

# **Mitie Cleaning Services Limited**

## **Annual Report and Financial Statements**

**Registered number 05078003**

**31 March 2018**

FRIDAY



L14 \*L7L923LD\* #207  
21/12/2018  
COMPANIES HOUSE

## **Contents**

Company information	1
Strategic report	2
Directors' report	4
Statement of Directors' responsibilities in respect of the annual report and the financial statements	5
Profit and loss account	6
Balance sheet	7
Statement of changes in equity	8
Notes	9

## **Company information**

### **Directors**

R J Blumberger  
P J G Dickinson  
R Faulkner

### **Secretary**

Mitie Company Secretarial Services Limited

### **Registered office**

Level 12  
The Shard  
32 London Bridge Street  
SE1 9SG

## Strategic report

Mitie Cleaning Services Limited ("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

The Company is a holding company and does not actively trade. 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 6, the Company's profit after tax was nil (2017: profit of £7,008,000), there being no dividend income from subsidiaries in the year to 31 March 2018.

### 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 is part of the Mitie Group and manages its risks within the Mitie Group Risk Framework. Details of the principal risks and uncertainties are given in the Mitie Group plc annual report. 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

##### *Changes in the market and to the economic conditions*

The Company is exposed to UK market conditions. Company performance and resourcing requirements may be impacted by any changes in the market. We have an ability to recognise and adapt to any change in requirement for services and are well placed to adapt to policy changes. We are closely monitoring the outcomes of the European Union exit negotiations and any resulting policy changes to determine the impact on future contract opportunities and availability of resources.

#### Financial Risks

##### *Reliance on material counterparties*

The Company depends on a number of 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

##### *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. Mitie'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.

## **Strategic report** *(continued)*

### **Financial risk management**

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

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

### **Future developments**

The Directors do not expect there to be any significant change in the principal activity of the Company in the foreseeable future.

### **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*

**17** December 2018

## Directors' report

The Directors present the Annual Report and Financial Statements of Mitie Cleaning Services Limited ('the Company') for the year ended 31 March 2018.

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 Company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its ultimate parent and fellow subsidiaries.

The Directors, having assessed the responses of the Directors of the Company's ultimate parent Mitie Group plc to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Mitie Group to continue as a going concern, or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position and of the enquiries made of the Directors of Mitie Group plc, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### Directors

The Directors who held office during the year are:

Director	Date of appointment	Date of resignation
R J Blumberger	19/04/2017	
P J G Dickinson	19/04/2017	
R Faulkner	01/12/2017	
M A Freeman		19/04/2017
J S Sheridan		29/09/2017
J S Tomlin		19/04/2017

### Dividends

No dividend was declared or paid in the year (2017: £0.4885 and £0.4885 per A Ordinary and B Ordinary shares respectively).

### Political contributions

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

### 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 on page 2.

By order of the Board



R J Blumberger  
Director

Level 12  
The Shard  
32 London Bridge Street  
SE1 9SG

19 December 2018

## **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;
- 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.

## Profit and loss account

	<i>Note</i>	<b>2018</b> <b>£000</b>	2017 £000
Income from shares in Group undertakings		-	7,008
<b>Profit before taxation</b>		-	7,008
Tax on profit	5	-	-
<b>(Loss)/profit for the financial year</b>		-	7,008

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 other comprehensive income has been prepared.



## Balance sheet

	<i>Note</i>	<b>2018</b> <b>£000</b>	2017 £000
<b>Non-current assets</b>			
Investments in subsidiaries	6	<b>2,797</b>	2,797
		<b>2,797</b>	2,797
<b>Current assets</b>			
Debtors	7	<b>14,590</b>	14,590
Creditors: amounts falling due within one year	8	<b>14,590</b> <b>(2,512)</b>	14,590 (2,512)
<b>Net current assets</b>		<b>12,077</b>	12,078
<b>Total assets less current liabilities</b>		<b>14,875</b>	14,875
<b>Net assets</b>		<b>14,875</b>	14,875
<b>Capital and reserves</b>			
Called up share capital	9	<b>14,345</b>	14,345
Profit and loss account	9	<b>530</b>	530
<b>Shareholders' funds</b>		<b>14,875</b>	14,875

The Company is entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies for the year ended 31 March 2018.

The members have not required the Company to obtain an audit of its financial statement for the year ended 31 March 2018 in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibilities for:

- (a) ensuring that the Company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the Company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements for the Companies Act 2006 relating to financial statements, so far as applicable to the Company.

The financial statements of Mitie Cleaning Services Limited, company number 05078003, were approved by the Board of Directors and authorised for issue on 19 December 2018 and were signed on its behalf by:



**R J Blumberger**  
*Director*

## Statement of changes in equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2016	14,345	530	14,875
Profit for the year	-	7,008	7,008
<b>Total comprehensive income for the year</b>	-	7,008	7,008
Dividends	-	(7,008)	(7,008)
Total contributions by and distributions to owners	-	(7,008)	(7,008)
Balance at 31 March 2017	14,345	530	14,875

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2017	14,345	530	14,875
Dividends			
<b>Balance at 31 March 2018</b>	14,345	530	14,875

## Notes

### 1 Accounting policies

Mitie Cleaning Services Limited (the "Company") is a private company limited by shares and is incorporated in England and Wales and domiciled in the UK. The registered company number is 05078003. The Company's registered office is Level 12, The Shard, 32 London Bridge Street, London, England SE1 9SG. Details of the Company's activities are set out in the Strategic Report.

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group. 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](http://www.mitie.com).

As more fully detailed in the Directors' report the Company's financial statements have been prepared on a going concern basis.

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.

#### Early adoption of IFRS 15

The Company decided to early adopt IFRS 15 *Revenue from Contracts with Customers*, with a date of initial application of 1 April 2017. The adoption of IFRS 15 had no material impact on the Company.

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;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- *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;
- Disclosure in respect of related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

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

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

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

#### Measurement convention

The financial statements are prepared on the historical cost basis.

#### Investments in subsidiaries

Investments in subsidiaries are stated at cost less provision for any impairment.

## 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 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 uncollectible 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, financing liabilities, including bank and other borrowings, put options on non-controlling interests and deferred contingent consideration. These are measured at initial recognition at fair value and subsequently at amortised cost.

#### 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 when the Company intends to settle its current tax assets and liabilities on a net basis.

## **Notes** *(continued)*

### **1 Accounting policies** *(continued)*

#### **Amendments to IFRSs that are mandatorily effective for the current year**

In the current year, the Company has applied a number of amendments to IFRS issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2017. 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 IAS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*;
- Amendments to IAS 7 *Disclosure Initiative*;
- Amendments to IFRS included in the *Annual Improvements to IFRS Standards 2014-2016 Cycle*.

#### **New standards not yet adopted**

The Company has taken the exemption available under FRS 101 in respect of not disclosing the impact of new standards that are not yet in effect.

### **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 judgement, 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 made no critical accounting judgements that are considered to have a significant effect on the amounts recognised in the financial statements.

#### **Key source 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.

## **Notes (continued)**

### **3 Staff numbers and costs**

Mitie Cleaning Services Limited had no employees in the year ended 31 March 2018 (2017: nil).

### **4 Directors' remuneration**

All 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.

<b>Director</b>	<b>Remunerated by</b>	<b>Disclosed by</b>
R J Blumberger	Mitie Group plc	Mitie Limited
P J G Dickinson	Mitie Group plc	Mitie Limited
M A Freeman	Mitie Limited	Mitie Limited
J S Sheridan	Mitie Limited	Mitie Limited

J S Tomlin and R Faulkner had no remuneration to disclose in relation to qualifying services as a Director during the year.

### **5 Taxation**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
<i>Reconciliation of effective tax rate</i>		
Profit for the year	-	7,008
Total tax expense	-	-
	<u>          </u>	<u>          </u>
Profit excluding taxation	-	7,008
Tax using the UK corporation tax rate of 19% (2017: 20%)	-	1,402
Non-taxable income from shares in Group undertakings	-	(1,402)
	<u>          </u>	<u>          </u>
Total tax expense	-	-
	<u>          </u>	<u>          </u>

The main rate of corporation tax will remain at 19% until 1st April 2020 when it will reduce to 17%. These rates have been used to calculate the deferred tax balance as they were substantively enacted at the balance sheet date.

**Notes** *(continued)*

**6 Investments in subsidiaries**

	Shares in Group undertakings £000
<b>Cost</b>	
At beginning of year	2,797
At end of year	2,797
<b>Net book value</b>	
At 31 March 2017	2,797
<b>At 31 March 2018</b>	2,797

The registered address of Mitie Cleaning & Environmental Services Limited is Level 12, The Shard, 32 London Bridge Street, London, SE1 9SG

	Country of Incorporation	Class of shares held	Ownership 2018	2017
Mitie Cleaning & Environmental Services Limited	England and Wales	Ordinary	100%	100%

**7 Debtors**

	2018 £000	2017 £000
Amounts owed by Group undertakings	14,590	14,590
Total	14,590	14,590
Due within one year	14,590	14,590

Amounts owed by Group undertakings are not interest bearing and are repayable on demand.

## Notes (continued)

### 8 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Amounts owed to Group undertakings	2,512	2,512
	<u>2,512</u>	<u>2,512</u>

The Directors consider that the carrying amount of trade creditors and other creditors approximates their fair value.

Amounts owed to Group undertakings are not interest bearing and are repayable on demand.

### 9 Capital and reserves

#### Share capital authorised and fully paid

	At start of year	At end of year	2018 £000	2017 £000
<b>Ordinary Shares</b>				
A Ordinary shares at £1 each	12,344,771	12,344,771	12,345	12,345
B Ordinary shares at £1 each	2,000,000	2,000,000	2,000	2,000
C Ordinary shares at £1 each	1	1	-	-
	<u>14,344,772</u>	<u>14,344,772</u>	<u>14,345</u>	<u>14,345</u>

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

#### Profit and loss account

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

#### Dividend

The following dividends were recognised during the period:

	2018 £000	2017 £000
£nil (2017: £0.4885) per qualifying A ordinary share	-	6,031
£nil (2017: £0.4885) per qualifying B ordinary share	-	977
£nil (2017: £0.4885) per qualifying C ordinary share	-	-
	<u>-</u>	<u>7,008</u>

### 10 Related Parties

Under FRS 101 the Company is exempt from disclosing key management personnel compensation and transactions with other companies wholly owned by Mitie Group plc.

The company has taken advantage of the exemption under 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.



**Notes** *(continued)*

**11 Subsequent events**

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

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

The Company is a subsidiary undertaking of Mitie Limited (formerly known as Mitie Facilities Services 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. 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, UK or from [www.mitie.com](http://www.mitie.com).