Mitie Treasury Management Limited

Annual report and financial statements

Registered number 07351242

31 March 2022

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Company information

Directors
P J G Dickinson
M R Peacock
J M Williams

Secretary
Mitie Company Secretarial Services Limited

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

Auditor
BDO LLP
Statutory Auditor
2 City Place
Beehive Ring Road
Gatwick
RH6 0PA

Strategic report

Mitie Treasury Management 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 raise external debt finance for Mitie Group plc. There has not been any significant changes in the Company's principal activities in the year under review.

As shown in the Income statement on page 11, the Company's revenue was £nil (2021: £nil) and the profit for the year was £6,954,000 (2021: £5,700,000).

In October 2021, the Group signed a new £150m revolving credit facility, of which the Company is a borrower, and terminated the existing £250m facility. The new facility expires in October 2025 (with an option to extend for a further year, subject to lenders' approval) and is on significantly more favourable terms. In November 2021, the Group agreed, under a delayed funding arrangement, the issue of £120.0 of new US private placement notes in December 2022, avoiding any overlap with the existing £121.5m of notes that mature in the same month. The new notes are split equally between 8, 10 and 12 year maturities, and will be issued with an average coupon of 2.94% which is considerably below the current coupon. See Note 14 to the financial statement for further details.

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 Company. The performance of the Group's divisions is discussed in the Mitie Group plc annual report and accounts 2022 which does not form part of this report.

Principal risks and uncertainties
The Company is part of the Group and manages its risks in line with the Group's enterprise risk management framework. Details of this framework and information on the principal risks and uncertainties are given in the Mitie Group plc annual report and accounts 2022. The Directors have reviewed the Company's financial objectives alongside the risk profile for the Company and the significant risks and uncertainties have been detailed below.

Financial risks
Reliance on material counterparties
The Company depends on significant counterparties, including banks, insurers and private placement note providers, 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.

People risks
Health, Safety and Environment
The Company's performance could be impacted by a failure to maintain high standards in relation to health, safety, and environmental ("HSE") practices.

The Company continues to monitor developments in relation to COVID-19 to ensure business interruptions are kept to a minimum and productivity in a safe environment is maximised. The Company contributes to the Group's live COVID-19 risk register, which is regularly reviewed and consulted on. Focus remains on ensuring that appropriate steps are taken to safeguard the physical and mental wellbeing of colleagues, suppliers and others involved in the Company's operations. The recovery phase of the pandemic has been welcomed across the Group with the Company proactively prioritising and supporting colleagues, clients, and subcontracting partners with getting Britain back to business.

The Company remains vigilant in terms of flexible responses should a change in direction be required due to a COVID variant triggering a new wave or should there be a requirement for other courses of action relating to the pandemic. Continual horizon scanning, reviewing and assessment via our Intelligence Hub continues to play a pivotal role in helping to maintain the Company's resilience.

Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate the risks in this area. These include but are not limited to:

- a comprehensive QHSE strategy in place and under continual review for effectiveness;
- regular training and communication delivered throughout the Group, in accordance with the LiveSafe principles. LiveSafe e-learning training programme sets out HSE expectations including 'stop the job' supported by key safety message from the Chief Executive, Phil Bentley;
- health and safety management system certified to ISO 45001 and environmental system to ISO 14001;
- fully integrated incident recording, monitoring and reporting system;
- regular HSE reviews conducted at Group and business unit level;
- clear and standardised KPIs to monitor progress and improvements;
- targeted QHSE procedural audit programme;
- themes and root causes monitored from the results of audits to target specific actions, including training;
- QHSE function 'Plan Zero Champions' as part of the Plan Zero programme to promote strategy and good practice in environmental management;
- health and wellbeing framework integrated into the business;
- COVID-19 Working Group;
- COVID-19 risk assessment and technical compliance processes in place and regularly reviewed;
- ultraviolet light disinfection system and thermal imaging in place to mitigate against spread of COVID-19;
- insurance cover in place to cover employers' liability, public liability and motor fleet insurance;
- focused zero harm weeks concentrating on pertinent subjects to further strengthen the Group's QHSE culture; and
- ongoing review of QHSE team ensuring maintenance of competencies and correct provision of support and guidance across the Group.

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 Group financing arrangements.

The Directors have reviewed the financial risk management objectives and policies of the Company. The Group's Treasury function monitors and manages the financial risks relating to the operations of the Group. These risks include interest rate risk, foreign currency risk, liquidity risk and credit risk. The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by Group policies and reviewed regularly. Group policy is not to trade in financial instruments. It does not enter into any financial instrument arrangements for speculative purposes.

The Company holds a number of cross currency interest rate swaps and forward contracts designated as cash flow hedges. Bi-annual fixed interest cash flows arising over the period to December 2022 and denominated in US$ for the US Private Placement market are exchanged for fixed interest cash flows denominated in sterling. All cash flow hedges were assessed as being highly effective as at 31 March 2022.

Strategic report (continued)

Section 172 statement

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 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 interests of each stakeholder.

Stakeholder	**Engagement activity**	**Important issues discussed**
Banks and noteholders	- Regular and ad-hoc meetings and calls - Results presentations, roadshows and stock exchange announcements	- Financial performance - Governance and transparency
Shareholders	- Regular senior leadership meetings	- Financial performance - Integration programme following completion of the Group's acquisition of Interserve Facilities Management ("Integration Programme") - Environmental, Social and Governance matters
Communities and the environment	- Mitie Foundation - Local community events - Employee volunteering	- Social value - Reduction in carbon emissions

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.

The Group acquired Interserve Facilities Management ("Interserve") on 30 November 2020.

During the year, the Directors were involved in establishing an experienced integration team which implemented a robust governance structure to ensure all aspects of the Integration Programme were closely managed and measured. Risk areas were highlighted and escalated as appropriate. The Integration Programme completed at the end of November 2021 as planned.

Strategic report (continued)

Impact of operations on the community and the environment
The Directors are supportive of the Group's initiatives to improve the impact of the operations of the Company on the community and the environment. One of the Group's directors is a member of the Group's Social Value and Responsible Business Committee. The committee provides oversight and governance for all of Mitie's the Group's social value and responsible business initiatives, ensuring that they are aligned to the Group's purpose, promises and values. The committee was in place throughout the year.

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 employee handbook.

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

Details of how the Group complies with the UK Corporate Governance Code can be found in the Annual Report and Accounts 2022

The need to act fairly as between members of the company
The Company is a wholly owned subsidiary of the Group. 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 remain consistent in the forthcoming year.

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

Approved by the Board and signed on its behalf by:

DocuSigned by:
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M R Peacock
Director
22 July 2022

Directors' report

The Directors present the annual report and audited financial statements of Mitie Treasury Management Limited, for the year ended 31 March 2022.

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:

	Date of appointment	Date of resignation
P J G Dickinson		
D M Forbes		27 September 2021
S C Kirkpatrick		27 August 2021
M R Peacock	26 August 2021	
J M Williams	07 October 2021	

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 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 during the year (2021: £nil).

Employees
The Company has no employees. A description of the actions that have been taken during the financial year to introduce, maintain or develop arrangements aimed at employee engagement have been disclosed in the relevant financial statements of the Company's subsidiaries. Similarly, a description of how the directors have engaged with employees, how the directors have had regard to employee interests, and the effect of that regard, have also been disclosed in the relevant financial statements of the Company's subsidiaries.

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.

Disclosure of information to auditor
Each Director in office at the date of approval of these financial statements confirms that:

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

Auditor
Pursuant to Section 487 of the Companies Act 2006, BDO LLP have been appointed as the auditor.

Approved by the Board and signed on its behalf by:

DocuSigned by:
M.Teal
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M R Peacock
Director
22 July 2022

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

The Directors are responsible for preparing the Annual report and 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Mitie Treasury Management 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 2022 and of its profit 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 Treasury Management Limited ("the Company") for the year ended 31 March 2022 which comprise the Income statement, the statement of comprehensive income, the Balance sheet, the Statement of changes in equity, and the 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.

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.

Independent auditor's report to the members of Mitie Treasury Management Limited (continued)

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.
- 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 charged 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 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 and assessed whether the judgements made in accounting estimates were indicative of a potential bias.
- 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.

Independent auditor's report to the members of Mitie Treasury Management Limited (continued)

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:
Nigel Harker
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Nigel Harker (Senior Statutory Auditor)
for and on behalf of BDO LLP, Statutory Auditor
Gatwick

22 July 2022
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Income statement

	Note	2022 £000	2021 £000
Administrative expenses		**(763)**	(3,198)
Other items	2	**5,998**	(1,161)
Operating profit/(loss)	2	**5,235**	(4,359)
Dividends from shares in Group undertakings		**5,088**	-
Finance income	6	**43,505**	34,428
Finance costs	7	**(47,891)**	(36,871)
Net finance costs		**(4,386)**	(2,443)
Profit/(loss) before tax		**5,937**	(6,802)
Tax	8	**1,017**	1,102
Profit/(loss) for the year		**6,954**	(5,700)

The notes on pages 15 to 40 form an integral part of the financial statements.

The results for the year are wholly attributable to the continuing operations of the Company.

Statement of comprehensive income

	Note	2022 £000	2021 £000
Profit/(loss) for the year		**6,954**	(5,700)
Items that will not be reclassified to profit or loss in subsequent years			
Remeasurement of net defined benefit pension liability	*13*	**23,480**	(5,393)
Income tax on items that will not be reclassified to profit or loss	*12*	**(4,461)**	1,025
		19,019	(4,368)
Items that are or may be reclassified to profit or loss in subsequent years			
Net losses on cash flow hedges taken to equity[1]		**(538)**	(803)
Tax credit relating to items that will not be reclassified to profit or loss	*12*	**301**	-
		(237)	(803)
Other comprehensive income/(expense) for the year		**18,782**	(5,171)
Total comprehensive income/(expense) for the year		**25,736**	(10,871)

Note:
1. Net losses on cash flow hedges taken to equity include fair value gains £5,134,000 (2021: £13,759,000 losses) on derivative financial instruments used for hedging private placement notes. These gains are netted against reclassifications related to foreign exchange losses on private placement notes of £5,672,000 (2021: £12,956,000 gains).

The notes on pages 15 to 40 form an integral part of the financial statements.

Balance sheet

	Note	2022 £000	2021 £000
Non-current assets			
Investment in subsidiaries	9	**789,658**	794,823
Derivative financial instruments	14	**-**	14,640
Deferred tax assets	12	**1,681**	8,287
Total non-current assets		**791,339**	817,750
Current assets			
Trade and other receivables	10	**941,956**	891,547
Derivative financial instruments	14	**19,597**	-
Current tax receivable		**6,709**	4,093
Cash and cash equivalents		**176,276**	36,981
Total current assets		**1,144,538**	932,621
Current liabilities			
Trade and other payables	11	**(1,132,419)**	(803,718)
Total current liabilities		**(1,132,419)**	(803,718)
Net current assets		**12,119**	128,903
Non-current liabilities			
Trade and other payables	11	**(37,160)**	(171,918)
Retirement benefit liabilities	13	**(7,261)**	(41,434)
Total non-current liabilities		**(44,421)**	(213,352)
Net assets		**759,037**	733,301
Equity			
Share capital	15	**554,034**	554,034
Share premium	15	**200,611**	200,611
Hedging and translation reserve	15	**(219)**	18
Retained earnings/(losses)	15	**4,611**	(21,362)
Total equity		**759,037**	733,301

The notes on pages 15 to 40 form an integral part of the financial statements.

The financial statements of Mitie Treasury Management Limited, company number 07351242, were approved by the Board of Directors and authorised for issue on 22 July 2022 and were signed on its behalf by:

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M. Teid
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M R Peacock
Director

Statement of changes in equity

	Share capital £000	Share premium £000	Hedging and translation reserve £000	Retained (losses)/ earnings £000	Total equity £000
At 1 April 2020	554,034	105,973	821	(11,294)	649,534
Loss for the year	-	-	-	(5,700)	(5,700)
Other comprehensive expense	-	-	(803)	(4,368)	(5,171)
Total comprehensive expense	-	-	(803)	(10,068)	(10,871)
Issuance of share capital	-	94,638	-	-	94,638
Total transactions with owners	-	94,638	-	-	94,638
At 31 March 2021	**554,034**	**200,611**	**18**	**(21,362)**	**733,301**
Profit for the year	**-**	**-**	**-**	**6,954**	**6,954**
Other comprehensive income	**-**	**-**	**(237)**	**19,019**	**18,782**
Total comprehensive income	**-**	**-**	**(237)**	**25,973**	**25,736**
At 31 March 2022	**554,034**	**200,611**	**(219)**	**4,611**	**759,037**

The notes on pages 15 to 40 form an integral part of the financial statements.

Notes

1 Accounting policies, judgements and estimates

a) General information

Mitie Treasury Management Limited (the "Company") is a private company limited by shares and is incorporated and domiciled in the United Kingdom. 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 have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. They 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 UK ("UK-adopted International Accounting Standards"), but makes amendments where necessary in order to comply with the Companies Act 2006 and to take advantage of FRS 101 disclosure exemptions.

On 31 December 2020, International Financial Reporting Standards ("IFRS") as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. In preparing these financial statements in accordance with FRS 101, the Company transitioned to UK-adopted International Accounting Standards (as described above) in its financial statements for the year ended 31 March 2021. This change constituted a change in accounting framework. However, there was no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

c) Basis of preparation

Going concern

The financial statements have been prepared on a going concern basis. The Company participates in the centralised treasury arrangements and shared banking arrangements of Mitie Group plc, its ultimate parent, and of its fellow subsidiaries (together the "Group"). 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 2022 to ensure that the Company can meet its liabilities as they fall due.

The directors of Mitie Group plc have carried out an assessment of the Group's ability to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements (the "Going Concern Assessment Period"). This assessment was based on the latest medium-term cash forecasts from the Group's cash flow model (the "Base Case Forecasts"), which are based on the Group's board-approved budget. 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 as at 31 March 2022 were a £150m revolving credit facility, of which £141.5m was undrawn as at 31 March 2022, and £151.5m of US private placement ("USPP") notes (being the repayment amount after taking account of the cross-currency swaps hedging the principal amount), of which £121.5m is due to mature in December 2022. The revolving credit facility was put in place in October 2021, maturing in October 2025 (with an option to extend for a further year, subject to lenders' approval), on significantly more favourable terms than the previous facility. These financing arrangements are subject to certain financial covenants which are tested every six months on a rolling 12-month basis.

The issue of £120.0m of new USPP notes has also been agreed, under a delayed funding arrangement in December 2022, avoiding any overlap with the existing £121.5m of notes that mature in the same month. The new notes are split equally between 8-year, 10-year and 12-year maturities, and will be issued with an average coupon that is significantly below the current coupon. The remaining £30m of USPP notes are due to mature in December 2024, which is outside the Going Concern Assessment Period.

Notes (continued)

1 Accounting policies, judgements and estimates (continued)

Going concern
The Group currently operates within the terms of its agreements with its lenders, with consolidated net cash (i.e. net cash adjusted for covenant purposes, with appropriate adjustments for leases) of £147.7m as at 31 March 2022. 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 a reverse stress test 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 the Group's principal risks and uncertainties.

The primary financial risks related to adverse changes in the economic environment and/or a deterioration in commercial or operational conditions are listed below. These risks have been considered in the context of any potential further impact of COVID-19, as well as the potential impact of the Russian invasion of Ukraine.

- 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.
- An increase in costs: this reflects the risks of a shortfall in planned overhead cost savings, including the margin enhancement initiatives not being delivered, or other cost increases such as sustained higher cost inflation.
- A downturn in cash generation: this reflects the risks of customers delaying payments due to liquidity constraints, the removal of ancillary debt facilities or any substantial one-off settlements related to commercial issues.

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

- all stress test scenarios would require a very severe deterioration compared to the Base Case Forecasts. Revenue is considered to be the key risk, as this is less within the control of management. Revenue would need to decline by approximately 34% in the year ending 31 March 2023, compared to the Base Case Forecasts, that are based on mid-single digit underlying revenue growth (which excludes COVID-19 related revenues). A 34% decline in revenue is considered to be very severe given the high proportion of the Group's revenue that is fixed in nature and the fact that even in a COVID-19 impacted year, the Group's revenue excluding Interserve declined by only 1.6%; and
- in the event that the Group's results started to trend significantly below those included in the Base Case Forecasts, additional mitigation actions have been identified that would be implemented, which are not factored into the reverse stress test scenarios. These include the short-term scaling down of capital expenditure, overhead efficiency/reduction measures including cancellation of discretionary bonuses and reduced discretionary spend, asset disposals and reductions in cash distributions and share buybacks.

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, the directors of Mitie Group plc have concluded that the likelihood of the reverse stress scenarios arising is remote and therefore no material uncertainty exists.

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 financial statements for the year ended 31 March 2022. 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 UK-adopted International Accounting Standards;
- disclosures in respect of capital management;
- the effects of new but not yet effective UK-adopted International Accounting Standards;
- disclosures in respect of the compensation of Key Management Personnel; and
- disclosures 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 7 *Financial Instruments: 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

Interest Rate Benchmark Reform Phase 2 (IBOR) amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 were issued by the IASB in August 2020 to provide practical expedients and reliefs in relation to modifications of financial instruments and leases that arise from the transition from IBOR to an alternative benchmark rate. Phase 2 also provides further reliefs to hedge accounting requirements. These amendments were effective for the Company from 1 April 2021. The impact of IBOR reform on the Company is not material.

Measurement convention

The financial statements are prepared on the historical cost basis except derivative financial instruments that are stated at their fair value.

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 income statement to assist in understanding the underlying financial performance achieved by the Company. The Company separately reports items such as gain or loss on disposals of investments in subsidiaries, impairments of investments in subsidiaries, acquisition and disposal costs, gain or loss on business disposals, 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 2.

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.

Notes (continued)

1 Accounting policies, judgements and estimates (continued)

Other revenue
Finance income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Taxation
Tax in the income statement 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; 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.

Investments in subsidiaries
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 income statement whenever the carrying value of an asset exceeds its recoverable amount.

Financial instruments
Classification and measurement
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.

Financial assets comprise cash and cash equivalents, and trade and other receivables. 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 and cash equivalents 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. Cash that can only be used for a specific purpose or where access is constrained is classified as restricted cash. 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.

Notes (continued)

1 Accounting policies, judgements and estimates (continued)

Financial instruments

Classification and measurement

Financial liabilities comprise trade and other payables, 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 income statement.

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses ("ECLs") on all receivable balances from customers subsequently measured at amortised cost, using the simplified approach. Under this approach, the Company recognises a loss allowance based on lifetime ECLs at each reporting date. 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.

Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments, including cross-currency interest rate swaps and forward foreign exchange contracts, to manage the Company's exposure to financial risks associated with interest rates and foreign exchange. Derivative financial instruments are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value, determined by reference to market rates, at each balance sheet date and included as financial assets or liabilities as appropriate. The resulting gain or loss is recognised in the income statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the income statement depends on the nature of the hedge relationship.

The Company presents derivative financial instruments as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Derivatives, which are set to mature or are expected to be realised or settled within 12 months, are presented as current assets or current liabilities.

The Company may designate certain hedging instruments including derivatives as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Cash flow hedges

Hedges are classified as cash flow hedges when they hedge the exposure to changes in cash flows that are attributable to a particular risk associated with either a recognised asset or liability or a forecast transaction. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated in equity within the Company's hedging and translation reserve. The gain or loss relating to any ineffective portion is recognised immediately in the income statement.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to the income statement in the periods when the hedged item is recognised in the income statement, in the same line as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income at that time is accumulated in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the income statement.

Notes (continued)

1 Accounting policies, judgements and estimates (continued)

Foreign currency
The financial statements are prepared in the functional currency applicable to the business. Transactions in currencies other than the functional currency are recorded at the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in income statement for the period.

Non-monetary items are measured in terms of historical cost in a foreign currency are not retranslated.

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.

Retirement benefit costs
The Company operates 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.

The Company participates in a defined benefit scheme. The Company accounts for its legal and constructive obligations over the period of its participation which is for a fixed period only.

For the defined benefit pension schemes, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date by qualified actuaries. Actuarial gains and losses on obligations, the return on scheme assets (excluding interest) and the effect of the asset ceiling (if applicable) are recognised in full in the period in which they occur. They are recognised in the statement of comprehensive income.

Current service cost and past service cost are recognised in the income statement, in administrative expenses, whilst the net interest cost is recognised in net finance costs. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the plan

The Company's net obligation in respect of defined benefit schemes is calculated separately for each scheme by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount using market yield on a high-quality corporate bond and deducting the fair value of any scheme assets. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan, where the Company has the unconditional right to the surplus, or reductions in future contributions to the plan. Any asset recognised is net of tax as the associated tax is not considered to be an income tax.

Dividends
Dividends are recognised in the financial statements in the period in which the shareholder's right to receive payment of the dividend becomes unconditional.

Notes (continued)

1 Accounting policies, judgements and estimates (continued)

e) Critical accounting judgements and key sources of estimation uncertainty
The preparation of 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.

Other items
'Other items' are items of financial performance which management believes should be separately identified on the face of the income statement to assist in understanding the underlying financial performance achieved by the Company. Determining whether an item should be classified within Other items requires judgement as to whether an item is or is not part of the underlying performance of the Company. An analysis of the amounts included in Other items is detailed in Note 2.

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:

Measurement of defined benefit pension obligations
The net pension liability at 31 March 2022 was £7,261,000 (2021: £41,434,000). The measurement of defined benefit obligations requires judgement. It is dependent on material key assumptions including discount rates, life expectancy rates, and future contribution rates. See Note 13 for further details and a sensitivity analysis for the key assumptions.

Deferred tax assets
The Company has recognised deferred tax assets of £1,681,000 (2021: £8,287,000), refer to Note 12. Management has assessed recovery of these assets with reference to the Company's medium-term forecasts. Recovery of these assets is subject to the generation of taxable profits in future years.

Investments
The Company has investments in subsidiaries of £789,658,000 (31 March 2021: £794,823,000) at the balance sheet date (see Note 9). Determining whether an investment is impaired requires an estimation of its recoverable amount. The recoverable amount involves an estimation of the future cash flows and the selection of appropriate discount rates to use in order to calculate the present values.

Notes (continued)

2 Operating profit/(loss)

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

	2022 £000	2021 £000
Other items	**(5,998)**	1,161
Net gain on disposal of subsidiaries	***(5,998)***	-
Disposal related cost		*1,161*

During the year the Company recognised a net gain of £5,998,000 (2021: £nil) from the disposal of subsidiaries. See note 9 for further details.

3 Auditor's remuneration

The audit fee for the year of £nil (2021: £nil) was borne by Mitie Group plc and no amount was allocated or recharged to the Company in the year.

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.

4 Staff numbers and costs

Mitie Treasury Management Limited had no employees in the year ended 31 March 2022 (2021: nil). The directors of the Company are remunerated by Mitie Limited and no costs were recharged to the Company. See Note 5.

5 Directors' remuneration

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 by
P J G Dickinson	Mitie Limited	Mitie Limited
S C Kirkpatrick	Mitie Limited	Mitie Limited
M R Peacock	Mitie Limited	Mitie Limited
J M Williams	Mitie FM Limited	Mitie FM Limited

D M Forbes received no renumeration in relation to qualifying services as a Director for the Company but was remunerated through another Group Company (Mitie Limited) as an employee. No disclosure was made in the corresponding Group Company in relation to D M Forbes's renumeration as he is not a Director of that company, and it is not practicable to apportion his salary for services rendered as a Director to the Company.

6 Finance income

	2022 £000	2021 £000
Bank interest	**300**	785
Interest receivable from Group undertakings	**43,205**	33,643
Total	**43,505**	34,428

Notes (continued)

7 Finance costs

	2022 £000	2021 £000
Interest on bank loans and overdrafts	**6,649**	5,308
Interest on working capital facility	**6**	5
Interest on private placement loan notes	**6,212**	6,090
Interest payable to Group undertakings	**34,276**	24,526
Net interest on defined benefit pension scheme assets and liabilities (Note 13)	**748**	942
Total	**47,891**	36,871

8 Tax

Analysis of credit in the year	2022 £000	2021 £000
UK corporation tax at 19% (2021: 19%)		
Current tax on profit for the period	**(3,512)**	(3,233)
Adjustments in respect of prior periods	**48**	63
Total current tax credit	**(3,463)**	(3,169)
Deferred tax (see Note 12)		
Origination and reversal of temporary timing differences	**2,380**	2,134
Change in statutory tax rate	**(21)**	-
Adjustments in respect of prior periods	**87**	(66)
Total deferred tax charge	**2,446**	2,068
Total tax credit	**(1,017)**	(1,102)

Tax recognised directly in equity	2022 £000	2021 £000
Deferred tax	**4,180**	(1,025)
Change in statutory tax rate	**(20)**	-
Total tax recognised directly in equity	**4,160**	(1,025)

Notes (continued)

8 Tax (continued)

Tax reconciliation	**2022** **£000**	2021 £000
Profit/(loss) before tax	**5,937**	(6,802)
Tax using the UK corporation tax rate of 19% (2021: 19%)	**1,128**	(1,292)
Items not (taxable)/deductible for tax purposes	**(152)**	193
Profit on disposal of investments	**(1,140)**	-
Non-taxable income from shares in subsidiary undertakings	**(967)**	-
Change in statutory tax rate	**(21)**	-
Adjustments in respect of prior periods	**135**	(3)
Total tax credit	**(1,017)**	(1,102)

The UK corporation tax rate will increase from 19% to 25% from 1 April 2023. This change has been substantively enacted at the balance sheet date and is therefore incorporated into the amounts contained in these financial statements.

Notes (continued)

9 Investment in subsidiaries

The Company has the following investments in group undertakings.

	Shares in Group undertakings £000
Cost	
At 1 April 2020	729,904
Additions	136,566
At 31 March 2021	866,470
Disposals	(5,360)
At 31 March 2022	**861,110**
Provision for impairment	
At 1 April 2020	71,647
At 31 March 2021	71,647
Disposals	(195)
At 31 March 2022	**71,452**
Net book value	
At 31 March 2021	794,823
At 31 March 2022	**789,658**

During the year, the Company disposed of Mitie Document Solutions Limited, Mitie Sverige AB, Mitie Norge Aksjeselskap and Mitie Polska Sp. z o.o. resulting in a net gain of £5,998,000.

Notes (continued)

9 Investment in subsidiaries (continued)

Details of all investments in subsidiary undertakings have been provided below. Investments held directly by the Company have been indicated.

Company	Country of incorporation	Class of shares held	Proportion of nominal value of class
Bateman's Cleaning Services Limited	United Kingdom	Ordinary	100%
Bespoke Power Solutions Global Ltd	United Kingdom	Ordinary	100%
Biotecture Limited	United Kingdom	Ordinary	100%
Broadreach Group Limited	United Kingdom	Ordinary	100%
Building & Property Trustees Ltd	United Kingdom	Ordinary	100%
Care & Custody (Health) Limited	United Kingdom	Ordinary	100%
Central Window Cleaning Company Limited (in liquidation)	United Kingdom	Ordinary	100%
Cole Motors Limited[1]	United Kingdom	Ordinary	100%
CTI Power Limited	United Kingdom	Ordinary	100%
Direct Enquiries Holdings Limited (in liquidation)	United Kingdom	Ordinary (all classes), redeemable preference	100%
Esoteric Limited	United Kingdom	Ordinary	100%
First Security Group Limited	United Kingdom	Ordinary (all classes)	100%
Global Aware International Group Limited	United Kingdom	Ordinary	100%
Global Aware International Ltd	United Kingdom	Ordinary	100%
Green Planet Design Ltd	United Kingdom	Ordinary	100%
Hi-Tech Cleaning Solutions Limited (in liquidation)	United Kingdom	Ordinary	100%
Industrial Services International Limited (in liquidation)	United Kingdom	Ordinary	100%
Insitu Cleaning Company Limited	United Kingdom	Ordinary	100%
Interserve Saudi Arabia LLC (in liquidation)	Kingdom of Saudi Arabia	Ordinary	100%
Jabez Holdings Limited[1]	United Kingdom	Ordinary	100%
Knightsbridge Guarding Holdings Limited	United Kingdom	Ordinary (all classes)	100%
Knightsbridge Guarding Limited	United Kingdom	Ordinary	100%
Lancaster Office Cleaning Company Limited	United Kingdom	Ordinary	100%
Maclellan Group Limited	United Kingdom	Ordinary	100%
MacLellan Integrated Services Limited	United Kingdom	Ordinary	100%
MacLellan International Airport Services Limited	United Kingdom	Ordinary	100%
Maclellan International Limited	United Kingdom	Ordinary	100%
MacLellan Limited	United Kingdom	Ordinary	100%
Maclellan Management Services Limited	United Kingdom	Ordinary	100%
Mitie (Defence) Limited	United Kingdom	Ordinary	100%
Mitie (Facilities Services) Limited	United Kingdom	Ordinary	100%
Mitie (Facilities Services-Slough) Limited	United Kingdom	Ordinary, deferred	100%
Mitie Aviation Security Limited	United Kingdom	Ordinary	99.9%
Mitie Belgium BV	Belgium	Ordinary	100%
Mitie Belgium Security BV[1]	Belgium	Ordinary	100%
Mitie Building Services (UK) Limited (in liquidation)	United Kingdom	Ordinary	100%
Mitie Built Environment Limited	United Kingdom	Ordinary, preferred	100%
Mitie Care and Custody Limited	United Kingdom	A Ordinary	100%
Mitie Catering Services Limited	United Kingdom	Ordinary (all classes)	100%
Mitie Centro Especial de Empleo S.L.	Spain	Ordinary	100%
Mitie Cleaning & Environmental Services Limited	United Kingdom	Ordinary	100%
Mitie Cleaning Services Limited	United Kingdom	Ordinary (all classes)	100%
Mitie Client Services Limited	United Kingdom	Ordinary (all classes)	100%
Mitie Company Secretarial Services Limited[1]	United Kingdom	Ordinary	100%
Mitie Compliance Ltd (in liquidation)	United Kingdom	Ordinary (all classes)	100%

Notes (continued)

9 Investment in subsidiaries (continued)

Company	**Country of incorporation**	**Class of shares held**	**Proportion of nominal value of class**
Mitie Deutschland GmbH[1]	Germany	Ordinary	100%
Mitie Document Solutions Limited (in liquidation)	United Kingdom	Ordinary (all classes)	100%
Mitie Dormant (No.1) Limited	United Kingdom	Ordinary (all classes)	100%
Mitie Dormant (No.2) Limited[1]	United Kingdom	Ordinary (all classes)	100%
Mitie Engineering Limited (in liquidation)	United Kingdom	A Ordinary	100%
Mitie Engineering Services (Bristol) Limited	United Kingdom	Ordinary	100%
Mitie Engineering Services (Guernsey) Limited	Guernsey	Ordinary	100%
Mitie Engineering Services (Jersey) Limited	Jersey	Ordinary	100%
Mitie Engineering Services (Northern Region) Limited	United Kingdom	Ordinary (all classes)	100%
Mitie Engineering Services (Wales) Limited	United Kingdom	Ordinary	100%
Mitie Engineering Services Limited (in liquidation)	United Kingdom	Ordinary	100%
Mitie Environmental Services Limited	United Kingdom	Ordinary	100%
Mitie Events & Leisure Services Limited (in liquidation)	United Kingdom	Ordinary-A	100%
Mitie Facilities Management Limited	Ireland	Ordinary-A, ordinary-B1, ordinary-B20 to -B32	100%
		Ordinary-B2 to -B19	50%
Mitie Facilities Services S.A.	Spain	Ordinary	100%
Mitie Fire Services Limited (in liquidation)	United Kingdom	Ordinary	100%
Mitie FM Limited	United Kingdom	Ordinary	100%
Mitie France SAS[1]	France	Ordinary	100%
Mitie FS (UK) Limited	United Kingdom	Ordinary	100%
Mitie Group Pension Scheme Trustee Company Limited[1]	United Kingdom	Ordinary	100%
Mitie Holdings Limited[1]	United Kingdom	Ordinary	100%
Mitie Hospital Services Limited (in liquidation)	United Kingdom	Ordinary	100%
Mitie Infrastructure Limited	United Kingdom	A Ordinary	100%
		B Ordinary	95%
Mitie Integra Baleares S.L. (formerly Mitie España S.L.)	Spain	Ordinary	100%
Mitie Integra Canarias S.L.	Spain	Ordinary	100%
Mitie Integra S.L.	Spain	Ordinary	100%
Mitie Integrated Facilities Management Limited (in liquidation)	United Kingdom	Ordinary (all classes), deferred	100%
Mitie Integrated Services Limited	United Kingdom	Ordinary	100%
Mitie International Limited[1]	United Kingdom	Ordinary	100%
Mitie Investments Limited[1]	United Kingdom	Ordinary	100%
Mitie Justice Limited (in liquidation)	United Kingdom	Ordinary	100%
Mitie Landscapes Limited	United Kingdom	Ordinary (all classes)	100%
Mitie Limited	United Kingdom	Ordinary	100%
Mitie Local Services Limited (in liquidation)	United Kingdom	Ordinary (all classes)	100%
Mitie Managed Services Limited	United Kingdom	Ordinary, deferred	100%
Mitie Nederland B.V.[1]	Netherlands	Ordinary	100%
Mitie NI Limited	United Kingdom	Ordinary	100%
Mitie PFI Limited	United Kingdom	Ordinary (all classes)	100%
Mitie Project Services Limited	United Kingdom	Ordinary	100%
Mitie Resources Limited (in liquidation)	United Kingdom	Ordinary	100%
Mitie Schweiz GmbH[1]	Switzerland	Ordinary	100%
Mitie Scotgate Limited (in liquidation)	United Kingdom	Ordinary	100%
Mitie Security (Fire & Electronics) Limited	United Kingdom	Ordinary	100%

Notes (continued)

9 Investment in subsidiaries (continued)

Company	**Country of incorporation**	**Class of shares held**	**Proportion of nominal value of class**
Mitie Security (First) Limited	United Kingdom	Ordinary, deferred (all classes)	100%
Mitie Security (Knightsbridge) Limited	United Kingdom	Ordinary	100%
Mitie Security (London) Limited (in liquidation)	United Kingdom	Ordinary	100%
Mitie Security Holdings Limited	United Kingdom	Ordinary (all classes)	100%
Mitie Security Limited	United Kingdom	Ordinary	100%
Mitie Security Services Limited	United Kingdom	Ordinary	100%
Mitie Services (Retail) Limited	United Kingdom	Ordinary (all classes)	100%
Mitie Shared Services Limited[1]	United Kingdom	Ordinary	100%
Mitie Specialist Services (Holdings) Limited	United Kingdom	Ordinary	100%
Mitie Suomi Oy[1]	Finland	Ordinary	100%
Mitie T S 2 Limited	United Kingdom	Ordinary-B	100%
Mitie Technical Facilities Management Holdings Limited[1]	United Kingdom	Ordinary	100%
Mitie Technical Facilities Management Limited	United Kingdom	Ordinary (all classes)	100%
Mitie Technical Services Limited	United Kingdom	Ordinary	100%
Mitie Telecoms Assets Limited (formerly Jistics Limited)	United Kingdom	Ordinary	100%
Mitie Telecoms Limited (formerly Dael Telecom Ltd)	United Kingdom	Ordinary	100%
Mitie Telecoms Towers Limited (formerly J B Towers Limited)	United Kingdom	Ordinary	100%
Mitie Telecoms Ventures Limited (formerly Dael Ventures Limited)	United Kingdom	Ordinary	100%
Mitie Transport Services Limited	United Kingdom	Ordinary (all classes)	100%
Mitie Trustee Limited[1]	United Kingdom	Ordinary	100%
Mitie Waste & Environmental Services Limited	United Kingdom	Ordinary-A	100%
		Ordinary-B	1%
Mitie Work Wise Limited (in liquidation)	United Kingdom	Ordinary (all classes)	100%
Mitiefm (Holdings) Limited[1]	United Kingdom	Ordinary	100%
Mitiefm Services Limited	United Kingdom	Redeemable ordinary, deferred, ordinary	100%
Parkersell Limited	United Kingdom	Ordinary	100%
Phoenix Fire Services Limited	United Kingdom	Ordinary	100%
Phonotas Services Limited (in liquidation)	United Kingdom	Ordinary	100%
Procius Limited	United Kingdom	Ordinary (all classes)	100%
R & D Holdings Limited	United Kingdom	Ordinary	100%
Ramoneur Cleaning and Support Services Limited (in liquidation)	United Kingdom	Ordinary	100%
Retail Cleaning Services Limited (in liquidation)	United Kingdom	A, B	100%
Robert Prettie & Co Limited	United Kingdom	Ordinary	100%
Rock Power Connections Ltd	United Kingdom	Ordinary (all classes)	100%
Source Eight Limited	United Kingdom	Ordinary	100%
		Ordinary-A, ordinary-B	51%
Source8 Africa Limited	United Kingdom	Ordinary (all classes)	100%
Source8 Delivery (Nigeria) Limited	Nigeria	Ordinary	100%
SSD UK Limited	United Kingdom	Ordinary	100%
Tass (Europe) Limited (in liquidation)	United Kingdom	Ordinary	100%
Translimp Contract Services S.A.	Spain	Ordinary	100%
UK CRBS Limited	United Kingdom	Ordinary (all classes)	100%
Unique Cleaning Services Limited	United Kingdom	Ordinary	100%
Utilyx Asset Management Limited	United Kingdom	Ordinary	100%
Utilyx Asset Management Projects Limited	United Kingdom	Ordinary	100%

Notes (continued)

9 Investment in subsidiaries (continued)

Company	**Country of incorporation**	**Class of shares held**	**Proportion of nominal value of class**
Utilyx Broking Limited	United Kingdom	Ordinary	100%
Utilyx Healthcare Energy Services Limited	United Kingdom	Ordinary	100%
Utilyx Holdings Limited	United Kingdom	Ordinary	100%
Utilyx Limited	United Kingdom	Ordinary	100%
Vision Security Group Limited[1]	United Kingdom	Ordinary	100%
Vision Security Group Systems Limited	United Kingdom	Ordinary	100%
VSG Payroll Services Limited (in liquidation)	United Kingdom	Ordinary	100%
VSG Staff Hire Limited (in liquidation)	United Kingdom	Ordinary	100%
VSG Systems Direct Limited (in liquidation)	United Kingdom	Ordinary	100%
Waveambda Limited	United Kingdom	Ordinary	100%
Wealthy Thoughts Limited	United Kingdom	Ordinary	100%

Note:
1. Held directly by the Company.

The registered office of all undertakings is Level 12, The Shard, 32 London Bridge Street, London, SE1 9SG, with the exception of those that are in liquidation, the registered office of which is 30 Finsbury Square, London, EC2A 1AG, and the following.

Company	**Registered office address**
Hi-Tech Cleaning Solutions Limited (in liquidation)	10 Fleet Place, London, EC4M 7QS
Interserve Saudi Arabia LLC (in liquidation)	PO Box 26982, Riyadh, 11595, Kingdom of Saudi Arabia
Mitie Belgium BV	Regus Brussels South Station, Marcel Broodthaersplein 8 (box 5), 1060 Brussels (Sint-Gillis), Belgium
Mitie Belgium Security BV	Regus Brussels South Station, Marcel Broodthaersplein 8 (box 5), 1060 Brussels (Sint-Gillis), Belgium
Mitie Centro Especial De Empleo S.L.	Calle San Miguel 25, Bajo 1, Azuqueca de Henares, 19200, Guadalajara, Spain
Mitie Deutschland GmbH	c/o Pinsent Masons Germany LLP, OTTOSTR. 21, 80333, Munich, Germany
Mitie Engineering Services (Guernsey) Limited	c/o MPR Private Clients Limited, PO Box 119, Martello Court, Admiral Park, St Peter Port, GY1 3HB, Guernsey
Mitie Engineering Services (Jersey) Limited	IFC 5, St Helier, JE1 1ST, Jersey
Mitie Facilities Management Limited	108 Q House, Furze Road, Sandyford, Dublin 18, Ireland
Mitie Facilities Services S.A.	Calle Juan Ignacio Luca de Tena, 8, 28027, Madrid, Spain
Mitie France SAS	259 rue St Honore, 75001, Paris, France
Mitie Integra Baleares S.L. (formerly Mitie España S.L.)	C/Cala Blanca, número 15, Polígono Son Fuster, 07009, Palma, Spain
Mitie Integra Canarias S.L.	c/o Luciano Ramos Diaz, 1, Local 2 Despacho 4 - S Cristobal Laguna, 38202, San Cristobal de la Laguna, Tenerife, Spain
Mitie Integra S.L.	Carretera Santa Creu do Calafell 81, Gava, 08850, Barcelona, Spain
Mitie Nederland B.V.	Javastraat 12, Rotterdam, Netherlands
Mitie NI Limited	Mitec Operations Centre, Unit 9B, First Floor, Silverwood Business Park, Silverwood Rd, Lurgan, Craigavon, Northern Ireland, BT66 6SY, United Kingdom
Mitie Schweiz GmbH	Brandschenkestrasse 90, CH-8027, Zurich, Switzerland
Mitie Suomi Oy	c/o Ov Visma Services Infocon Ab, Pormestarinrine 8, 00160 Helsinki, Finland
Source8 Delivery (Nigeria) Limited	235 Ikorodu Road, Ilupeju, Lagos, Nigeria
Translimp Contract Services S.A.	Calle Juan Ignacio Luca de Tena, 8, 28027, Madrid, Spain

Notes (continued)

10 Trade and other receivables

	2022	2021
	£000	£000
Amounts owed by Group undertakings	**940,897**	891,268
Interest receivable	**52**	2
Prepayments	**409**	-
Other receivables	**598**	277
Total	**941,956**	891,547

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.

Included within amounts owed by Group undertakings above is £918,815,000 (2021: £859,895,000, as restated) relating to interest-bearing loans at between 3% to 5% per annum (2021: 4% to 5% per annum) and £16,198,000 (2021: £13,259,000, as restated) relating to interest-free loans.

11 Trade and other payables

	2022	2021
	£000	£000
Bank loans and overdrafts[1]	**7,160**	6,564
Private placement notes (see Note 14)	**171,018**	165,354
Trade payables	**209**	-
Amounts owed to Group undertakings	**987,785**	799,844
Accruals	**592**	469
Interest payable	**2,815**	3,405
Total	**1,169,579**	975,636
Current	**1,132,419**	803,718
Non-current	**37,160**	171,918

Note:
1. The Company is part of the Group's cash pooling arrangements with certain banks for cash arrangement purposes.

Amounts owed to Group undertakings are repayable on demand.

Included within amounts owed to Group undertakings above is £858,309,000 (2021: £642,988,000, as restated) relating to interest-bearing loans at 5% per annum (2021: 5% per annum) and £44,617,000 (2021: £61,294,000, as restated) relating to interest-free loans.

Notes (continued)

12 Deferred tax assets

Deferred tax assets are attributable to the following:

	2022	2021
	£000	£000
Retirement benefit liabilities	**1,380**	8,287
Short-term timing differences	**301**	-
	1,681	8,287

Movements in deferred tax were as follows.

	1 April 2021	**Recognised in income**	**Recognised in equity**	**31 March 2022**
	£000	**£000**	**£000**	**£000**
Retirement benefit liabilities	8,287	(2,446)	(4,461)	**1,380**
Short-term timing differences	-	-	301	**301**
	8,287	(2,446)	(4,160)	**1,681**

	1 April 2020	Recognised in income	Recognised in equity	31 March 2021
	£000	£000	£000	£000
Retirement benefit liabilities	9,330	(2,068)	1,025	8,287
	9,330	(2,068)	1,025	8,287

Deferred tax has been calculated using tax rates that were substantively enacted at the balance sheet date (see Note 8).

Notes (continued)

13 Retirement benefit schemes

Defined benefit schemes

The Company operates the Mitie Group plc Pension Scheme (Group scheme), which provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their final pensionable pay.

The scheme closed to new members in 2006, with new employees able to join one of the defined contribution schemes.

Pensions in payment are generally increased in line with RPI inflation, subject to certain caps and floors. Benefits are payable on death and other events such as withdrawal from active service.

The Group scheme is operated under the UK regulatory framework. Benefits are paid to members from the trust-administered fund, where the Trustee is responsible for ensuring that the scheme is sufficiently funded to meet current and future benefit payments. Plan assets are held in trust and are governed by pension legislation. If investment experience is worse than expected or the actuarial assessment of the scheme's liabilities increases, the Company's net financial obligations to the scheme rise.

The nature of the relationship between the Company and the Trustee is also governed by regulations and practice. The Trustee must agree a funding plan with the sponsoring company such that any funding shortfall is expected to be met by additional contributions and investment outperformance. In order to assess the level of contributions required, triennial valuations are carried out with the scheme's obligations measured using prudent assumptions (which are determined by the Trustee with advice from the scheme actuary).

The Trustee's other duties include managing the investment of the scheme's assets, administration of plan benefits and exercising of discretionary powers. The Company works closely with the Trustee to manage the scheme.

The latest funding valuation as at 31 March 2020 indicated an actuarial deficit of £92,100,000. As a result, the Company has agreed a deficit recovery plan with the trustees totalling £92,800,000 over seven years, which should eliminate the deficit if the funding assumptions materialise in practice. In this regard, £21,500,000 has been paid to 31 March 2022, which includes £10,900,000 paid during the year ended 31 March 2022.

The Company made contributions to the Group scheme of £11,965,000 in the year (2021: £11,542,000). The Company expects to make contributions of around a similar value for the year ending 31 March 2023. The duration, or average term to payment for the benefits due, weighted by liability, is around 20 years for the Group scheme.

Notes (continued)

13 Retirement benefit schemes (continued)

Risks and risk management

The Group scheme, in common with the majority of UK plans, has a number of risks. These areas of risk and the ways in which the Company has sought to manage them, are set out below.

The risks are considered from both a funding perspective, which drives the cash commitments of the Company, and from an accounting perspective, i.e. the extent to which such risks affect the amounts recorded in the Company's financial statements:

Risk	Description
Asset volatility	The funding liabilities are calculated using a discount rate set with reference to government bond yields, with allowance for additional return to be generated from the investment portfolio. The defined benefit obligation for accounting is calculated using a discount rate set with reference to corporate bond yields. The Group scheme holds a large proportion of its assets (43%) in equities and other return-seeking assets (principally diversified growth funds (DGFs), property and commodities). The returns on such assets tend to be volatile and are not correlated to government bonds. This means that the funding level has the potential to be volatile in the short term, potentially resulting in short-term cash requirements, or alternative security offers, which are acceptable to the Trustee, and an increase in the net defined benefit liability recorded on the Company's balance sheet. Equities and DGFs are considered to offer the best returns over the long term with an acceptable level of risk and hence the scheme holds a significant proportion of these types of asset. However, the scheme's assets are well-diversified by investing in a range of asset classes, including property, commodities, government bonds and corporate bonds. The Group scheme holds 10% of its assets in DGFs which seek to maintain high levels of return whilst achieving lower volatility than direct equity funds. The allocation to return seeking assets is monitored to ensure it remains appropriate given the scheme's long-term objectives. The investment in bonds is discussed further below.
Changes in bond yields	Falling bond yields tend to increase the funding and accounting obligations. However, the investment in corporate and government bonds offers a degree of matching, i.e. the movement in assets arising from changes in bond yields partially matches the movement in the funding or accounting obligations. In this way, the exposure to movements in bond yields is reduced.
Inflation risk	The majority of the Group scheme's benefit obligations are linked to inflation. Higher inflation will lead to higher liabilities (although caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the Group scheme's assets are either unaffected by inflation (fixed interest bonds) or loosely correlated with inflation (equities), meaning that an increase in inflation will also increase the deficit.
Life expectancy	The majority of the Group scheme's obligations are to provide a pension for the life of the member, so increases in life expectancy will result in an increase in the obligations.

Notes (continued)

13 Retirement benefit schemes (continued)

Areas of risk management

Although investment decisions in the Group scheme are the responsibility of the Trustee, the Company takes an active interest to ensure that pension plan risks are managed efficiently. The Company and Trustee have agreed a long-term strategy for reducing investment risk where appropriate.

Certain benefits payable on death before retirement are insured.

Key assumptions used for IAS 19 valuation:

	2022	2021
	%	%
Discount rate	**2.75**	2.10
Expected rate of pensionable pay increases	**3.60**	2.50
Retail price inflation	**3.60**	3.25
Consumer price inflation	**2.85**	2.50
Future pension increases	**3.60**	3.25

	2022	2021
	Years	Years
Male currently aged 65	**87.6**	87.6
Female currently aged 65	**89.0**	88.9
Male aged 65 in 20 years time	**88.7**	88.6
Female aged 65 in 20 years time	**90.2**	90.1

Sensitivity of defined benefit obligations to key assumptions
The sensitivity of defined benefit obligations to changes in principal actuarial assumptions is shown below

Change in assumption:	**2022**	2021
	Increase/ (decrease)	Increase/ (decrease)
	£000	£000
0.1% increase in discount rate	**(4,300)**	(4,900)
0.1% increase in RPI inflation*	**3,200**	4,800
0.1% increase in CPI inflation (excluding pay)	**1,400**	1,600
1 year increase in life expectancy	**9,300**	11,200

* Including other inflation-linked assumptions (CPI inflation, pension increases, salary growth).

Notes (continued)

13 Retirement benefit schemes (continued)

Amounts recognised in the financial statements
Amounts recognised in the income statement are as follows.

	2022	2021
	£000	£000
Current service cost	**(220)**	(234)
Past service cost	**-**	(163)
Net interest cost	**(748)**	(942)
Administrative expense	**(304)**	(804)
Recognised in profit/(loss) before tax	**(1,272)**	(2,143)

Amounts recognised in the statement of comprehensive income/(expense) are as follows.

	2022	2021
	£000	£000
Actuarial gains/(losses) arising due to changes in financial assumptions	**20,082**	(34,939)
Actuarial (losses)/gains arising from liability experience	**(1,756)**	9,378
Actuarial (losses)/gains due to changes in demographic assumptions	**(1,296)**	4,113
Return on scheme assets, excluding interest income	**6,450**	16,055
Recognised in other comprehensive income/(expense) before tax	**23,480**	(5,393)

The amounts included in the balance sheet are as follows.

	2022	2022
	£000	£000
Fair value of scheme assets	**231,044**	215,273
Present value of defined benefit obligations	**(238,305)**	(256,707)
Net pension liability	**(7,261)**	(41,434)

Movements in the present value of defined benefit obligations in the period were as follows.

	£000	£000
At 1 April 2021/2020	**256,707**	236,432
Current service cost	**220**	234
Past service cost	**-**	163
Interest cost	**5,322**	5,483
Actuarial (gains)/losses arising due to changes in financial assumptions	**(20,082)**	34,939
Actuarial losses/(gains) arising from experience	**1,756**	(9,378)
Actuarial losses/(gains) due to changes in demographic assumptions	**1,296**	(4,113)
Contributions from scheme members	**20**	26
Benefits paid	**(6,934)**	(7,079)
At 31 March 2022/2021	**238,305**	256,707

Notes (continued)

13 Retirement benefit schemes (continued)

Movements in the fair value of scheme assets were as follows.

	£000	£000
At 1 April 2021/2020	**215,273**	190,992
Administrative expense	**(304)**	(804)
Interest income	**4,574**	4,541
Actuarial gains on assets	**6,450**	16,055
Contributions from sponsoring companies	**11,965**	11,542
Contributions from scheme members	**20**	26
Benefits paid	**(6,934)**	(7,079)
At 31 March 2022/2021	**231,044**	215,273

Fair values of the assets held by the schemes were as follows.

	2022 £000	2021 £000
Equity instruments	**64,274**	68,150
Government bonds	**82,233**	54,229
Corporate bonds	**18,226**	28,689
Property	**9,394**	16,651
Commodities	**3,817**	-
Diversified growth fund	**22,976**	43,856
Cash	**30,124**	3,698
Total	**231,044**	215,273

Notes (continued)

14 Financial instruments

Classification

The Company's principal financial assets are trade and other receivables and derivative financial instruments. The derivative financial instruments are held at fair value through profit and loss (FVTPL) and trade and other receivables are held at amortised cost.

The Company's principal financial liabilities are trade and other payables and financing liabilities. With the exception of derivative financial instruments, all financial liabilities are held and measured at amortised cost.

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the basis for recognition of income and expense) for each class of financial asset, financial liability and equity instrument are disclosed in Note 1.

Derivative financial instruments are measured at fair value.

Fair value measurements are classified into three levels, depending on the degree to which the fair value is observable:

Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities;
Level 2 fair value measurements are those derived from other observable inputs for the asset or liability; and
Level 3 fair value measurements are those derived from valuation techniques using inputs that are not based on observable market data.

The Directors consider that the Company's derivative financial instruments fall into Level 2. There were no transfers between levels during the year. Fair values of these instruments are calculated based on a discounted cash flow analysis using appropriate market information for the duration of the instruments. All contracts are gross settled.

Private placement notes

Following the issue on 16 December 2010 of US$96.0m and £40.0m of private placement (PP) notes in the United States Private Placement market, on 13 December 2012, the Company issued a further US$153.0m and £55.0m of PP notes. The PP notes are unsecured and rank pari passu with other senior unsecured indebtedness of the Company. In order to manage the risk of foreign currency fluctuations and to manage the Company's finance costs through a mix of fixed and variable rate debt, the Company has entered into cross-currency interest rate swaps. The swap contracts have the same duration and other critical terms as the borrowings and are considered to be highly effective. The amount, maturity and interest terms of the PP notes are as shown below.

Tranche	Maturity date	Amount	Interest terms	Swap interest
10 year	16 December 2022	US$76.0m	US$ fixed at 3.85%	£ fixed at 4.02%
10 year	16 December 2022	US$77.0m	US$ fixed at 3.85%	£ fixed at 4.02%
10 year	16 December 2022	£25.0m	£ fixed at 3.87%	n/a
12 year	16 December 2024	£30.0m	£ fixed at 4.00%	n/a

The weighted average interest rates paid during the year on the external overdrafts and loans outstanding were as follows:

	2022	2021
	%	%
Overdrafts	**2.4**	1.3
Bank loans	**2.4**	1.3
Private placement notes	**4.0**	4.0

Risk management objectives

The Company's treasury function monitors and manages the financial risks relating to the operations of the Company. These risks include those arising from interest rates, foreign currencies, liquidity, credit and capital management. The Company seeks to minimise the effects of these risks by using effective control measures and, where appropriate, derivative financial instruments to hedge certain risk exposures. The use of financial derivatives is governed by Company policies and reviewed regularly. Company policy is to not trade in financial instruments. The risk management policies remain unchanged from the previous year.

Notes (continued)

14 Financial instruments (continued)

Interest rate risk
The Company's activities expose it to the financial risks of interest rates. The Company's treasury function reviews its risk management strategy on a regular basis and will appropriately, enter into derivative financial instruments in order to manage interest rate risk.

Interest rate sensitivity
The interest rate sensitivity has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance sheet date. All financial liabilities, other than financing liabilities, are interest free.

If underlying interest rates had been 0.5% higher/lower and all other variables were held constant, the Company's profit after tax for the year ended 31 March 2022 and equity would decrease/increase by £0.1m (2021: £0.2m).

Foreign currency risk
The Company has limited exposure to transactional foreign currency risk from trading transactions in currencies other than the functional currency. The Company considers the need to hedge its exposures as appropriate and will enter into forward foreign exchange contracts to mitigate any significant risks.

In addition, the Company has fully hedged the US dollar exposure on its private placement notes into sterling using cross-currency interest rate swaps (see Hedging activities below).

Included in bank loans were £8.5m (2021: £8.6m) of loans denominated in foreign currency.

Liquidity risk
The Company monitors its liquidity risk using a cash flow projection model which considers the maturity of the Company's assets and liabilities and the projected cash flows from operations. Bank loans under committed facilities, which allow for appropriate headroom in the Company's daily cash movements, are then arranged.

The tables below summarise the maturity profile (including both un-discounted interest and principal cash flows) of the Company's external financing liabilities excluding bank overdrafts.

	Within one year £000	**In the second to fifth years £000**	**After five years £000**	**Total £000**
Financial liabilities at 31 March 2022				
Private placement notes	**146,211**	**32,121**	**-**	**178,332**
Bank loans	**9,553**	**2,681**	**-**	**12,234**
Financial liabilities[1]	**155,764**	**34,802**	**-**	**190,566**

	Within one year £000	In the second to fifth years £000	After five years £000	Total £000
Financial liabilities at 31 March 2021				
Private placement notes	6,077	172,916	-	178,993
Bank loans	11,424	2,026	-	13,450
Financial liabilities[1]	17,501	174,942	-	192,443

Note:
1. Financing liabilities maturity profile is exclusive of the £19,597,000 (2021: £14,640,000) derivative asset which would naturally offset the settlement value of maturing private placement notes in financial liabilities.

Credit risk
The Company's credit risk is monitored on an ongoing basis. The value of business placed with financial institutions is reviewed on a daily basis.

The Company's credit risk on liquid funds and derivative financial instruments is limited because the external counterparties are banks with high credit ratings assigned by international credit rating agencies and are managed through regular review.

Notes (continued)

14 Financial instruments (continued)

Capital management risk

The Company manages its capital to ensure that entities in the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity. The Company is not subject to externally imposed regulatory capital requirements.

Hedging activities

Cash flow hedges

The Company holds a number of cross-currency interest rate swaps designated as cash flow hedges on US$153m of PP notes. Biannual fixed interest cash flows denominated in US dollars arising over the periods to December 2022 from the US Private Placement market are exchanged for fixed interest cash flows denominated in sterling. All cash flow hedges were assessed as being highly effective as at 31 March 2022.

Derivative financial instruments

The carrying values of derivative financial instruments at the balance sheet date were as follows:

	Assets 2022 £000	Assets 2021 £000
Derivative financial instruments hedging private placement notes[1]	**19,597**	14,640
Total	**19,597**	14,640
Current assets	**19,597**	-
Non-current assets	**-**	14,640
Total	**19,597**	14,640

Note:
1. Derivative financial instruments hedging private placement notes comprise cross-currency interest rate swaps designated as cash flow hedges.

Notes (continued)

15 Equity

Share capital	2022 Number	2021 Number	2022 £000	2021 £000
Ordinary shares of £1 each	**554,034,025**	554,034,000	**554,034**	554,034
	554,034,025	554,034,000	**554,034**	554,034

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.

Share premium
Share premium represents the premium arising on the issue of equity shares.

Hedging and translation reserve

The hedging and translation reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Retained earnings/(losses)
This comprises the retained earnings and losses of the Company, less amounts distributed to the Company's shareholder.

16 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.

17 Subsequent events

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

18 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Mitie Group plc which is the immediate parent company incorporated in the United Kingdom. The ultimate controlling party is Mitie Group plc, a company incorporated in the United Kingdom 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.