Mitie Compliance Ltd

Annual Report and Financial Statements

Registered number 04519178

31 March 2017

Contents

Company information

Directors

R J Blumberger
P Dickinson
S A Rose

Company Secretary

Mitie Company Secretarial Services Limited

Registered office

1 Harlequin Office Park
Fieldfare
Emersons Green
Bristol
BS16 7FN

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Strategic report

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

The Directors, in preparing this Strategic Report, have complied with Section 414c of the Companies Act 2006.

Review of the business
Prior to 1 April 2016 the principal activity of the Company was the use of the latest technology to carry out comprehensive, evidence-based auditing to provide business critical compliance audits and asset surveys that enable clients to view, manage and maintain live and historical data in a sustainable, cost effective environment. The trade and net assets of the company were transferred as a going concern to Mitie Technical Facilities Management Limited on 1 April 2016 and the Company has not traded since then.

As shown in the Company's profit and loss account on page 7, the Company's turnover was £nil (2016: £3,992,000) and the profit after tax was £nil (2016: £1,182,000).

As a consequence of the transfer of the trade and net assets of the Company as a going concern these financial statements have been prepared on a basis other than that of a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis

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.

Principal risks and uncertainties
The Company did not trade during the year and there are no significant risks or uncertainties.

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

During the period prior to 1 April 2016, and whilst the Company was trading, appropriate trade terms were negotiated with debtors. Since the Company ceased trading the only financial risk relates to balances due from other group companies. Management reviews the terms and the relationships with debtors and manages any exposure. The Company prepares regular forecasts of cash flow and liquidity and any requirement for additional funding is managed as part of the overall Mitie Group plc financing arrangements.

Future developments
The Directors do not expect the Company to trade in the forthcoming year.

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

Approved by the Board and signed on its behalf by:

R J Blumberger
Director

20 December 2017

Directors' report

The Directors present the Annual Report and audited Financial Statements of Mitie Compliance Ltd ('the Company') for the year ended 31 March 2017.

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 transferred its trade, assets and liabilities to Mitie Technical Facilities Management Limited on 1 April 2016. The Directors have prepared the financial statements on the basis that the Company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis. All assets and liabilities have been transferred to the fellow subsidiary company at fair value, being equivalent to their book value.

Directors
The Directors who held office during the year, together with those subsequently appointed, were:

Director	Date of appointment	Date of resignation
R Blumberger	19/04/2017	
J I Clarke		27/01/2017
P Dickinson	19/04/2017	
C P Edwards		13/06/2016
P J Holland	27/01/2017	01/05/2017
G S Kennedy		13/06/2016
M J P McIntyre		13/06/2016
S M Priestley		27/01/2017
S A Rose	27/01/2017	
J S Sheridan		27/01/2017

Dividends
Dividends per share for each share class were declared and paid during the year as follows:

	2017	2016
	£	£
Ordinary	**0.355**	0.652
B Ordinary	**0.355**	0.652

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 and sustainability reports which do not form part of this report.

Political contributions
The Company made no political donations nor incurred any political expenditure during the year.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself 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, particulars of significant events which have occurred since the end of the financial year and financial risk management have been included in the Strategic Report on page 2.

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By order of the Board

R J Blumberger
Director

1 Harlequin Office Park
Fieldfare
Emersons Green
BS16 7FN

20 December 2017

Independent auditor's report to the members of Mitie Compliance Ltd

We have audited the financial statements of Mitie Compliance Ltd for the year ended 31 March 2017 which comprise the Profit and loss account, the Balance sheet, the Statement of changes in equity and the related notes 1 to 17. 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 Financial Reporting Standard 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 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. 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 result 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.

Emphasis of matter - Financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

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 requirement.

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 any material misstatements in the Strategic Report and the Directors' Report.

Independent auditor's report to the members of Mitie Compliance Ltd *(continued)*

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.

Ivan Boonzaaier, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP,
Statutory Auditor
London
United Kingdom

21 December 2017

Profit and loss account

	Note	**2017 £000**	2016 £000
Turnover	*3*	-	3,992
Cost of sales		-	(1,150)
Gross profit		-	2,842
Administrative expenses	*4*	-	(1,463)
Operating profit		-	1,379
Other interest receivable and similar income	*7*	-	103
Profit before taxation		-	1,482
Tax on profit	*8*	-	(300)
Profit for the financial year		-	1,182

The results for the year are wholly attributable to the discontinued operations of the Company. Whereas the results for the prior year were wholly attributable to the continuing operations of the Company.

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

Balance sheet

	Note	2017 £000	2016 £000
Fixed assets			
Intangible assets			
Other intangibles	9	-	1,647
Tangible assets	10	-	47
		-	1,694
Current assets			
Debtors	11	2,373	439
Cash at bank and in hand		-	1,846
		2,373	2,285
Current liabilities			
Creditors: amounts falling due within one year	12	-	(716)
Net current assets		2,373	1,569
Total assets less current liabilities		2,373	3,263
Net assets		2,373	3,263
Capital and reserves			
Called up share capital	15	251	251
Share premium account	15	72	72
Profit and loss account	15	2,050	2,940
Shareholders' funds		2,373	3,263

These financial statements of Mitie Compliance Ltd, company number 04519178, were approved by the Board of Directors on 20 December 2017 and were signed on its behalf by:

R J Blumberger
Director

Statement of changes in equity

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2015	251	72	3,390	3,713
Total comprehensive income for the year				
Profit for the year	-	-	1,182	1,182
Total comprehensive income for the year	-	-	1,182	1,182
Transactions with owners, recorded directly in equity				
Equity-settled share based payment transactions	-	-	6	6
Dividends	-	-	(1,638)	(1,638)
Total distributions to owners	-	-	(1,632)	(1,632)
Balance at 31 March 2016	251	72	2,940	3,263

	Called up share capital £000	**Share Premium Account £000**	**Profit and loss account £000**	**Total equity £000**
Balance at 1 April 2016	251	72	2,940	3,263
Total comprehensive income for the year				
Profit for the year	-	-	-	-
Total comprehensive income for the year	-	-	-	-
Dividends	-	-	(890)	(890)
Total distributions to owners	-	-	(890)	(890)
Balance at 31 March 2017	**251**	**72**	**2,050**	**2,373**

Notes

1 Accounting policies

Mitie Compliance Ltd (the "Company") is a private company limited by shares and is incorporated in England and Wales and domiciled in the UK. The Company's registered number is 04519178. The Company's registered office is 1 Harlequin Office Park, Fieldfare, Emersons Green, Bristol South Gloucestershire BS16 7FN. Details of the Company's activities are set out in the Strategic Report.

The Company's ultimate parent undertaking, Mitie Group plc includes the Company in its consolidated financial statements. The consolidated financial statements of Mitie Group plc, which are prepared in accordance with International Financial Reporting Standards, are available to the public and may be obtained from www.mitie.com.

As more fully detailed in the Directors' report the Company's financial statements have been prepared on a basis other than that of a going concern following the transfer of its trade and net assets to Mitie Technical Facilities Management Limited at book value on 1 April 2016.

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.

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 share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of capital management; and
- The effects of new but not yet effective IFRSs;

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; and
- Disclosures required by IFRS 5 Non-current *Assets Held for Sale and Discontinued Operations* in respect of the cash flows of discontinued operations;

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

Judgements made by the Directors, in the application of these accounting policies, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

Measurement convention

The financial statements are prepared on a basis othen going concern and, as a consequence, assets and liabilities are stated at their realisable amounts.

Notes *(continued)*

1 Accounting policies *(continued)*

Classification of financial instruments issued by the Company

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.

Assets that are assessed not to be individually impaired are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables includes the Company's past experience of collecting payments, the number of delayed payments in the portfolio past the average credit period as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the profit and loss account.

Financial assets comprise loans and receivables and are measured at initial recognition at fair value and subsequently at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised where there is objective evidence that the asset is impaired. Cash and cash equivalents comprise 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.

Financial liabilities comprise trade payables and financing liabilities, including bank and other borrowings. These are measured at initial recognition at fair value and subsequently at amortised cost.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any impairment in value. Depreciation is charged so as to write off the cost less expected residual value of the assets over their estimated useful lives and is calculated on a straight-line basis as follows:

- Plant and vehicles: 2 - 5 years

Annually 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 the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the CGU to which the asset belongs.

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

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) 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 (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised as income immediately.

Notes *(continued)*

1 Accounting policies *(continued)*

Intangible assets

Intangible assets identified in a business acquisition are capitalised at fair value as at the date of acquisition.

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 income statement on a straight-line basis over its useful life.

Employee benefits

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

Share-based payment transactions
The Company participates in a number of Mitie Group plc executive and employee share option schemes. For all grants of share options, the fair value as at the date of grant is calculated using the appropriate valuation model and the corresponding expense is recognised on a straight-line basis over the vesting period based on the Company's estimate of shares that will actually vest. Further details of the Group's share option schemes are contained in the Mitie Group plc annual report.

The Company took advantage of the option available in IFRS 1 to apply IFRS 2 only to equity instruments that were granted after 7 November 2002 and that had not vested by 1 April 2014.

Turnover
Turnover represents the total, excluding sales taxes, receivable in respect of goods and services supplied. All turnover arises within the United Kingdom from the Company's principal activity.
Turnover is recognised as services are delivered to the extent that it is probable that the economic benefits will flow to the Company and can be reliably measured.

Recognition: repeat service-based contracts (single and bundled contracts)
Turnover is recognised on a straight-line basis unless this is not an accurate reflection of the work performed. Where a straight-line basis is not appropriate, for example if specific works on contracts represent a significant element of the whole, turnover is recognised based on the percentage of completion method, based on the proportion of costs incurred at the balance sheet date relative to the total estimated cost of completing the contracted work.

Notes *(continued)*

1 Accounting policies *(continued)*

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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 income statement, 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; 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.

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2016. The adoption of the changes set out below has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception*.
- Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*.
- Amendments to IAS 1 *Disclosure Initiative*.
- Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*.
- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants*.
- Amendments to IAS 27 *Equity Method in Separate Financial Statements*.
- Amendments to IFRSs included in the *Annual Improvements to IFRSs 2012-2014 Cycle*.

Notes *(continued)*

2 Accounting estimates and judgements

Critical accounting judgements in applying the Company's accounting policies
In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are readily apparent from other sources. The estimates and associated assumptions are based on historical experiences and other factors that are considered to be relevant.

The Directors have made no critical accounting judgements that are considered to have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

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

3 Turnover

In the prior year, the Company derived all of its turnover from the provision of services to customers based in the UK. No turnover was recognised in the current year as the Company disposed of its trade and assets as at 1 April 2016.

4 Expenses and auditor's remuneration

Not included in result is the following:
Auditor's remuneration:

	2017	2016
	£000	£000
Audit fees paid by Mitie Technical Facilities Management Ltd and not recharged	6	9

5 Staff numbers and costs

The average number of persons employed by the Company (including Directors) during the year, analysed by category, was as follows:

	Number of employees	
	2017	2016
Operations	-	39
Administration	-	3
	-	42

The aggregate payroll costs of these persons were as follows:

	2017	2016
	£000	£000
Wages and salaries	-	1,650
Share based payments (See note 14)	-	5
Social security costs	-	182
Termination and redundancy payments	-	3
Contributions to defined contribution plans	-	19
	-	1,859

Notes *(continued)*

6 Directors' remuneration

	2017	2016
	£000	£000
Directors' emoluments	**112**	325
Compensation for loss of office	**94**	-

In respect of the highest paid Director:

	2017	2016
	£000	£000
Emoluments and amounts receivable under long term incentive schemes	**13**	151

The costs above are disclosed in Mitie Compliance but borne by Mitie Technical Facilities Management Limited.

	Number of directors	
	2017	2016
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**1**	1

The following Directors are also Directors or employees of another Group company. They are 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 in**
J I Clarke	Mitie Technical Facilities Management Limited	Mitie Technical Facilities Management Limited
P J Holland	Mitie Facilities Services Limited	Mitie Facilities Services Limited
S M Priestley	Mitie Group plc	Mitie Technical Facilities Management Limited
S A Rose	Mitie Facilities Services Limited	Mitie Technical Facilities Management Limited
J S Sheridan	Mitie Facilities Services Limited	Mitie Facilities Services Limited

R J Blumberger and P J G Dickinson were appointed as Director after 31 March 2017 and therefore have no remuneration to discuss in relation to any qualifying services as a Director.

7 Other interest receivable and similar income

	2017	2016
	£000	£000
Amount receivable from Group undertakings	-	103
Total interest receivable and similar income	-	103

Notes *(continued)*

8 Taxation

Analysis of charge in the year	**2017 £000**	2016 £000
UK corporation tax at *20%* (2016: 20%)		
Current tax on income for the year	-	321
Adjustments in respect of prior years	-	53
Total current tax	-	374
Deferred tax (see note 13)		
Origination and reversal of temporary timing differences	-	(23)
Recognition of previously unrecognised tax losses	-	(51)
Total deferred tax	-	(74)
Tax on profit on ordinary activities	-	300

Reconciliation of effective tax rate	**2017 £000**	2016 £000
Profit for the year	-	1,182
Total tax expense (including tax on discontinued operations)	-	300
Profit excluding taxation	-	1,482
Tax using the UK corporation tax rate of 20% (2016: 20%)	-	297
Relief in respect of employee share options	-	1
Adjustments in respect of prior years	-	2
Total tax expense (including tax on discontinued operations)	-	300

The main rate of corporation tax was 20% until 1 April 2017 when it reduced to 19%, and will remain at this level until a further reduction to 17% from 1 April 2020. These rates have been used to calculate the deferred tax balance as they were substantively enacted at the balance sheet date.

Notes *(continued)*

9 Intangible assets

	Software £000
Cost	
At 1 April 2016	2,221
Transfer to other Group companies	(2,221)
At 31 March 2017	-
Amortisation	
At 1 April 2016	574
Transfers to other Group companies	(574)
At 31 March 2017	-
Net book value	
At 31 March 2016	1,647
At 31 March 2017	-

Prior to their transfer to other Group companies intangibles were amortised over their estimated economic life of 3 years.

10 Tangible fixed assets

	Plant & Vehicles £000
Cost	
Balance at 1 April 2016	98
Transfer to other Group companies	(98)
Balance at 31 March 2017	-
Depreciation and impairment	
Balance at 1 April 2016	51
Transfer to other Group companies	(51)
Balance at 31 March 2017	-
Net book value	
At 1 April 2016	47
At 31 March 2017	-

Notes *(continued)*

11 Debtors

	2017	2016
	£000	£000
Trade debtors	-	55
Amounts due from Group undertakings	**2,373**	310
Other debtors	-	11
Prepayments	-	63
Total	**2,373**	439
Due within one year	**2,373**	439

In the opinion of the Directors, the fair value does not materially differ from the carrying value.
Amounts due from Group undertakings are interest free and repayable on demand.

12 Creditors: amounts falling due within one year

	2017	2016
	£000	£000
Trade creditors	-	62
Amounts due to Group undertakings	-	178
Taxation and social security	-	31
Other creditors	-	76
Accruals and deferred income	-	369
	-	716

In the opinion of the Directors, the fair value does not materially differ from the carrying value.
Amounts due to Group undertakings are interest free and repayable on demand.

13 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities
Movement in deferred tax during the prior year

	1 April 2015	Recognised in income	Included in disposal group	31 March 2016
	£000	£000	£000	£000
Tangible fixed assets	(72)	74	(2)	-

The UK Government announced reductions in the UK corporation tax rate from 20% to 19% from 1 April 2017 and from 19% to 17% from 1 April 2020, which have been substantively enacted.

The reduction in the balance sheet carrying value of deferred tax assets and liabilities to reflect the rate of tax at which those differences are expected to reverse has not had a material impact on the current year tax charge.

Notes *(continued)*

14 Share based payments

The Mitie Group operates five equity-settled share option schemes, involving ordinary 2.5p shares in Mitie Group plc, which are open to employees of the Company. Full details of the schemes are given in the annual report of Mitie Group plc. The main terms of each scheme are as follows:

Discretionary schemes

Mitie Group plc long term incentive plan

Awards of shares or rights to acquire shares with an exercise price of nil and a vesting period of 3 - 5 years. Awards may be forfeited if the employee leaves the Group. Performance conditions must be satisfied which are based on movements in a range of market and non-market conditions.

Mitie Group plc executive share option scheme

The right to acquire shares at a predetermined price following a vesting period of three years. Options may be forfeit if the employee leaves the Group. Before options can be exercised, a performance condition, linked to growth in earnings per share, must be satisfied.

Conditional share plan

Awards of shares or rights to acquire shares with an exercise price of nil and a vesting period of 1 - 2 years. Awards may be forfeited if the employee leaves the Group.

Non-discretionary schemes

Mitie Group plc SAYE scheme

The right to acquire shares at a predetermined price if the employee saves a regular amount over a three year period. Options must be exercised within six months of the date of vesting. Options may be forfeited if the employee leaves the Group.

Share incentive plan

Employees are invited to invest in Partnership shares which are purchased in the market on their behalf and held in a UK employee benefit trust. One Matching share is awarded for every ten Partnership shares purchased. Matching shares may be forfeited if the employee disposes of the Partnership shares within three years of purchase.

	2016
Weighted average share price at date of exercise	315p
Options outstanding prices	201p to 316p
Weighted average remaining contractual life	9 years

The options outstanding at 31 March 2017 had exercise prices ranging from 0p to 0p (2016: 201p to 316p). All employees transferred on 1 April 2016 and accordingly there are no outstanding share option schemes impacting the entity.

Notes *(continued)*

15 Capital and reserves

Share capital	**2017**	2016
	£000	£000
Ordinary Shares		
2,509,990 Ordinary shares at £0.10 each	**251**	251
999 B Ordinary shares at £0.10 each	**-**	-
	251	251

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. The holders of B ordinary shares are entitled to receive dividends as declared from time to time but are not entitled at meetings of the Company unless there is a resolution which directly affects the rights of the B shareholders.

Profit and loss account

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

Share premium account

The share premium account represents the premium arising on the issue of equity shares.

Dividend

The following dividends were recognised during the period:

	2017	2016
	£000	£000
£0.355 (2016: £0.652) per qualifying ordinary share	**890**	1,638
	890	1,638

16 Related parties

Related parties with which the Company has transacted

Under FRS 101 the Company is exempt from disclosing key management personnel compensation and transactions with other companies wholly owned by Mitie Group plc. Other related party transactions are disclosed below:

	Sales to		**Purchases from**	
	2017	2016	**2017**	2016
	£000	£000	**£000**	£000
Subsidiaries and fellow subsidiaries of Mitie Group plc	**-**	3,173	**-**	473
	-	3,173	**-**	473

Notes *(continued)*

16 Related parties *(continued)*

	Receivables outstanding 2017 £000	2016 £000	Creditors outstanding 2017 £000	2016 £000
Subsidiaries and fellow subsidiaries of Mitie Group plc	-	199	-	100
	-	199	-	100

All inter- company balances are unsecured; trading balances are payable within 30 days unless both parties agree an extension, funding balances are repayable on demand.

17 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Direct Enquiries Holdings Limited 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, Scotland. Mitie Group plc is the parent company of the largest and smallest groups into which the financial statements 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 the registered office at 1 Harlequin Office Park, Fieldfare, Emersons Green, Bristol South Gloucestershire BS16 7FN, UK or from www.mitie.com.