Mitie Investments Limited

Annual Report and Financial Statements

Registered number 07650472

31 March 2019

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Mitie Investments Limited Annual Report and Financial Statements 31 March 2019

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Company information

Directors

G Bonthron P J G Dickinson D M Forbes M Idle

Secretary

Mitie Company Secretarial Services Limited

Registered office

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

Directors' report

The Directors present the Annual Report and Financial Statements of Mitie Investments Limited ("the Company") for the year ended 31 March 2019.

Strategic report

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

Review of the business

The principal activity of the Company is to 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 5, the Company reported turnover of £nil (2018: £nil) and a profit after tax of £10,818,000 (2018: loss after tax of £1,344,000).

Going concern

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

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

Directors

The Directors who held office during the year are:

Director	Date of appointment	Date of resignation
R J Blumberger		18/01/2019
G Bonthron		
P J G Dickinson		
D M Forbes		
M Idle	18/01/2019	

A qualifying third-party indemnity provision as defined in Section 23 of the Companies Act 2006 is in force for the benefit of each of the Mitie International Limited Directors listed above in respect of liabilities incurred as a result of their office to the extent permitted by law.

Dividends

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

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	2019	2018
	£	£
Ordinary	12.02	-

Total dividends of £13,150,000 were recognised during the period.

Principal risks and uncertainties

The Company is part of the Mitie Group and manages its risks within the Mitie Group Risk Framework. Details of the principal risks and uncertainties are given in the Mitie Group plc annual report. The Directors have reviewed the financial risk management objectives and policies of the Company in light of the Group Risk Framework and do not believe there to be any significant risks.

Directors' report (continued)

Political contributions

The Company made no political donations nor incurred any political expenditure during the year (2018: £nil).

Post balance sheet events

On 6 September 2019 the Company disposed of its investments in Mitie Catering Services Limited and Creativevents Limited.

On behalf of the Board

Ret yelm PJG Dickinson

Director

Level 12 The Shard 32 London Bridge Street SE1 9SG

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

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

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

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

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

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

Profit and loss account

	Note	2019 £000	2018 £000
Operating expenses		-	(3)
Operating loss before other items		-	(3)
Other items	2	-	(664)
Operating loss after other items	2		(667)
Dividends from subsidiaries		11,548	-
Other interest receivable and similar income	5	-	17
Interest payable and similar expenses	6	(865)	(850)
Profit/(loss) before taxation		10,683	(1,500)
Tax on profit/(loss)	7	135	156
Profit/(loss) for the financial year		10,818	(1,344)

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

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

Balance sheet

Note	2019 £000	2018 £000
Non-current assets	2000	2000
Investments in subsidiaries 8	23,943	23,668
Debtors 9	4	145
	23,947	23,813
Current assets	ŕ	
Debtors 9	10,109	372
Cash at bank and in hand	71	-
	10,180	372
Creditors: amounts falling due within one year 10	29,362)	(17,363)
Net current liabilities (19,182)	(16,991)
Total assets less current liabilities	4,765	6,822
— Net assets	4,765	6,822
=		
Capital and reserves		
Called up share capital 12	1,094	1,094
Share premium account 12	-	-
Other reserves 12	939	664
Profit and loss account 12	2,732	5,064
Shareholders' funds	4,765	6,822

The Company is entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies for the year ended 31 March 2019.

The members have not required the Company to obtain an audit of its financial statement for the year ended 31 March 2019 in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibilities for:

(a) ensuring that the Company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006; and

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

The financial statements of Mitie Investments Limited, company number 07650472, were approved by the Board of Directors and authorised for issue on 0^{ϵ_i} 02 cember 2019 and were signed on its behalf by:

P J G Dickinson

Rete Zilii

Director

Statement of changes in equity

	Called up share capital £000	Share premium account £000	Other reserves £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2017	1,094	9,846		(3,438)	7,502
Total comprehensive expense for the year Loss for the year Capital reduction	-	- (9,846)	-	(1,344) 9,846	(1,344) -
Total comprehensive expense for the year	-	(9,846)	-	8,502	(1,344)
Transactions with owners Equity settled share based payment transactions	-	-	664		664
Total transactions with owners			664	•	664
Balance at 31 March 2018	1,094		664	5,064	6,822
Balance at 1 April 2018	Called up share capital £000	Share premium account £000	Other reserves £000	Profit and loss account £000 5,064	Total equity £000 6,822
Total comprehensive income for the year	share capital £000	premium account	reserves £000	5,064	equity £000 6,822
	share capital £000	premium account	reserves £000	account £000	equity £000
Total comprehensive income for the year Profit for the year	share capital £000	premium account	reserves £000	5,064 	equity £000 6,822 ———————————————————————————————————
Total comprehensive income for the year Profit for the year Total comprehensive income for the year Transactions with owners	share capital £000	premium account	reserves £000	10,818 	equity £000 6,822 ———————————————————————————————————
Total comprehensive income for the year Profit for the year Total comprehensive income for the year Transactions with owners Dividends paid	share capital £000	premium account	reserves £000	10,818 	equity £000 6,822 10,818 10,818
Total comprehensive income for the year Profit for the year Total comprehensive income for the year Transactions with owners Dividends paid Total transactions owners Transactions with subsidiaries	share capital £000	premium account	reserves £000 664	10,818 	equity £000 6,822 10,818 10,818 (13,150) (13,150)

Notes

1 Accounting policies, judgements and estimates

a) General information

Mitie Investments Limited (the "Company") is a private company limited by shares and is incorporated in England and Wales and domiciled in the UK. The Company's registered number is 07650472. The Company's registered office is Level 12, The Shard, 32 London Bridge Street, SE1 9SG. Details of the Company's activities are set out in the Directors' Report.

The Company is exempt, by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group. The Company's ultimate parent undertaking, Mitie Group plc includes the Company in its consolidated financial statements. The consolidated financial statements of Mitie Group plc, which are prepared in accordance with International Financial Reporting Standards, are available to the public and may be obtained from www.mitie.com.

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

b) Statement of compliance with FRS101

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

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

c) Basis of preparation

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

- · A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosure in respect of related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

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

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

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

1 Accounting policies, judgements and estimates (continued)

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

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

Measurement convention

The financial statements are prepared on the historical cost basis.

d) Significant accounting policies

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.

Investments in subsidiaries

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

Dividend income

Dividend income from investments is when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Financial instruments

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

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

1 Accounting policies, judgements and estimates (continued)

Provisions for liabilities

Provisions for liabilities are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some, or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Taxation

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

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

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

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

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

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

Impairment of non-current assets

Annually the Company reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

1 Accounting policies, judgements and estimates (continued)

e) Critical accounting judgements and key sources of estimation uncertainty

Critical accounting judgements in applying the Company's accounting policies

There are no judgements that have a significant effect on the financial statements.

Key sources of estimation uncertainty are as follows:

Measurement and impairment of investments

The measurement of investments accounted for as fixed assets involves the estimation of future cash flows in the underlying businesses to determine whether the value of the investment has been impaired. The Directors have considered these cash flows and concluded that a provision for impairment is not required for the year ended 31 March 2019 (2018: £nil). The carrying value of investments is £23,943,000 (2018: £23,668,000) at the balance sheet date; see note 8.

2 Operating loss after other items

Included in operating loss are the following:

2019	2018
£000	£000
Share-based payment charge -	664

3 Staff numbers and costs

The Company had no employees in the year ended 31 March 2019 (2018: nil).

4 Directors' remuneration

No emoluments were payable to the Directors of the Company in respect of their services to the Company during the current and preceding financial years.

5 Other interest receivable and similar income

	2019 £000	2018 £000
Interest receivable and similar from Group undertakings	•	17
Total interest receivable and similar income	•	17

6 Interest payable and similar expenses

	2019 £000	2018 £000
Interest payable to Group undertakings	865	850
Total other interest payable and similar expenses	865	850
7 Taxation		
Analysis of credit in the year	2019 £000	2018 £000
UK corporation tax at 19% (2018: 19%)		
Current tax on income for the period	(128)	(11)
Adjustments in respect of prior periods	(148)	-
Total current tax	(276)	(11)
Deferred tax (see note 11)		
Origination and reversal of temporary timing differences	1	(148)
Reduction in statutory tax rate	-	3
Adjustments in respect of prior periods	140	-
Total deferred tax	141	(145)
Total tax credit	(135)	(156)
December 19 and the Conference of the Assessment	2019 £000	2018 £000
Reconciliation of effective tax rate	1000	1000
Profit/(loss) for the year	10,818	(1,344)
Total tax credit	(135)	(156)
Profit/(loss) before taxation	10,682	(1,500)
Tax using the UK corporation tax rate of 19% (2018: 19%)	2,030	(303)
Reduction in statutory tax rate on deferred tax balances	-	3
Non-taxable income from shares in Group undertakings	(2,194)	-
Expenses not deductible for tax purposes	37 (8)	144
Adjustments in respect of prior periods	<u>(8)</u>	
Total tax credit	(135)	(156)

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

8 Investments in subsidiaries

The Company has the following investments in subsidiaries, associates and jointly controlled entities:

The company has the following investments in substantially assessment and jointly assessment, as the following investments in substantially assessment and jointly assessment and jointly assessment and assessment as a second assessment and assessment and assessment as a second assessment and assessment as a second assessment as a second as a second assessment as a second as a	Shares in Group undertakings £000
Cost	
At beginning of year	28,230
Capital contributions	
At end of year	28,505
Provisions	
At beginning of year	4,562
At end of year	4,562
Net book value	
At 31 March 2018	23,668
At 31 March 2019	23,943

The investments balance at 31 March 2019 represented interests in the following companies:

	Country of	Class of shares	Ownership	
	Incorporation	held		Restated
			2019	2018 ¹
Creativevents Limited	England and Wales	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	82%	82%
Mitie Local Services Limited	England and Wales	A Ordinary	100%	100%
Mitie Local Services Limited	England and Wales	B Ordinary	29%	29%
Mitie Local Services Limited	England and Wales	C Ordinary	100%	100%
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%
Mitie Work Wise Limited	England and Wales	B Ordinary	100%	100%
Mitie Work Wise Limited	England and Wales	C 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%

Notes:

The registered office of all of the companies listed above, except for Mitie Facilities Management Limited, is Level 12, The Shard, 32 London Bridge Street, London, England SE1 9SG United Kingdom.

The registered office of Mitie Facilities Management Limited is 108 Q House, Furze Road, Sandyford, Dublin 18, Ireland.

^{1. 2018} restated to correct ownership share.

9 Debtors

	2019	2018
	£000	£000
Amounts owed by Group undertakings	9,822	218
Corporation tax	287	154
Deferred tax (see note 11)	4	145
Total	10,113	517
	40.400	272
Due within one year	10,109	372
Due after more than one year	4	145
10 Creditors: amounts falling due within one year		
	2019	2018
	£000	£000
Bank loans and overdrafts	-	35
Amounts owed to Group undertakings	29,362	17,325
Interest	<u> </u>	3
	29,362	17,363

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

Amounts owed to Group undertakings are interest bearing at a rate of circa 5% (2018: circa 5%) and are repayable on demand.

Assets

Assets

Notes (continued)

11 Deferred tax assets

Recognised deferred tax assets

Deferred tax assets are attributable to the following:	

		2019	2018
		£000	£000
Tangible fixed assets		4	145
		4	145
Movement in deferred tax during the year			
		cognised in	31 March
	1 April 2018	income	2019

 Tangible fixed assets
 1 April 2018 fixed experiments from £000 fixed fixed fixed assets
 145 fixed fix

The UK Government announced a reduction in the UK corporation tax rate from 19% to 17% from 1 April 2020, which has been substantively enacted.

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

12 Capital and reserves

Share capital authorised and fully paid	At start of year	At end of year	2019 £000	2018 £000
Ordinary Shares Ordinary shares at £1 each	1,094,001	1,094,001	1,094	1,094
	1,094,001	1,094,001	1,094	1,094

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

Profit and loss account

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

Dividend

The following dividends were recognised during the period:

	13,150	_
£12.02 (2018: £nil) per qualifying ordinary share	13,150	
	€000	£000
	2019	2018

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.

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

14 Subsequent events

On 6 September 2019 the Company disposed of its investments in Mitie Catering Services Limited and Creativevents Limited.

15 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Mitie Treasury Management Limited which is the immediate parent company incorporated in England and Wales. The ultimate controlling party is Mitie Group plc, a company incorporated in Scotland with its registered office at 35 Duchess Road, Rutherglen, Glasgow, G73 1AU. Mitie Group plc is the parent company of the largest and smallest groups into which the accounts of the Company are consolidated. The consolidated financial statements of Mitie Group plc are available to the public and may be obtained from the Company Secretary at Level 12, The Shard, 32 London Bridge Street, SE1 9SG, UK or from www.mitie.com.