.

The Company's employment policies are designed to attract, retain, train and motivate the very best people, recognising that this can be achieved only through offering equal opportunities regardless of gender, race, religion, age, disability, sexual orientation or any other aspect of diversity. Applications from disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. It is the policy of the Company that the training, career development and promotion of disabled persons (including those who become disabled whilst employees of the Company) should, as far as reasonably possible, be identical to that of other employees.

Further information on employees has been provided in the Section 172 statement in the Strategic report.

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).

Directors' report *(continued)*

Disclosure of information to auditor

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

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have 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.

Other information

An indication of likely future developments in the business, discussion of financial risk management, and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report.

Auditor

Pursuant to Section 487 of the Companies Act 2006, BDO LLP will be deemed to have been reappointed auditor, and BDO LLP will therefore continue in office.

On behalf of the Board

DocuSigned by:
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S C Kirkpatrick
Director

Level 12
The Shard
32 London Bridge Street
London
SE1 9SG

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

The Directors are responsible for preparing the Strategic report, 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 Shared Services Limited

Opinion on the 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 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Mitie Shared Services Limited ("the Company") for the year ended 31 March 2021 which comprise the Profit and loss account, the Balance sheet and the Statement of changes in equity and 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Company in accordance with the ethical requirements that are 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.

Conclusions relating to going concern

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

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report and financial statements 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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

Other Companies Act 2006 reporting

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of Directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

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

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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We gained an understanding of the legal and regulatory framework applicable to the entity and the industry in which it operates, through discussion with management and our knowledge of the industry. We focussed on significant laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006, Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice)., Health and Safety, the Bribery Act 2010 and tax legislations.

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

- We considered compliance with these laws and regulations through discussions with management and in-house legal counsel. Our procedures also included reviewing minutes from board meetings of those charges with governance to identify any instances of non-compliance with laws and regulations.
- We assessed the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. In addressing the risk of fraud including management override of controls and improper revenue recognition, we tested the appropriateness of journal entries made throughout the year by applying specific criteria.
- We performed detailed testing of the entity's year end adjusting entries and journals throughout the year, investigated any that appeared unusual as to nature or amount; assessed whether the judgements made in accounting estimates were indicative of a potential bias and tested the application of cut-off and revenue recognition.
- We identified areas at risk of management bias and challenged key estimates and judgements applied by Management in the financial statements to assess their appropriateness.
- We remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council'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.

DocuSigned by:
Scott McNaughton
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Scott McNaughton (Senior Statutory Auditor)
for and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

21 July 2021

Profit and loss account

	Note	**2021** **£000**	2020 £000
Turnover	*2*	**69,324**	72,616
Cost of sales		**(67,114)**	(76,564)
Gross profit/(loss)		**2,210**	(3,948)
Administrative expenses		**(1,477)**	370
Other items	*3*	**(10,714)**	(5,557)
Operating loss	*3*	**(9,981)**	(9,135)
Interest payable and similar expenses	*7*	**(7,112)**	(5,928)
Loss before tax		**(17,093)**	(15,063)
Tax	*8*	**2,369**	1,983
Loss for the year		**(14,724)**	(13,080)

The notes on pages 16 to 30 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 prepared.

Balance sheet

	Note	2021	2020
		£000	£000
Non-current assets			
Other intangibles	*9*	**32,557**	29,652
Tangible fixed assets[1]	*10*	**73,820**	78,017
Deferred tax asset	*14*	**962**	1,350
Total non-current assets		**107,339**	109,019
Current assets			
Debtors[2]	*11*	**24,424**	17,187
Current tax receivable		**4,167**	2,858
Cash at bank and in hand		**1,186**	-
Total current assets		**29,777**	20,045
Current liabilities			
Creditors	*12*	**(133,362)**	(115,147)
Deferred income	*13*	-	(57)
Lease liabilities	*17*	**(20,774)**	(19,493)
Provisions	*15*	**(3,567)**	(292)
Total current liabilities		**(157,703)**	(134,989)
Net current liabilities		**(127,926)**	(114,944)
Non-current liabilities			
Lease liabilities	*17*	**(52,249)**	(51,709)
Provisions		-	(1,798)
Total non-current liabilities		**(52,249)**	(53,507)
Net liabilities		**(72,836)**	(59,432)
Capital and reserves			
Share capital	*16*	-	-
Profit and loss reserve	*16*	**(72,836)**	(59,432)
Shareholders' deficit		**(72,836)**	(59,432)

Note:
1. Includes £64,293,000 (2020: £65,958,000) right-of-use assets recognised under IFRS 16. See Note 17.
2. The debtors balance as at 31 March 2020 has been re-presented to exclude current tax receivable which is now presented on a separate line within current assets.

The notes on pages 16 to 30 form an integral part of the financial statements

The financial statements of Mitie Shared Services Limited, company number 01597821, were approved by the Board of Directors and authorised for issue on 21 July 2021 and were signed on its behalf by:

DocuSigned by:

S C Kirkpatrick
Director

Statement of changes in equity

	Profit and loss reserve £000	Total equity £000
At 1 April 2019	(46,531)	(46,531)
Loss for the year	(13,080)	(13,080)
Total comprehensive expense	(13,080)	(13,080)
Transactions with owners		
Share-based payments	179	179
Total transactions with owners	179	179
At 31 March 2020	(59,432)	(59,432)
At 1 April 2020	(59,432)	(59,432)
Loss for the year	(14,724)	(14,724)
Total comprehensive expense	**(14,724)**	**(14,724)**
Transactions with owners		
Share-based payments	1,320	1,320
Total transactions with owners	**1,320**	**1,320**
At 31 March 2021	**(72,836)**	**(72,836)**

The notes on pages 16 to 30 form an integral part of the financial statements.

Notes

1 Accounting policies, judgements and estimates

a) General information
Mitie Shared Services Limited (the "Company") is a private company limited by shares and is incorporated in England and Wales and domiciled in the UK. Details of the Company's activities are set out in the Strategic 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 financial statements have been prepared on a going concern basis. The Company participates in the Group's centralised treasury arrangements and shares banking arrangements with Mitie Group plc, its ultimate parent, and with fellow subsidiaries. The Directors have received a letter of support from the directors of Mitie Group plc to confirm provision of adequate financial resources to the Company for a period of not less than twelve months from the date of approval of the Company's statutory financial statements for the period ended 31 March 2021 to ensure that the Company can meet its liabilities as they fall due.

The directors of Mitie Group plc have carried out an assessment on the ability of Mitie Group plc and its subsidiaries (the "Group") to continue as a going concern for the period of at least 12 months from the date of approval of the financial statements. This assessment has involved the review of medium-term cash forecasts using the Group's cash flow model, based on the Board approved budget. This includes the ongoing impact of COVID-19 on each of the Group's operations. 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 are a £250m revolving credit facility, which expires on 16 December 2022 and of which £241.4m was undrawn at 31 March 2021, and £151.5m of US private placement notes (being the repayment amount after taking account of the cross-currency swaps hedging the principal amount), of which £121.5m is repayable in December 2022 and the remaining £30.0m in December 2024. These financing arrangements are subject to certain financial covenants which are tested every six months on a rolling 12-month basis. The Group currently operates within the terms of its agreements with its lenders, with net cash as at 31 March 2021 on a pre IFRS 16 basis of £19.7m and liquidity headroom in excess of £400m. The base case forecasts indicate that the Group will continue to operate within these terms and that the headroom provided by the Group's strong cash position and the 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 reverse stress tests using the Group cash flow model to assess the point at which the covenants, or facility headroom, would be breached. The sensitivities considered have been chosen after considering both the Group's principal risks and uncertainties and the Viability Statement.

Notes *(continued)*

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

The primary financial risks from adverse changes in the economic environment and/or a deterioration in commercial or operational conditions are listed below. These risks have been considered specifically in the context of the potential further impact of COVID-19, taking into account the recent success of the vaccine roll-out, easing of restrictions and improvements in the economy:

- 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;
- lack of planned overhead savings: this reflects the risks of planned overhead cost savings, including the integration synergies identified as a result of the Interserve Facilities Management ("Interserve") acquisition, not being delivered; and
- downturn in cash generation: this reflects the risks of customers delaying payments due to liquidity constraints, or the removal of ancillary debt facilities.

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

- reviewing how the Group has traded since the impact of COVID-19 started, up to the end of May 2021 and in light of the continued easing of UK lockdown measures and anticipated economic recovery;
- all reverse stress test scenarios would require a very severe deterioration compared to the base case. Revenue is considered to be the key risk, as this is less within the control of management. Revenue would need to decline by approximately 20% in the year ending 31 March 2022 compared to the base case, 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 in a COVID-hit year, the Group's revenue excluding Interserve declined by only 1.6% in the year ending 31 March 2021; and
- in the event that results started to trend significantly below those included in the Group cash flow model, additional mitigation actions have been identified that would be implemented, which are not factored into the reverse stress test scenarios. These include cancellation of discretionary bonuses and reduced discretionary spend, including capital investments.

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.

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 audited financial statements for the year ended 31 March 2021. Accordingly, the financial statements have been prepared on a going concern basis.

FRS 101 exemptions

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

- a cash flow statement and related notes;
- comparative period reconciliations for intangible fixed assets tangible assets and share capital;
- the statement of compliance with Adopted IFRS;
- 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:

- IFRS 2 Share Based Payments in respect of Group settled share based payments;
- certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument 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 acquisition and disposal costs and 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.

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.

Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all conditions attaching to the grant will be complied with. Government grants that compensate the Company for expenses incurred are recognised in the Profit and loss account as Other income, over the periods necessary to match the grant with the related costs. Any repayment of grants is charged to the Profit and loss account to reverse amounts recognised as Other income, at the point when the Directors have taken the decision to repay the amount to the government and the intention to repay has been communicated to the government.

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)*

Other Intangible assets

Software and development expenditure is capitalised as an intangible asset if the asset created can be identified, if it is probable that the asset created will generate future economic benefits and if the development cost of the asset can be measured reliably.

Following initial recognition, the carrying amount of an intangible asset is its cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets are reviewed for impairment annually, or more frequently when there is an indication that they may be impaired. Amortisation expense is charged to administrative expenses in the Profit and loss account on a straight-line basis over its useful life.

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 property	50 years
Leasehold improvements	period of the lease
Plant 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.

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, and financing liabilities. These are measured at initial recognition at fair value and subsequently at amortised cost. Financing liabilities are stated at the amount of the net proceeds after deduction of transaction costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit and loss account.

Notes *(continued)*

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

Intra-group financial instruments

Where the Company enters into financial guarantee contracts, to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

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.

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.

Recoverability of trade debtors

The Company has material amounts of billed work outstanding at 31 March 2021. Debtors 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.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other 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 are discussed below:

Provisions and liabilities

The Company is, from time to time, party to legal proceedings and claims that are in the ordinary course of business. Judgements are required in order to assess whether these legal proceedings and claims are probable and the liability can be reasonably estimated, resulting in a provision or, alternatively, whether the items meet the definition of contingent liabilities.

Provisions are liabilities of uncertain timing or amount and therefore in making a reliable estimate of the quantum and timing of liabilities judgement is applied and re-evaluated at each reporting date. The Company recognised provisions at 31 March 2021 of £3,567,000 (2020: £2,090,000). Further details are included in Note 15.

Notes *(continued)*

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

Deferred tax assets
The Company has recognised deferred tax assets of £962,000 (2020: £1,350,000), refer to Note 14. The Directors have assessed recovery of these assets with reference to the Company's medium-term forecasts. Recovery of these assets is subject to the Company generating taxable profits in future years.

2 Turnover

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

3 Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting):

	2021	2020
	£000	£000
Depreciation	**23,188**	21,829
Amortisation	**7,418**	7,281
Impairment	**1,246**	-
Share based payment charge	**1,229**	-
Other items	**10,714**	5,557
Restructuring costs	***7,622***	*3,595*
Divestment costs	***47***	*1,947*
Software impairment	***2,954***	-
Shared based payment charge	***91***	*15*

For the year ended 31 March 2021, a net amount of £nil (2020: £nil) was received from a fellow Group subsidiary who made a claim on behalf of the Company and which represents UK Government grants received under the Coronavirus Job Retention Scheme of £250,000 (2020: £nil), less repayments back to the UK Government of £250,000 (2020: £nil) relating to furloughed employees working for the Company.

4 Auditor's remuneration

The auditor's renumeration was borne by Mitie Group plc, no recharge (2020: £nil) was made to the Company.

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.

Notes *(continued)*

5 Staff numbers and costs

There were no persons employed by the Company (including Directors) during the year ended 31 March 2021 and 31 March 2020. However, 374 employees worked for Mitie Shared Services Limited but were employed by another Group company and the associated costs were allocated to the Company for cost recharging purposes (2020: 401). The aggregate payroll costs incurred by the Company for allocated employees were as follows:

	2021	2020
	£000	£000
Wages and salaries	**14,464**	14,275
Social security costs	**2,343**	2,329
Termination and redundancy payments	**-**	108
Pension costs	**1,540**	1,590
	18,347	18,302

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

7 Interest payable and similar expenses

	2021	2020
	£000	£000
Interest payable to Group undertakings	**4,605**	3,671
Interest on lease liabilities	**2,470**	2,257
Unwinding of discounts on provision	**37**	-
Total	**7,112**	5,928

Notes *(continued)*

8 Tax

Analysis of credit in the year	**2021 £000**	2020 £000
Current tax on profit for the period	**(1,330)**	(1,435)
Adjustments in respect of prior periods	**(1,427)**	(17)
Total current tax	**(2,757)**	(1,452)
Deferred tax (see note 14)		
Origination and reversal of temporary timing differences	**(747)**	45
Reduction of opening deferred tax balances	**-**	(147)
Adjustments in respect of prior periods	**1,135**	(429)
Total deferred tax	**388**	(531)
Total credit for the year	**(2,369)**	(1,983)

Reconciliation of effective tax rate	**2021 £000**	2020 £000
Loss before tax	**(17,093)**	(15,063)
Tax using the UK corporation tax rate of 19% (2020: 19%)	**(3,248)**	(2,862)
Restatement of opening deferred tax balances	**-**	(147)
Items not deductible for tax purposes	**1,032**	1,492
Adjustments in respect of employee share options	**138**	(20)
Adjustments in respect of prior periods	**(291)**	(446)
Total tax credit	**(2,369)**	(1,983)

The UK corporation tax rate was due to reduce from 19% to 17% from 1 April 2020. This change is no longer occurring and as a consequence a credit of £nil (2020: £147,000) has been included in the tax credit. Deferred tax assets reflect this change. See note 14.

The main rate of UK corporation tax will remain at 19% until 1 April 2023 when it will increase to 25%. The increased rate has not been used to calculate the deferred tax assets as it was not substantively enacted at the balance sheet date. When substantively enacted, the increased rate of UK corporation tax is expected to increase the company's deferred tax assets by £143,000.

Notes *(continued)*

9 Other intangible assets

	Software	Other	Total
Cost	**£000**	**£000**	**£000**
At 1 April 2020	44,065	9,689	53,754
Additions	829	13,695	14,524
Asset reclass	4,309	(4,309)	-
Disposals	(11,606)	-	(11,606)
Impairment	-	(1,355)	(1,355)
At 31 March 2021	**37,597**	**17,720**	**55,317**
Amortisation			
At 1 April 2020	24,102	-	24,102
Charge for the year	7,418	-	7,418
Impairment	2,845	-	2,845
Disposals	(11,605)	-	(11,605)
At 31 March 2021	**22,760**	-	**22,760**
Net book value			
At 1 April 2020	19,963	9,689	29,652
At 31 March 2021	**14,837**	**17,720**	**32,557**

Intangibles are amortised over their useful economic life of between 5 and 10 years.

Notes *(continued)*

10 Tangible fixed assets

Tangible fixed assets comprise owned and leased assets.

	2021 £000
Tangible fixed assets owned	9,527
Right-of-use assets (See Note 17)	64,293
At 31 March 2021	**73,820**

	Leasehold property £000	Plant and vehicles £000	Under construction £000	Total £000
Cost				
At 1 April 2020	12,893	13,192	293	26,378
Additions	-	294	1,480	1,774
Asset reclass	-	93	(93)	-
Disposals	-	(390)	-	(390)
Impairment	-	-	(200)	(200)
Balance at 31 March 2021	**12,893**	**13,189**	**1,480**	**27,562**
Accumulated depreciation and impairment				
Balance at 1 April 2020	7,447	6,872	-	14,319
Depreciation charge for the year	808	1,359	-	2,167
Impairment losses	1,755	184	-	1,939
Disposals	-	(390)	-	(390)
Balance at 31 March 2021	**10,010**	**8,025**	**-**	**18,035**
Net book value				
At 1 April 2020	5,446	6,320	293	12,059
At 31 March 2021	**2,883**	**5,164**	**1,480**	**9,527**

Notes *(continued)*

11 Debtors

	2021 £000	2020[1] £000
Trade debtors	**1,223**	844
Amounts owed by Group undertakings	**13,893**	6,389
Prepayments	**7,314**	6,991
Other debtors	**1,994**	2,963
Total	**24,424**	17,187

Note:
1. The debtors balance as at 31 March 2020 has been re-presented to exclude current tax receivable which is now presented on a separate line within current assets.

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

Amounts owed by Group undertakings are repayable on demand.

12 Creditors

	2021 £000	2020 £000
Bank loans and overdrafts	**-**	5,407
Trade creditors	**7,921**	8,824
Amounts owed to Group undertakings	**106,025**	84,370
Other taxes and social security	**912**	588
Accruals	**18,474**	13,998
Other creditors	**30**	1,960
Total	**133,362**	115,147

Included within amounts owed to Group undertakings above, is £94,900,000 (2020: £76,389,000) relating to a loan bearing interest at 5% per annum (2020: 5% per annum).

Amounts due to Group undertakings are repayable on demand.

13 Deferred income from contracts with customers

	2021 £000	2020 £000
Included within current liabilities	**-**	**57**
Total	**-**	**57**

Notes *(continued)*

14 Deferred tax assets

Deferred tax assets are attributable to the following:

	2021 £000	2020 £000
Tangible fixed assets	**790**	1,294
Share-based payments	**149**	37
Provisions	**23**	19
Net deferred tax assets	**962**	1,350

Movement in deferred tax during the year

	1 April 2020 £000	Recognised in income £000	31 March 2021 £000
Tangible fixed assets	1,294	(504)	**790**
Share-based payments	37	112	**149**
Provisions	19	4	**23**
	1,350	(388)	**962**

Movement in deferred tax during the prior year

	1 April 2019 £000	Recognised in income £000	31 March 2020 £000
Tangible fixed assets	803	491	1,294
Share-based payments	10	27	37
Provisions	6	13	19
	819	531	1,350

The UK corporation tax rate was due to reduce from 19% to 17% from 1 April 2020. This change is no longer occurring and as a consequence a credit of £nil (2020: £147,000) has been included in the tax charge. The deferred tax assets disclosed above reflect this change.

Notes *(continued)*

15 Provisions

	Insurance excess provision £000	Dilapidation provision £000	Restructuring provision £000	Total £000
Balance at 1 April 2020	2	1,798	290	2,090
Amounts recognised in the profit or loss account	526	-	1,885	2,411
Utilised in the year	(2)	(320)	(649)	(971)
Unwind of discount	-	37	-	37
Balance at 31 March 2021	**526**	**1,515**	**1,526**	**3,567**

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.

The restructuring provision related to costs of organisational change associated with the Group's property transformation programme.

16 Capital and reserves

Share capital authorised and fully paid	**2021 Number**	2020 Number	**2021 £000**	2020 £000
Ordinary Shares				
Ordinary shares at £1 each	**300**	300	-	-
	300	300	-	-

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

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

Notes *(continued)*

17 Leases

Right-of-Use Assets	Properties £000	Plant and vehicles £000	Total £000
At 1 April 2019	25,205	37,867	63,072
Additions	34	22,894	22,928
Modifications to lease terms	-	(794)	(794)
Depreciation	(2,572)	(16,676)	(19,248)
At 31 March 2020	22,667	43,291	65,958
Additions	-	23,521	23,521
Impairment	(2,552)	-	(2,552)
Modification of lease terms	(151)	(1,462)	(1,613)
Depreciation	(2,296)	(18,725)	(21,021)
At 31 March 2021	**17,668**	**46,625**	**64,293**

Lease liabilities	2021 £000	2020 £000
At 1 April	71,202	65,553
Additions	24,442	20,263
Modifications to lease terms	(1,613)	2,406
Interest expense related to lease liabilities	2,470	2,257
Repayment of lease liabilities (including interest)	(23,478)	(19,277)
At 31 March	**73,023**	71,202
Current	**20,774**	19,493
Non-current	**52,249**	51,709

	2021 £000	2020 £000
Maturity analysis-contractual undisclosed cash flows		
Less than one year	**22,924**	20,763
One to five years	**42,711**	40,359
More than five years	**14,552**	17,069
Total undiscounted lease liabilities at 31 March	**80,187**	78,191

	2021 £000	2020 £000
Amounts recognised in the profit and loss account		
Depreciation of right-of-use assets	**(21,021)**	(19,248)
Short-term lease expense	**(927)**	(2,599)
Operating profit impact	**(21,948)**	(21,847)
Interest on lease liabilities	**(2,470)**	(2,257)
Profit before tax impact	**(24,418)**	(24,104)

Notes *(continued)*

18 Contingent liabilities

The Company is party with other Group undertakings to cross-guarantees of certain of each other's liabilities.

	2021	2020
	£000	£000
Bank overdraft and loans	**174,489**	227,600
Performance bonds	**2,530**	3,203

19 Related parties

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.

20 Subsequent events

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

21 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Mitie Treasury Management Ltd which is the immediate parent company incorporated in England and Wales. 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, SE1 9SG or from www.mitie.com.