

Mitie Investments Limited

Annual Report and Financial Statements

Registered number 07650472

31 March 2016



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Company information

Directors

N Beswick
G Bonthron

Secretary

Mitie Company Secretarial Services Limited

Registered office

1 Harlequin Office Park
Fieldfare
Emersons Green
Bristol
BS16 7FN

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

Strategic report

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

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

Review of the business

The principal activity of the Company is to act as a holding company for members of the Mitie Group. There have not been any significant changes in the Company's principal activities in the year under review.

As shown in the Company's profit and loss account on page 8, the profit after tax was £3,384,000 (2015: £1,877,000). The increase in profit is principally due to an increased in the dividends received from group undertakings of £3,675,000 (2015: £2,275,000).

As shown on page 16, during the year, the remaining 49% of Creativevents Limited was acquired. In addition the investment in Savills Solar Limited was disposed of.

Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the Company's Directors do not believe further key performance indicators are necessary for an appropriate understanding of the performance and position of the Business. The performance of the Group's divisions is discussed in the Group's annual report which does not form part of this report.

Principal risks and uncertainties

The Company is part of the Mitie Group and manages its risks within the Mitie Group Risk Framework. Details of the principal risks and uncertainties are given in the Mitie Group plc annual report. The Directors have reviewed the financial risk management objectives and policies of the Company in the light of the Group Risk Framework.

Future developments

The directors expect the general level of activity to remain the same in the forthcoming year.

Post balance sheet events

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

Approved by the Board and signed on its behalf by:



G Bonthron
Director

19 August 2016

Directors' report

The Directors present the annual report and audited financial statements of Mitie Investments Limited ('the Company') for the year ended 31 March 2016.

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

Going concern

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

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

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

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

Directors

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

Director	Date of appointment	Date of resignation
S C Baxter		29/10/2015
N Beswick	29/10/2015	
G Bonthron	29/10/2015	
R McGregor-Smith		29/10/2015

Dividends

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

	2016	2015
	£	£
Ordinary	1.99	2.08

Directors' report *(continued)*

Environment

The Group endeavours to identify, monitor and manage the impact of their activities on the environment and is fully committed to environmental accountability and protection. The Company operates in accordance with Group policies which are described in the Group's annual and sustainability reports which do not form part of this report.

Political contributions

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

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he/ she ought to have taken as a Director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given, and should be interpreted in accordance with Section 418 of the Companies Act 2006.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 2.

Auditor

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

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

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the Board



G Bonthron
Director

1 Harlequin Office Park
Fieldfare
Emersons Green
BS16 7FN

19 August 2016

Independent auditor's report to the members of Mitie Investments Limited

We have audited the financial statements of Mitie Investments Limited for the year ended 31 March 2016 which comprise the Profit and loss account, the Balance sheet, the Statement of changes in equity and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of directors' responsibilities in respect of the annual report and the financial statements, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

A handwritten signature in black ink, appearing to be 'J. Charlton', written in a cursive style.

John Charlton (Senior Statutory Auditor)
for and on behalf of Deloitte LLP,
Chartered Accountants and Statutory Auditor
London
United Kingdom

19 August 2016

Profit and loss account

	<i>Note</i>	2016 £000	2015 £000
Administrative expenses		(6)	(6)
Other operating income		256	-
Operating profit/(loss)	3	250	(6)
Income from shares in group undertakings		3,675	2,275
Interest payable and similar charges	6	(678)	(498)
Profit on ordinary activities before taxation		3,247	1,771
Tax on profit on ordinary activities	7	137	106
Profit for the financial year		3,384	1,877

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

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

Balance sheet

	<i>Note</i>	2016 £000	Restated 2015 £000
Fixed assets			
Investments	8	31,094	24,868
		<u>31,094</u>	<u>24,868</u>
Current assets			
Debtors	9	74	56
Creditors: amounts falling due within one year	10	(16,046)	(12,924)
Net current liabilities		<u>(15,972)</u>	<u>(12,868)</u>
Total assets less current liabilities		15,122	12,000
Creditors: amounts falling due after more than one year	11	<u>(2,488)</u>	<u>(575)</u>
Net assets		<u>12,634</u>	<u>11,425</u>
Capital and reserves			
Called up share capital	12	1,094	1,094
Share premium account	12	9,846	9,846
Profit and loss account		<u>1,694</u>	<u>485</u>
Shareholders' funds		<u>12,634</u>	<u>11,425</u>

These financial statements of Mitie Investments Limited, company number 07650472, were approved by the board of Directors on 19 August 2016 and were signed on its behalf by:



G Bonthron
Director

Statement of changes in equity

	Called up Share capital £000	Share Premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2014	1,094	9,846	883	11,823
Total comprehensive income for the year				
Profit	-	-	1,877	1,877
Total comprehensive income for the year	-	-	1,877	1,877
Transactions with owners, recorded directly in equity				
Dividends	-	-	(2,275)	(2,275)
Total contributions by and distributions to owners	-	-	(2,275)	(2,275)
Balance at 31 March 2015	1,094	9,846	485	11,425

Statement of changes in equity *(continued)*

	Called up share capital £000	Share Premium Account £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2015	1,094	9,846	485	11,425
Total comprehensive income for the year				
Profit	-	-	3,384	3,384
Total comprehensive income for the year	-	-	3,384	3,384
Transactions with owners, recorded directly in equity				
Dividends	-	-	(2,175)	(2,175)
Total contributions by and distributions to owners	-	-	(2,175)	(2,175)
Balance at 31 March 2016	1,094	9,846	1,694	12,634

Notes

1 Accounting policies

Mitie Investments Limited (the "Company") is incorporated in England and Wales and domiciled in the UK.

These financial statements present information about the Company as an individual undertaking and not about its group. The Company's ultimate parent undertaking, Mitie Group plc includes the Company in its consolidated financial statements. The consolidated financial statements of Mitie Group plc, which are prepared in accordance with International Financial Reporting Standards, are available to the public and may be obtained from www.mitie.com.

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

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2013/14 Cycle) issued in July 2014 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has adopted FRS 101 for the first time. In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position and financial performance of the Company is provided in note 14.

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

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;

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

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

The financial statements are prepared on the historical cost basis.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment.

Financial Liabilities

Financial liabilities comprise trade payables, financing liabilities, including bank and other borrowings and deferred payment for non-controlling interest. These are measured at initial recognition at fair value and subsequently at amortised cost with the exception of derivative financial instruments which are measured at fair value, and deferred payment for non-controlling interest which is measured at the Directors' best estimate of the likely future obligation.

Notes (continued)

1 Accounting policies (continued)

Classification of financial instruments issued by the Company

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes a party to the contractual provisions of the instrument. The company derecognises financial assets and liabilities only when the contractual rights and obligations are transferred, discharged or expire.

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

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

Financial assets comprise loans and receivables and are measured at initial recognition at fair value and subsequently at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised where there is objective evidence that the asset is impaired. Cash and cash equivalents comprise cash in hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based upon tax rates and legislation that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when: there is a legally enforceable right to set off current tax assets against current tax liabilities; when they relate to income taxes levied by the same taxation authority; and the Company intends to settle its current tax assets and liabilities on a net basis

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.

Notes *(continued)*

2 Accounting estimates and judgements

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying value of those assets and liabilities. These estimates and judgements are based on historical experience and other factors considered relevant by the Directors of the company. The Directors do not consider there to be any critical accounting judgements in applying the Company's accounting policies.

3 Expenses and auditor's remuneration

Auditor's remuneration:

	2016	2015
	£000	£000
Audit fees paid by Mitie Group plc and not recharged	3	6

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 parent, Mitie Group plc.

4 Staff numbers and costs

Mitie Investments Limited had no employees in the year ended 31 March 2016 (2015: nil).

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
S C Baxter	Mitie Group plc
N Beswick	Mitie Group plc
G Bonthron	Mitie Group plc
R McGregor-Smith	Mitie Group plc

Notes (continued)

6 Interest payable and similar charges

	2016 £000	2015 £000
Bank interest	678	498
Total other interest payable and similar charges	678	498

7 Taxation

	2016 £000	2015 £000
<i>Analysis of credit in the year</i>		
<i>UK corporation tax at 20% (2015: 21%)</i>		
Current tax on income for the period	(137)	(106)
Total current tax	(137)	(106)
Tax on profit on ordinary activities	(137)	(106)

	2016 £000	2015 £000
<i>Reconciliation of effective tax rate</i>		
Profit for the year	3,384	1,877
Total tax credit	(137)	(106)
Profit excluding taxation	3,247	1,771
Tax using the UK corporation tax rate of 20% (2015: 21%)	649	372
Expenses not deductible for tax purposes	(51)	-
Non-taxable income from shares in group undertakings	(735)	(478)
Total tax income	(137)	(106)

The main rate of corporation tax will remain at 20% until 1 April 2017 when it will reduce to 19%, remaining at this level until a further reduction to 18% from 1 April 2020.

Notes (continued)

8 Investments

	Restated Total £000
Cost	
At beginning of year	24,868
Additions	6,636
Disposals	(410)
At end of year	<u>31,094</u>
Provisions	
At beginning of year	-
At end of year	<u>-</u>
Net book value	
At 31 March 2016	<u><u>31,094</u></u>
At 31 March 2015	<u><u>24,868</u></u>

The investments balance at 31 March 2016 represented interests in the following companies:

	Country of Incorporation	Class of shares held	Ownership 2016	2015
Creativevents Limited	England and Wales	Ordinary	100%	51%
Com:pact Community Services Holdings Limited	England and Wales	Ordinary	50%	50%
Mitie Business Services UK Limited	England and Wales	A Ordinary	100%	100%
Mitie Catering Services Limited	England and Wales	E Ordinary	100%	100%
Mitie Events & Leisure Services Limited	England and Wales	A Ordinary	100%	100%
Mitie Facilities Management Limited	Ireland	A Ordinary	100%	100%
Mitie Facilities Management Limited	Ireland	B Ordinary	100%	100%
Mitie Local Services Limited	England and Wales	A Ordinary	100%	100%
Mitie Local Services Limited	England and Wales	B Ordinary	29%	29%
Mitie Waste & Environmental Services Limited	England and Wales	A Ordinary	100%	100%
Mitie Waste & Environmental Services Limited	England and Wales	B Ordinary	1%	1%
Mitie Work Wise Limited	England and Wales	A Ordinary	100%	100%
Source Eight Limited	England and Wales	A Ordinary	51%	51%
Source Eight Limited	England and Wales	B Ordinary	51%	51%
Source Eight Limited	England and Wales	Ordinary	100%	100%
Savills Solar Limited	England and Wales	B Ordinary	0%	100%

In the year, the Company purchased an additional 49% of the ordinary shares in Creativevents Limited to take its ownership to 100%.

Also in the year, the Company disposed of its investment in Savills Solar Limited.

Notes (continued)

9 Debtors

	2016 £000	2015 £000
Corporation tax	74	56
Total	74	56
Due within one year	74	56

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

10 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Bank loans and overdrafts	15,518	12,038
Amounts owed to group undertakings	202	51
Deferred consideration	275	834
Accruals and deferred income	51	1
Total	16,046	12,924

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

11 Creditors: amounts falling due after more than one year

	2016 £000	Restated 2015 £000
Deferred payment for non-controlling interest	2,488	575
Total	2,488	575

The accounting for the deferred payment has been revisited in the year and as a result the prior year comparatives have been restated.

12 Capital and reserves

Share capital authorised and fully paid	2016 £000	2015 £000
Ordinary Shares		
1,094,001 Ordinary shares at £1 each	1,094	1,094

Notes (continued)

12 Capital and reserves (continued)

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 Account

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

Dividend

The following dividends were recognised during the period:

	2016 £000	2015 £000
£1.9881 (2015: £2.0795) per qualifying ordinary share	2,175	2,275
	<u>2,175</u>	<u>2,275</u>

13 Related parties

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

14 Explanation of transition to FRS 101

There were no adjustments that were required to transition Mitie Investments Limited to FRS 101.

15 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Mitie Group plc which is the immediate and ultimate parent company incorporated in Scotland. The ultimate controlling party is Mitie Group plc, a company incorporated in Scotland. 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 1 Harlequin Office Park, Fieldfare, Emersons Green, Bristol, South Gloucestershire, BS16 7FN, UK or from www.mitie.com.