

# **Mitie Investments Limited**

Annual report and financial statements

Registered number 07650472

31 March 2022



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## **Company information**

### **Directors**

P J G Dickinson  
M R Peacock

### **Secretary**

Mitie Company Secretarial Services Limited

### **Registered office**

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

## Strategic report

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

As shown in the income statement on page 7, the Company's revenue was £nil (2021: £nil) and the profit for the year was £780,000 (2021: £1,423,000).

### Key performance indicators

The Group manages its operations on a divisional basis. For this reason, the 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.

### Strategic risks

#### *Economic and political uncertainties*

The Company's performance may be affected by general economic conditions and other financial and political factors outside the Company's control. An economic slowdown may result in decreased project work and discretionary spend or descoping of services by customers of its subsidiaries, which can lead to an impact on the Company's financial performance.

Post COVID-19, demand for goods and services and economic growth has started to recover. However, this recovery has caused prices to increase due to global supply and demand issues, and such pressures may continue in the medium term. Recent political conflicts have compounded the risk further with additional price increases being experienced, for example in relation to fuel and energy.

The Group, of which the Company is a part, derives most of its revenue from a client base in the UK, with limited exposure to the wider global economy in respect of demand for services. However, the costs of delivery are exposed to global inflationary impacts. The Group continues to monitor the impact of the current economic and political challenges on the cost of delivering its services to ensure mitigating actions, such as using contractual protections to pass on such cost increases, minimise the Group's exposure to this and associated risks.

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

- mix of long-term contract portfolio in both the public and private sectors;
- continual development of new and innovative solutions via Connected Workspace;
- focus on higher margin growth opportunities;
- regular reviews of the sales pipeline;
- increasing spread of client base, reducing reliance on individual customers;
- strategic account management programme;
- dedicated Finance, Risk and Intelligence Hub specialists scanning environment;
- utilising contract mechanisms to recharge cost increases;
- digital supplier platform providing greater visibility of, and ability to manage, supply chain; and
- leveraging buying power to help mitigate the increase in cost of goods and services.

## Strategic report (continued)

### Regulatory risks

#### Regulatory

The Company's performance could be impacted by a failure to comply with applicable laws and regulations.

During the year, there were notable changes to the Company's external environment in terms of regulatory updates, and in the main these continued to be related to COVID-19 (e.g. mandatory vaccination requirements and end of furlough), Brexit (e.g. new immigration laws), and corporate governance requirements. As a consequence, a number of related activities took place throughout the year to ensure the Company and the Group remained legally compliant.

Next year, the Company does not envisage the pace of legislative change altering and will continue to proactively scan the external operating environment as well as assess the impact of changes, as they arise. Uncertainty still remains around legislation yet to be passed and the impact of this on the Company and its subsidiaries. There are still unknowns associated with both the knock-on impact of Brexit as well as COVID-19 from a regulatory perspective.

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:

- specialist legal and QHSE expertise aligned to business units;
- Code of Conduct for all employees;
- independent whistleblowing system available to all employees to report any concerns;
- Group-wide policies updated for changes to laws and regulations and maintained in the online Information Management System;
- regular and thorough internal and external regulatory audits;
- training and awareness materials communicated to employees via the Group's digital Learning Hub and monitoring of completion performed, especially for mandatory courses;
- regular monitoring of legal and regulatory changes by Group functions including Company Secretariat, Legal and QHSE;
- financial governance and controls in place;
- commercial governance and controls in place; and
- establishment of Internal Control Declaration framework ongoing to align with potential UK legislation requirements.

### Financial risk management

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

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

### 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
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

## Strategic report (continued)

### *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.

### *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 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.

### *The need to act fairly as between members of the company*

The Company is a wholly owned subsidiary of the Group. The Directors operate within the governance framework for the Group and hold regular senior leadership meetings where items such as financial performance and people are discussed.

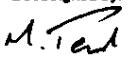
### **Future developments**

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:

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**M R Peacock**  
Director

29 November 2022

## Directors' report

The Directors present the annual report and unaudited financial statements of Mitie Investments 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	

### 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.

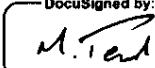
### Dividends

No dividend was declared or paid during the year (2021: £nil).

### 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.

Approved by the Board and signed on its behalf by:

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**M R Peacock**  
Director

29 November 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.



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## Income statement

	<i>Note</i>	<b>2022</b> <b>£000</b>	2021 £000
Impairment of investment in subsidiaries	6	<u>(1,410)</u>	<u>(734)</u>
<b>Operating loss</b>		<b>(1,410)</b>	<b>(734)</b>
Dividends from shares in Group undertakings		<b>2,499</b>	2,521
Finance costs	4	<u>(382)</u>	<u>(449)</u>
<b>Profit before tax</b>		<b>707</b>	1,338
<b>Tax</b>	5	<u><b>73</b></u>	<u>85</u>
<b>Profit for the year</b>		<u><b>780</b></u>	<u><b>1,423</b></u>

The notes on pages 10 to 17 form an integral part of the financial statements.

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.

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## Balance sheet

	Note	2022 £000	2021 £000
<b>Non-current assets</b>			
Investment in subsidiaries	6	13,625	15,035
<b>Total non-current assets</b>		13,625	15,035
<b>Current assets</b>			
Current tax receivable		158	247
Cash and cash equivalents		2,840	54
<b>Total current assets</b>		2,998	301
<b>Current liabilities</b>			
Trade and other payables	7	(8,099)	(7,592)
<b>Total current liabilities</b>		(8,099)	(7,592)
<b>Net current liabilities</b>		(5,101)	(7,291)
<b>Net assets</b>		8,524	7,744
<b>Equity</b>			
Share capital	8	1,094	1,094
Retained earnings	8	7,430	6,650
<b>Total equity</b>		8,524	7,744

The notes on pages 10 to 17 form an integral part of the financial statements.

For the year ended 31 March 2022 the Company was entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies. The members have not required the Company to obtain an audit of its accounts for the year ended 31 March 2022 in accordance with Section 476 of the Companies Act 2006. The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

The financial statements of Mitie Investments Limited, company number 07650472, were approved by the Board of Directors and authorised for issue on 29 November 2022 and were signed on its behalf by:

DocuSigned by:  
  
 67580D9FE8A6479  
**M R Peacock**  
 Director

Mitie Investments Limited  
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## Statement of changes in equity

	Share capital £000	Retained earnings £000	Total equity £000
At 1 April 2020	1,094	5,227	6,321
Profit for the year	-	1,423	1,423
<b>Total comprehensive income</b>	-	1,423	1,423
<b>At 31 March 2021</b>	<b>1,094</b>	<b>6,650</b>	<b>7,744</b>
Profit for the year	-	780	780
<b>Total comprehensive income</b>	-	780	780
<b>At 31 March 2022</b>	<b>1,094</b>	<b>7,430</b>	<b>8,524</b>

The notes on pages 10 to 17 form an integral part of the financial statements.

## Notes to the financial statements

### 1 Accounting policies, judgements and estimates

#### a) General information

Mitie Investments 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's financial statements are presented in pounds sterling, which is the Company's functional and presentational currency. All amounts have been rounded to the nearest thousand pounds, unless otherwise indicated.

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](http://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 Group's centralised treasury arrangements and shares banking arrangements with Mitie Group plc, its ultimate parent, and with fellow subsidiaries. The directors of Mitie Group plc have confirmed the 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 the 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 forecasts using the Group's cash flow model (the "Base Case Forecasts"), which has been reviewed by the Group's board. 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 30 September 2022 were a £150.0m revolving credit facility, of which £8.3m was drawn as at 30 September 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 are due to mature in December 2022. The revolving credit facility was put in place in October 2021, and matures in October 2026, 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.

## Notes to the financial statements (continued)

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

The issue in December 2022 of £120.0m of new USPP notes has also been agreed, under a delayed funding arrangement, 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 £30.0m of USPP notes are due to mature in December 2024, which is outside the Going Concern Assessment Period.

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, including the exclusion of lease liabilities) of £53.2m at 30 September 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 further UK budgetary changes, political uncertainty and the continued impact of the Russian invasion of Ukraine, as well as an inflationary and potential recessionary economic environment:

- 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; and
- 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 likelihood, 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 39% in H1 FY24, compared to the Base Case Forecasts, which 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 the COVID-hit year ended 31 March 2021, 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 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.

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 to the financial statements (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 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instruments: Disclosures*.

#### Accounting standards that are newly effective in the current year

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

#### Measurement convention

The financial statements are prepared on the historical cost basis.

#### d) Significant accounting policies

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

#### Finance costs

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

#### Taxation

Tax in the income statement represents current tax.

Current tax is based on taxable profit or loss for the year. Taxable profit or loss differs from accounting profit or loss 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. Current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

#### 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.

## Notes to the financial statements (continued)

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

#### 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. 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.

Financial liabilities comprise trade and other payables. These are measured at initial recognition at fair value and subsequently at amortised cost.

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

#### 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.

#### 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.

#### 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

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

#### 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.

#### Investments

The Company has investments in subsidiaries of £13,625,000 (2021: £15,035,000) at the balance sheet date (see Note 6). 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.

### 2 Staff numbers

The Company had no employees during the year (2021: nil).

**Notes to the financial statements (continued)****3 Directors' remuneration**

The following Directors were also directors or employees of another Group company. They were remunerated by the company shown. It is not practicable to allocate their remuneration between their services as Directors of this company and as directors or employees of other Group companies.

<b>Director</b>	<b>Remunerated by</b>	<b>Disclosed by</b>
P J G Dickinson	Mitie Limited	Mitie Limited
M R Peacock	Mitie Limited	Mitie Limited
S C Kirkpatrick	Mitie Limited	Mitie Limited

D M Forbes received no remuneration 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 remuneration as he was not a director of that company, and it is not practicable to apportion his salary for services rendered as a Director to the Company.

**4 Finance costs**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Interest payable to Group undertakings	<b>382</b>	<b>449</b>
	<b>382</b>	<b>449</b>

**5 Tax**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
<i>Analysis of credit in the year</i>		
<i>UK corporation tax at 19% (2021: 19%)</i>		
Current tax on profit for the year	<b>(73)</b>	<b>(85)</b>
Total credit for the year	<b>(73)</b>	<b>(85)</b>
<i>Tax reconciliation</i>		
Profit before tax	<b>707</b>	<b>1,338</b>
Tax using the UK corporation tax rate of 19% (2021: 19%)	<b>134</b>	<b>254</b>
Non-taxable income from shares in Group undertakings	<b>(475)</b>	<b>(479)</b>
Impairment of investment in subsidiary	<b>268</b>	<b>140</b>
Total tax credit	<b>(73)</b>	<b>(85)</b>

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.



## Notes to the financial statements (continued)

### 6 Investment in subsidiaries

The Company has the following investments in Group undertakings.

	Shares in Group undertakings £000
<b>Cost</b>	
At 1 April 2020	21,585
At 31 March 2021	23,085
<b>At 31 March 2022</b>	<b>23,085</b>
<b>Impairment</b>	
At 1 April 2020	7,316
Charge for the year	734
At 31 March 2021	8,050
Charge for the year	1,410
<b>At 31 March 2022</b>	<b>9,460</b>
<b>Net book value</b>	
At 31 March 2021	15,035
<b>At 31 March 2022</b>	<b>13,625</b>

During the year ended 31 March 2022, the Company impaired its investment in Source Eight Limited by £1,410,000.

**Notes to the financial statements (continued)****6 Investment in subsidiaries (continued)**

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

<b>Company</b>	<b>Country of incorporation</b>	<b>Class of shares held</b>	<b>Proportion of nominal value of class</b>
Mitie Events & Leisure Services Limited (in liquidation) <sup>1</sup>	United Kingdom	Ordinary-A	100%
Mitie Facilities Management Limited <sup>1</sup>	Republic of Ireland	Ordinary-A, ordinary-B1 Ordinary-B20 to -B32 Ordinary-B2 to -B19	100% 50%
Mitie Local Services Limited (in liquidation) <sup>1</sup>	United Kingdom	Ordinary-A, ordinary-C Ordinary-B	100% 30%
Mitie NI Limited	United Kingdom	Ordinary	100%
Mitie Waste & Environmental Services Limited <sup>1</sup>	United Kingdom	Ordinary-A Ordinary-B	100% 1%
Mitie Work Wise Limited (in liquidation) <sup>1</sup>	United Kingdom	Ordinary (all classes)	100%
Source Eight Limited <sup>1</sup>	United Kingdom	Ordinary	100%
Source8 Africa Limited	United Kingdom	Ordinary-A, ordinary-B	51%
Source8 Delivery (Nigeria) Limited	Nigeria	Ordinary (all classes) Ordinary	100% 100%

Note:

1. Held directly by the Company.

The registered office of all companies listed above 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.

<b>Company</b>	<b>Registered office address</b>
Mitie Facilities Management Limited	108 Q House, Furze Road, Sandymount, Dublin 18, Ireland
Mitie NI Limited	Mitec Operations Centre Unit 9b, First Floor, Silverwood Business Park, Silverwood Rd, Lurgan, Craigavon, Northern Ireland, BT66 6SY, United Kingdom
Source8 Delivery (Nigeria) Limited	235 Ikoro Road, Ilupeju, Lagos, Nigeria

**7 Trade and other payables**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Amounts owed to Group undertakings	<b>8,099</b>	7,592
	<b>8,099</b>	7,592

Trade and other payables are interest-free except as noted below.

Amounts owed to Group undertakings are repayable on demand. Included within these amounts are £8,000,000 (2021: £7,500,000) relating to interest-bearing loans at 5% per annum (2021: 5% per annum).

**Notes to the financial statements (continued)****8 Equity**

Share capital	2022 Number	2021 Number	2022 £000	2021 £000
Ordinary shares of £1 each	1,094,001	1,094,001	1,094	1,094
	<u>1,094,001</u>	<u>1,094,001</u>	<u>1,094</u>	<u>1,094</u>

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

**Retained earnings**

This comprises the retained profits and losses of the Company, less amounts distributed to the Company's shareholder.

**9 Related parties**

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

**10 Subsequent events**

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

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

The Company is a subsidiary undertaking of Mitie Treasury Management Limited which is the immediate parent company incorporated in 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](http://www.mitie.com).