

Jabez Holdings Limited

Annual report and financial statements

Registered number 05129988

31 March 2020

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Company information

Directors

P J Dickinson
S Kirkpatrick

Secretary

Mitie Company Secretarial Services Limited

Registered office

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

Directors' report

The Directors present the annual report and unaudited financial statements of Jabez Holdings Limited (the "Company") for the year ended 31 March 2020.

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

Strategic report

The Directors have taken advantage of the exemption provided by section 414B of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 from preparing a strategic report.

Review of the business

The principal activity of the Company is to hold an investment in a subsidiary undertaking. There have not been any significant changes in the Company's principal activities in the year under review.

As shown in the profit and loss account on page 5, the Company's loss for the year was £252,000 (2019: £nil).

Going concern

The Company's business activities have been described above. The financial statements have been prepared on a going concern basis. See Note 1c.

Principal risks and uncertainties

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

Directors

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

Director	Date of appointment	Date of resignation
M Idle		29/01/2020
P J Dickinson		
S Kirkpatrick	30/01/2020	

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 certain of the Company's 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 (2019: £nil).

Principal risks and uncertainties

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

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.

Directors' 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's requirement for additional funding is managed as part of the Group's financing arrangements.

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.

Future developments

The Directors expect the general level of activity to remain consistent in the forthcoming year.

Post balance sheet events

Subsequent events have been disclosed in Note 10.

Political contributions

The Company made no political donations nor incurred any political expenditure during the year (2019: £nil).

On behalf of the Board:

DocuSigned by:

7C53DEA07E394E2
S C Kirkpatrick
Director

24 March 2021

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 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.

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Profit and loss account

	<i>Note</i>	2020 £000	2019 £000
Interest payable and similar expenses	3	(407)	-
Loss before tax		(407)	-
Tax	4	155	-
Loss for the year		(252)	-

The notes on pages 8 to 14 form an integral part of the financial statements.

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

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Balance sheet

	Note	2020 £000	2019 £000
Non-current assets			
Investments in subsidiaries	5	4,363	4,363
Total non-current assets		4,363	4,363
Current assets			
Debtors	6	155	-
Total current assets		155	-
Current liabilities			
Creditors	7	(8,543)	(8,136)
Total current liabilities		(8,543)	(8,136)
Net current liabilities		(8,389)	(8,136)
Net liabilities		(4,026)	(3,773)
Capital and reserves			
Called up share capital	8	161	161
Profit and loss account	8	(4,187)	(3,934)
Shareholders' deficit		(4,026)	(3,773)

The notes on pages 8 to 14 form an integral part of the financial statements.

For the year ended 31 March 2020 the Company was entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the Company to obtain an audit of its accounts for the year ended 31 March 2020 in accordance with section 476 of the Companies Act 2006. The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

The financial statements of Jabez Holdings Limited, company number 05129988, were approved by the Board of Directors and authorised for issue on 24 March 2021 and were signed on its behalf by:

DocuSigned by:

 7C53DEA07E394E2..
S C Kirkpatrick
 Director

Statement of changes in equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 April 2018	161	(3,934)	(3,773)
At 31 March 2019	161	(3,934)	(3,773)
At 1 April 2019	161	(3,934)	(3,773)
Loss for the year	-	(252)	(252)
Total comprehensive expense	-	(252)	(252)
At 31 March 2020	161	(4,187)	(4,026)

The notes on pages 8 to 14 form an integral part of the financial statements.

Notes

1 Accounting policies, judgements and estimates

a) General information

Jabez Holdings 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 Directors' 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

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 year ended 31 March 2020 to ensure that the Company can meet its liabilities as they fall due.

On 30 November 2020, Mitie Group plc and its subsidiaries (the "Group") announced the completion of the acquisition of Interservefm (Holdings) Limited. The going concern assessment has therefore been performed by the directors of Mitie Group plc for the combined entity.

In adopting the going concern basis, the directors of Mitie Group plc have considered the Group's business activities as set out in the 2020 Annual Report and Accounts (pages 11 to 44) and the principal risks and uncertainties (pages 77 to 91). The directors of Mitie Group plc consider the principal risks and uncertainties to be largely unchanged, as the impact of Covid 19 had already been considered at that point.

The directors of Mitie Group plc have carried out an assessment on the Group's ability 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 based on the Group's Five Year Cash Flow model (the "Base Case"), which includes the ongoing impact of COVID-19 on each of the Group's operations. These base case projections 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 £151.5m of US private placement notes (being the repayment amount based on the original dollar exchange rates when issued), of which £121.5m are 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 as at the September and December reporting dates. Mitie currently operates within the terms of its agreements with its lenders. The Base Case model indicates 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.

Notes *(continued)*

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

Going concern *(continued)*

The directors of Mitie Group plc have also completed reverse stress tests against 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, included in Mitie's 2020 Annual Report and Accounts.

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 impact of Covid 19:

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, not being delivered;
- Downturn in cash generation: this reflects the risks of customers delaying payments due to liquidity constraints, or the removal of ancillary debt facilities; and
- Changes to the Group's financing arrangements.

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 February 2021.
- 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. In addition, in respect of material uncertainty, the directors of Mitie Group plc consider that this is remote.

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 twelve months from the date of approval of the Company's financial statements for the year ended 31 March 2020. Accordingly, the financial statements have been prepared on a going concern basis.

Notes (continued)

1 Accounting policies, judgements and estimates (continued)

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 share capital;
- the statement of compliance with Adopted IFRSs;
- 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:

- certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instruments: Disclosures*.

Accounting standards that are newly effective in the current year

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

Measurement convention

The financial statements are prepared on the historical cost basis.

d) Significant accounting policies

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

Finance costs

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

Taxation

The tax credit represents the sum of the tax currently receivable.

The tax currently receivable is based on the taxable loss for the year.

Investments in subsidiaries

Fixed asset investments in subsidiaries are shown at cost less any provision for impairment. Investments in subsidiaries are reviewed on an ongoing basis for any indication of impairment and, if any such indication exists, the investment's recoverable amount is estimated. An impairment loss is recognised in the profit and loss account whenever the carrying value of an asset exceeds its recoverable amount.

Notes *(continued)*

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

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

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

Key sources of estimation uncertainty

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

2 Employees

There were no persons employed by the Company (including Directors) during the year (2019: nil).

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.

Director	Remunerated by	Disclosed by
S C Kirkpatrick	Mitie Limited	Mitie Limited
P J G Dickinson	Mitie Limited	Mitie Limited
M Idle	Mitie Limited	Mitie Limited

3 Interest payable and similar expenses

	2020	2019
Interest payable to Group undertakings	407	-
Total	<u>407</u>	<u>-</u>

4 Tax

	2020 £000	2019 £000
<i>Analysis of credit in the year</i>		
UK corporation tax at 19% (2019: 19%)		
Current tax on loss for the period	(77)	-
Adjustments in respect of prior periods	(78)	-
Total credit for the year	<u>(155)</u>	<u>-</u>

Notes (continued)

4 Tax (continued)

	2020 £000	2019 £000
<i>Reconciliation of effective tax rate</i>		
Loss before tax	(407)	-
Tax using the UK corporation tax rate of 19% (2019: 19%)	(77)	-
Adjustments in respect of prior periods	(78)	-
Total credit	<u>(155)</u>	<u>-</u>

5 Investments in subsidiaries

The Company has the following investments in Group undertakings.

	Shares in Group undertakings £000
Cost	
At 1 April 2018	4,363
At 31 March 2019	<u>4,363</u>
At 31 March 2020	<u>4,363</u>
Net book value	
At 31 March 2019	<u>4,363</u>
At 31 March 2020	<u>4,363</u>

Company	Country of incorporation	Class of shares held	Ownership 2020
Robert Prettie & Co Limited	England and Wales	Ordinary	100%
Wealthy Thoughts Limited	England and Wales	Ordinary	100%

* Held directly by the Company.

The registered office of the company listed above is Level 12, The Shard, 32 London Bridge Street, London, SE1 9SG.

Notes *(continued)*

6 Debtors

	2020 £000	2019 £000
Corporation tax	155	-
Total	155	-

7 Creditors

	2020	2019
Amounts owed to Group undertakings	8,543	8,136
Total	8,543	8,136

Included within amounts owed to Group undertakings above, is £8,136,000 (2019: £8,136,000) relating to a loan bearing interest at 5% per annum (2019: 5% per annum).

Amounts owed to Group undertakings are repayable on demand.

Notes (continued)

8 Capital and reserves

Share capital authorised and fully paid	2020 Number	2019 Number	2020 £000	2019 £000
Ordinary shares				
Ordinary shares at £1 each	161,429	161,429	161	161
	<u>161,429</u>	<u>161,429</u>	<u>161</u>	<u>161</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 comprise the retained earnings and losses of the Company, less amounts distributed to the Company's shareholder.

9 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.

10 Subsequent events

On 30 November 2020, the Group announced that it had completed the acquisition of the entire issued share capital of Interservefm (Holdings) Limited. The consideration for the acquisition comprised the issuance of 248 million ordinary shares, representing c. 17.5% of the share capital of Mitie Group plc, and a cash consideration of £120m. The actual cash payment made at completion was £105m, being the £120m cash consideration adjusted for the estimated debt, debt like items and working capital as at the completion date (which will be validated by a completion accounts process).

11 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Mitie Treasury Management 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, London, SE1 9SG or from www.mitie.com.