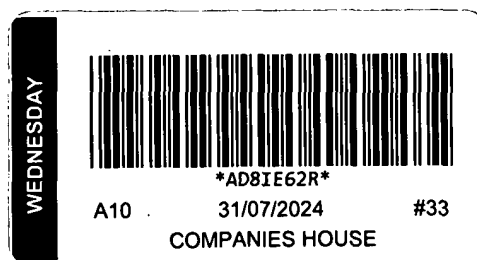


# Mitie Limited

Annual report and financial statements

Registered number 02938041

31 March 2024



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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

### Auditor

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

## Strategic report

Mitie Limited (the "Company") is an indirect 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 continued to be the management and provision of business support services. 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 19, the Company's revenue was £840,572,000 (2023: £772,507,000) and the profit for the year was £121,992,000 (2023: £2,284,000). Revenue increased from the previous year by £68,065,000 as a result of the continued growth in project works, contract re-pricing and new contract wins. Cost savings in administrative expenses were offset by increases in Other items from the previous year. Other items included additional costs related to newly acquired companies, which contributed to the operating loss for the year. The Company also received £125,000,000 of dividends from its subsidiaries during the year (2023: 1,626,000).

As shown in the statement of financial position on page 21, the Company's net assets position has remained stable at £439,114,000 (2023: £437,864,000). The company saw an increase in investments in subsidiaries of £73,665,000 to £329,104,000 following acquisitions in the year, coupled with an increase in current tax receivable of £11,557,000 to £13,230,000 due to increased operating loss and tax rate increases from 19% to 25%. These movements were offset by a decrease in interest bearing loan amounts due by Group undertakings with another Group company of £56,900,000 to £131,492,000 reflecting consolidation of cash balances within the Group to maximise working capital efficiencies and investment income, and an increase in other payables of £11,635,000 to £12,288,000 reflecting earnout payments due for recent acquisitions of subsidiaries.

### 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 2024, 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 2024. 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 report (continued)

### **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. A sudden change in market conditions, such as an economic slowdown or significant political uncertainty, either nationally or globally, may result in decreased project work and discretionary spend or descope of services by customers, which can lead to an impact on the Company's financial performance.

During the financial year, there has been an increased net risk exposure due to an unstable external environment. The hazards stemming from economic and political uncertainties have intensified as a result of persistent inflationary issues, escalating geopolitical tensions and disputes, and government instability.

The Group, of which the Company is a part, derives most of its revenue from a client base in the United Kingdom, 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, including:

- mix of long-term contract portfolio in both the public and private sectors;
- continual development of new and innovative solutions;
- focus on higher-margin growth opportunities;
- regular reviews of the sales pipeline;
- increasing spread of customer 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;
- Coupa, the Group's digital supplier platform ("DSP"), 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.

#### *Competitive advantage*

The Company's performance could be impacted by a failure to preserve its competitive edge or capitalise on opportunities. This might result in the loss of key customers, excessive dependence on a specific sector, or the inability to generate financially sound bids with a measured approach to risk, which could have a significant effect on the Company's financial performance and reputation.

The year has witnessed many achievements for the Company, including but not limited to, securing contract extensions with some of our largest clients and delivering cost savings through various initiatives.

Despite such achievements, the Company recognises the importance of staying focussed and continually reviewing ongoing challenges, such as the threats posed from new entrants, market saturation across the sectors, growing competition as well as the ongoing effects of geopolitical affairs, all of which have the potential to impact profit margins and disrupt the Company's operations.

In the next financial year, the Company will continue to monitor the changing external environment as well as market coverage. Furthermore, it will continue to target emerging markets and engage with opportunities that have scope for innovative solutions.

## Strategic report (continued)

Controls and mitigation plans have been put in place by the Group to mitigate such risks, including:

- Bid Committee approval for complex bids;
- robust risk assessment of bids—Commercial, Legal and Operational;
- detailed contracting guidelines in place;
- clear delegated authorities register;
- strategic account management programme;
- KPI/service level agreement formal reviews with customers;
- sales and customer relationship management (“CRM”) teams focused on developing pipeline across all major sectors;
- improved CRM capabilities with active relationship management;
- focus on customer satisfaction (Net Promoter Score and soliciting feedback);
- review of any loss-making contracts to ensure learnings are identified and applied to future bids;
- sales and pipeline management information to track and measure growth, wins and losses;
- win/loss debriefing process to take learnings for future bidding activities;
- focus on high-margin opportunities with growth potential, for example technology-led solutions;
- development of new and innovative service offerings; and
- Sales Academy.

### *Climate change and social impact*

The Company’s transition to a lower-carbon business could be hindered by an inability to quickly identify and effectively respond to the challenges posed by climate change, resulting in significant business interruption and/or compromise new opportunities for growth. Furthermore, a failure to appropriately consider the environmental and social impact of the Company’s business and its activities may create a negative perception with employees, customers, investors, government and the general public. This could lead to failures in securing and/or retaining contracts and sources of funding, as well as impacting negatively on the Company’s reputation. The Group’s Task Force on Climate-related Financial Disclosures are discussed in the Mitie Group plc annual report and accounts 2024, which does not form part of this report.

Controls and mitigation plans have been put in place by the Group to mitigate such risks, including:

- Plan Zero;
- Environment, Social & Governance (“ESG”) Committee;
- Environmental Management System ISO 14001 and Energy Management System ISO 50001;
- climate change risk assessment maintained and approved by the ESG Committee;
- key policies and associated operating procedures in place;
- use of in-house subject-matter experts specialising in an array of topics, including energy, waste, biodiversity, procurement and fleet;
- ISO 22301 – regular testing of crisis management and business continuity plans;
- winter and summer preparedness planning at account level;
- ongoing reviews of Planned Preventative Maintenance lifecycles;
- continuous horizon scanning via the Group’s Intelligence Hub, with regular alerts to teams on potential threats and significant events;
- insurance cover in place to cover property damage and business interruption;
- targets in place for the Group’s social value framework pillars;
- The Mitie Foundation – Giving Back, the Group’s employee volunteering programme; and
- active apprenticeship scheme across the Group, training the Group’s colleagues to enhance operational delivery and address skills gaps.

## Strategic report (continued)

### *Adoption of new and emerging technologies*

The Company's long-term growth and profitability may be detrimentally impacted by a failure to capitalise on new and emerging technologies, along with an inability to implement vital infrastructure and systems.

With technological advancements rapidly transforming the business landscape, the Company must be proactive in adapting and benefiting from these changes. The associated risk lies in a failure to keep pace with evolving technologies, which may lead to a competitive disadvantage, poor customer experience, and operational inefficiencies. To address this risk, the Group, of which the Company is part, is ensuring a structured approach towards technology adoption with a focus on artificial intelligence ("AI") developments, monitoring trends, assessing the feasibility and benefit, and implementing these technologies effectively.

Controls and mitigation plans have been put in place by the Group to mitigate such risks, including:

- MGX Objectives, Goals, Strategies and Plans on AI, data and customer facing technology in the course of finalisation;
- new Mitie Responsible and Ethical Use of Artificial Intelligence Policy;
- AI Executive Oversight Committee;
- AI Ethics Board; and
- Dedicated AI risk register.

### *Reputational damage*

The Company's participation in politically sensitive activities, draws media scrutiny and amplifies the risks associated with misinformation and disinformation, particularly in instances of perceived operational shortcomings. The combination of the Company's involvement and inaccuracies in external reporting could considerably damage the Company's reputation, resulting in the loss of customers' trust, financial setbacks and long-term challenges to the Company's stability, delivery and growth.

This risk reflects the increasing importance of preserving the Company's and the Group's brand reputation in an increasingly interconnected world. The risk encompasses the potential adverse impacts of the Group's actions on its credibility, client relationships, and overall brand value. The management team recognises the significance of this risk and have measures in place to mitigate against this, such as robust public relations strategies, ethical practices, and effective crisis management.

Controls and mitigation plans have been put in place by the Group to mitigate such risks, including:

- weekly MGX meetings;
- proactive media outreach to ensure validity of reports, including correction methods via ongoing media campaigns;
- proactive monitoring of social media platforms;
- designated media liaisons;
- proactive engagement with key external stakeholders;
- daily media alerts;
- enhanced targeted monitoring on groups identified as posing an increased risk; and
- designated Corporate Affairs and Legal support.

### **Financial risks**

#### *Reliance on material counterparties*

In accordance with Group policies, before accepting a new customer, the Company uses external credit scoring systems to assess the potential customer's credit quality and define an appropriate credit limit, which is reviewed regularly.

## Strategic report (continued)

### *Operational risks*

#### *Third-party management*

The Company's performance could be impacted by an inability to successfully manage strategic third-party relationships, or a failure involving a third-party partner could impact the Company's ability to deliver, resulting in financial losses owing to fines and in some circumstances significant reputational damage.

During the financial year, there has been no change in the net risk exposure owing to the same challenges facing the Company also impacting the supply chain, potentially impacting access to goods and services. The Company will continue to proactively monitor developments with both the internal and external landscapes, paying particular attention to the ongoing issues still being experienced.

Controls and mitigation plans have been put in place by the Group to mitigate such risks, including:

- key policies and associated operating procedures, including Supplier Management Programme;
- dedicated Procurement and Commercial teams;
- Centre of Excellence and dedicated Risk & Compliance team embedded within Procurement and Supply Chain;
- 'Mitie First' approach adopted;
- optimisation of preferred suppliers framework;
- rigorous onboarding framework integrated into business utilising the DSP;
- defined service level agreements and KPIs;
- ongoing spending review;
- dedicated risk management and assurance procedures (including targeted Health, Safety and Environment ("HSE") assurance programme and internal audit) to ensure internal controls are operating effectively;
- ongoing review of third-party business continuity arrangements with regular reporting to Group Risk;
- DSP facilitating supplier health and risk checks (including insolvency risk) as well as invoice processing; and
- Procurement and Supply Chain Insights.

#### *Change management*

Fundamental to the Company's growth strategy is the ability to successfully undertake transformation projects and ensure all aspects of change management are correctly integrated. A failure to successfully manage the aggregated impact of simultaneously delivering transformation programmes could impact the delivery of planned business benefits.

Controls and mitigation plans have been put in place by the Group to mitigate such risks, including:

- Executive sponsorship;
- deliverables agreed in advance by the Group's board and Mitie Group Executive;
- centralised Project Management Office function;
- subject-matter experts appointed early on with agreed roles and responsibilities;
- standardised programme governance framework, including risk management;
- contract management controls embedded for third-party support; and
- regular auditing with periodic reporting on key business activities to the Group's Audit Committee.

## Strategic report (continued)

### **Regulatory risks**

#### *Regulatory*

The Company's performance could be impacted by a failure to comply with applicable laws and regulations, which may lead to fines, prosecution and damage to the Company's reputation.

During the financial year, there was no change in the net risk exposure owing to uncertainties concerning several known legislative changes. 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.

Controls and mitigation plans have been put in place by the Group to mitigate such risks, including:

- specialist legal and HSE 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 HSE;
- financial governance and controls in place;
- commercial governance and controls in place; and
- establishment of Internal Control Declaration framework ongoing to align with future corporate governance requirements.

#### *Health, safety and environment*

The Company's performance could be impacted by a failure to maintain appropriately high standards in health, safety and environmental management. This may result in catastrophic events, harm to employees, client staff or member of the public, consequential fines, prosecution and reputational damage.

The Company's HSE key performance indicators have been broadly positive with performance stable.

The Company is keen to ensure interruptions are kept to a minimum and productivity in a safe environment is maximised. Focus remains on ensuring that appropriate steps are taken to safeguard the physical and mental wellbeing of colleagues, suppliers and other stakeholders involved in the Company's operations.

Controls and mitigation plans have been put in place by the Group to mitigate such risks, including:

- a comprehensive HSE strategy in place and under continual review for effectiveness;
- major cultural HSE programme, LiveSafe, continuing, with clear rules, engagement and training for staff;
- regular training and communication delivered throughout the Group, in accordance with the LiveSafe principles. LiveSafe eLearning training programme sets out HSE expectations, including 'stop the job' supported by key safety message from the Group's Chief Executive, Phil Bentley;
- H&S management system certified to ISO 45001 and environmental system to ISO 14001;
- fully integrated incident recording, monitoring and reporting system;
- regular HSE reviews conducted at Group and business unit level;
- clear and standardised KPIs to monitor progress and improvements;
- risk based audit programme embedded;
- themes and root causes monitored from the results of audits to target specific actions, including training;
- HSE function 'Plan Zero Champions' as part of the Plan Zero programme to promote strategy and good practice in environmental management;
- health and wellbeing framework integrated into the business;
- insurance cover in place to cover employers' liability, public liability and motor fleet insurance;
- focused zero harm weeks concentrating on pertinent subjects to further strengthen the Group's HSE culture; and
- ongoing review of HSE team, ensuring maintenance of competencies and correct provision of support and guidance across the Group.

## Strategic report (continued)

### **People risks**

#### **Employees**

The Company's performance could be impacted by an inability to recruit, retain and reward suitably talented employees, as well as failure to implement appropriate development plans and simple consistent processes across the business and cultivate a 'One Mitie' culture. This could result in employees being disengaged and negatively impact the Company's operational and financial performance.

During the financial year, there was no change in the net risk exposure. The Company will continue to proactively monitor developments in relation to the labour market.

Controls and mitigation plans have been put in place by the Group to mitigate such risks, including:

- consistent HR resourcing process and system across the Group;
- process in place for online training and development, with access to online learning for all colleagues;
- consistent process to manage both temporary and permanent recruitment;
- training and development programmes for senior leadership;
- developed talent identification, management and development framework;
- performance management framework;
- HR business partners aligned with business units;
- induction programme, mandatory for new starters;
- regular communications from leadership team – including Mitie Group Executive country-wide roadshows;
- specific plans developed to address results of employee survey;
- competitive remuneration, terms and conditions;
- regular employee offers;
- succession plans in place for critical roles, especially for senior leadership;
- attraction strategy developed and deployed;
- enhanced benefits such as free shares, life assurance, virtual GP and a salary advance scheme;
- careers website;
- Employee Value Proposition; and
- career band framework.

### **Financial risk management**

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

Appropriate trade terms are negotiated with suppliers and customers. Management reviews these terms and the relationships with suppliers and customers and manages any exposure on normal trade terms. The Company's requirement for additional funding is managed as part of the Group's financing arrangements.

### **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 listed in the table below as its key stakeholders, which align with those of the Group. The Directors aim to understand the interests of each stakeholder through various methods, including information gathered and cascaded by both the divisional and senior leadership teams, and Group-wide engagement, both direct and indirect.

**Strategic report (continued)**

Stakeholder	Engagement activity	Important issues discussed
Customers	<ul style="list-style-type: none"> <li>- Regular engagement by senior leadership with customers</li> <li>- Customer experience and satisfaction surveys</li> <li>- Management of customer relationships by divisional leadership</li> <li>- Contractual measurements through Key Performance Indicators (KPIs)</li> </ul>	<ul style="list-style-type: none"> <li>- Customer satisfaction</li> <li>- Technology and innovation</li> <li>- Health, safety, and sustainability</li> <li>- Economic outlook</li> <li>- Labour market constraints</li> <li>- Governance and transparency</li> <li>- Social value</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>- Regular senior leadership meetings</li> </ul>	<ul style="list-style-type: none"> <li>- Financial performance</li> <li>- Introduction of the Facilities Transformation Three-Year plan (FY25 - FY27) and new targets</li> <li>- Expanding the Company's suite of margin enhancement initiatives, incorporating the outsourcing of diverse functions.</li> <li>- Environmental, Social and Governance ("ESG") matters</li> </ul>
Communities and the environment	<ul style="list-style-type: none"> <li>- The Mitie Foundation programmes</li> <li>- Local community events</li> <li>- Employee volunteering</li> </ul>	<ul style="list-style-type: none"> <li>- Social Value</li> <li>- Jobs and investment</li> <li>- Rising cost of living</li> <li>- ESG performance</li> </ul>
Employees	<ul style="list-style-type: none"> <li>- All employee team meetings</li> <li>- Internal communication updates through weekly Recap and monthly Download updates</li> <li>- Pulse surveys</li> <li>- Designated Group non-executive director Jennifer Duvalier</li> </ul>	<ul style="list-style-type: none"> <li>- Reward and recognition</li> <li>- Systems, processes, and technology</li> <li>- Equality, diversity, and inclusion</li> <li>- Rising cost of living</li> <li>- Remuneration and benefits</li> <li>- Career opportunities and development</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>- Global supplier portal</li> </ul>	<ul style="list-style-type: none"> <li>- Responsible procurement</li> </ul>

**Consequences of any decision in the long term**

The Directors are aware that strategic decisions can have long term implications for the Company and its stakeholders. These decisions are carefully considered to ensure sustainable growth and positive impact on the Company's stakeholders.

During FY24, the Group's board prioritised the agreement of the new Facilities Transformation Three-Year Plan (FY25 – FY27). This plan aims to enhance the built environment for the Group's customers by improving productivity, working conditions, security, and cleanliness, while also reducing carbon intensity. Throughout the development of the plan, the Board considered factors such as the UK Facilities Management market, margin enhancement initiatives, financial targets, and divisional growth strategies.

The Directors also continued to actively participate in expanding the Company's range of margin enhancement initiatives. During the year, the outsourcing of HR and Payroll, Finance and IT functions delivered significant cost savings and helped optimise the Company's organisation structure. Over the course of the new Facilities Transformation Three-Year Plan (FY25 – FY27), the focus for margin enhancement initiatives will shift towards contract efficiencies, including optimised organisational structure within customer accounts, improved contract productivity, and increased use of artificial intelligence analytics to drive efficiencies in resource deployment and enhance customer engagement.

## Strategic report (continued)

### ***Having regard to the interests of employees***

The Group has several mechanisms to engage with employees and the Directors are committed to ensuring that the results are considered in decision making.

Throughout the year, the Directors actively engaged with employees, focusing on employee-related matters such as reward and recognition, learning and development as well as during the expansion of the Company's suite of margin enhancement initiatives. To ensure effective communication, multiple mechanisms were utilised, including an annual employee survey, regular pulse surveys, and the dedicated efforts of Jennifer Duvalier, as Group non-executive director assigned to oversee the workforce. These measures effectively contributed towards keeping the workforce updated.

### ***Fostering business relationships with suppliers, customers and others***

#### ***Suppliers***

The Directors support the Group's responsibility targets which are focused on increasing the percentage of the Group's spend that goes to small and medium-sized enterprises, and voluntary, charity and social enterprise suppliers. During the year, the Group launched a new Preferred Supplier List aimed at minimising cost and risk across the supply chain and leveraging the Group's scale. The Supplier Management Programme, which all Preferred Suppliers will be inducted into over FY25, will focus on collaboration, operational performance, ESG, and Quality, Health, Safety, and Environment.

#### ***Customers***

Customers are at the heart of the business and therefore the Directors consider that getting closer to customers and thus becoming more responsive to their needs, is important.

The Directors monitor the Net Promoter Score, a customer loyalty metric that measures how likely a customer is to recommend a product or service to a friend, to ensure customers' sentiment remains positive.

### ***Impact of operations on the community and the environment***

The Directors are supportive of the Group's initiatives to improve the impact of the Company's operations on the community and the environment. One of the Company's directors is a member of the Group's ESG Committee which provides oversight and governance on all ESG initiatives. This ensures alignment with the Group's purpose, promises, and values.

### ***Maintaining a high standard of business conduct***

#### ***Ethical business practice***

The Company has a duty to act responsibly and to show the highest levels of ethical and moral stewardship. A Group ethical business practice policy is in place which applies to all employees in relation to dealings with its people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors.

To support this, there are a wide range of policies and training modules available including modern slavery, whistleblowing, anti-bribery and anti-corruption, business expenses and entertaining and Mitie's employee handbook.

#### ***Good governance***

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

Details of how the Group complies with the UK Corporate Governance Code can be found in the Mitie Group plc annual report and accounts 2024.

### ***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.

## Strategic report (continued)

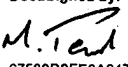
### Subsequent events

Subsequent events have been disclosed in Note 23 to the financial statements.

### Future developments

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

Approved by the Board and signed on its behalf by:

DocuSigned by:  
  
67580D9FE8A6479...

**M R Peacock**  
Director

25th July 2024

## Directors' report

The Directors present the annual report and audited financial statements of Mitie Limited for the year ended 31 March 2024.

In preparing this Directors' report, the Directors have complied with Section 414C(11) of the Companies Act 2006 by including certain disclosures required by Section 416(4) within the Strategic report.

### Going concern

The Company's business activities, and the factors likely to affect its future development and position have been set out in the Strategic report. The financial statements have been prepared on a going concern basis. See Note 1c to the financial statements.

### Directors

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

P J G Dickinson  
M R Peacock

### 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 each of the Directors listed above in respect of liabilities incurred as a result of their office to the extent permitted by law.

### Dividends

Dividends of £125,000,000 were payable during the year (2023: £nil). Dividends of £125,000,000 were paid during the year (2023: £nil).

### Corporate governance

The statement below sets out how the UK Corporate Governance Code (the "Code") applies to governance arrangements in the Company and its Directors.

The Company is a wholly owned subsidiary of Mitie Group plc. Mitie Group plc fully complies with the Code and these principles are applied, as appropriate, throughout the Group. The Company has therefore not applied a separate code. Mitie's Corporate Governance statement of compliance can be found on page 91 of the Mitie Group plc annual report and accounts 2024.

### *Board leadership and company purpose*

- The purpose of the Company is to provide management and provision of business support services.
- The directors of the Company are senior managers in the Group and are members of the two key leadership teams supporting the board of Mitie Group plc. The senior leadership teams form part of the Group's internal governance structure and are to whom authority for carrying out decisions and actions to affect the overall Group strategy are delegated.
- The Group's purpose and values are communicated widely throughout the Group and through various engagement and feedback methods the Directors can assess alignment of the purpose and values with culture. How the Group assesses and monitors culture is set out on pages 103-106 of the Mitie Group plc annual report and accounts 2024.
- The Group operates a groupwide independent whistleblowing service to enable employees, suppliers and third parties to report any concerns or wrongdoing anonymously without any fear of retaliation.
- Directors' interests are declared and recorded in the minutes of the meetings of the Company.

### *Composition, succession and evaluation*

- As described above, the directors of the Company are senior managers in the Group and are determined to have an appropriate combination of skills, experience and knowledge to carry out the purpose of the Company. One Director has recent and relevant financial experience.

## Directors' report (continued)

### **Audit, risk and internal control**

- The Group has an internal audit function that is responsible for providing assurance that the risk management, governance and internal controls processes within the Group are adequate and operating effectively. The function targets its work at areas of the business where risk management and internal controls are suspected of requiring improvement.
- A core set of business policies are available to all employees via the Group's Intranet setting out management expectations to enable effective risk management.
- The annual accounts are prepared and reviewed by the Finance teams and appropriate representations are gathered before being presented to the Directors for signature.
- See pages 78-88 of the Strategic report in the Mitie Group plc annual report and accounts 2024 for details on the principal risks and uncertainties of the Group.

### **Remuneration**

- The Group's annual employee appraisal process (Mi-Review) incorporates the expected behaviours that support its values and allows for the allocation of pay reviews related directly to individual performance.
- The Group operates a discretionary annual bonus plan that allows eligible employees to share in the profits achieved by the Group at the end of the year. The bonus is dependent on individual performance (as noted above) and how the Group performs against financial measures and targets set at the beginning of the financial year.

### **Employees**

The Company recognises the importance of good communications and employee relationships. The Group communicates with employees via multiple channels, including: regular employee engagement surveys, regular pulse surveys and feedback on actions taken; communications platforms including Minet, Yammer, MitiePeople.com, and social media; Group-level board and management engagement including Townhall meetings and regular local site visits, and Voice of the People sessions led by a Group non-executive director; global company updates; promotion of improved share incentive plan through different communication channels, including Recap, Download and Minet; annual individual performance reviews and training; confidential whistleblowing service; and direct access to the Group's Chief Executive Officer.

The Company remains committed to developing a culture that encourages the inclusion and diversity of all of the Company's employees through respecting and appreciating their differences and promoting the continuous development of employees through skills enhancement and training programmes.

The Company's employment policies are designed to attract, retain, train, develop and motivate the very best people, recognising that this can be achieved only through offering equal opportunities regardless of gender, race, religion, age, disability, sexual orientation or any other aspect of diversity. Applications from disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. It is the policy of the Company that the training, career development and promotion of disabled persons (including those who become disabled whilst employees of the Company) should, as far as reasonably possible, be identical to that of other employees.

Further information on employees has been provided in the Section 172 statement in the Strategic report.

### **Overseas branches**

The Company has a branch in the Isle of Man.

### **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.

## Directors' report (continued)

### Disclosure of information to auditor

Each Director in office at the date of approval of these financial statements confirms that:

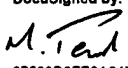
- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that ought to have been taken as a director to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

### Auditor

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

Approved by the Board and signed on its behalf by:

DocuSigned by:  
  
67580D9FE8A8479...

**M R Peacock**  
Director

25th July 2024

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

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

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

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

### Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2024 and of its profit for the year then ended ;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Mitie Limited ("the Company") for the year ended 31 March 2024 which comprise the Income statement, Statement of comprehensive income, Statement of financial position, Statement of changes in Equity and the Notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Independent auditor's report to the members of Mitie Limited (continued)**

### **Other Companies Act 2006 reporting**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

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

### **Responsibilities of Directors**

As explained more fully in the Statement of Directors' responsibilities in respect of the Annual report and financial statements, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

#### *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

#### *Non-compliance with laws and regulations*

Based on:

- Our understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, through discussion with management and our knowledge of the industry;
- Discussion with management, those charged with governance, the Group Audit Committee and in-house legal counsel; and
- Obtaining and understanding the Company's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be the Companies Act 2006, Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice) and tax legislation.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation, the Bribery Act 2010 and employment laws.

Our procedures in respect of the above included:

- Review of the Group Board and Group Audit Committee meeting minutes, and Group internal audit reports to identify any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

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

### Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management, those charged with governance, the Group Audit Committee, in-house legal counsel and Group internal audit regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of Group Board and those charged with governance and the Group Audit Committee meetings to identify any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls through inappropriate journal entries, accrued income cut-off, costs to complete estimates in projects revenue where the input method of revenue recognition is being used, and bias in key estimates and judgements.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Remaining alert for any unusual one-off transactions identified throughout the course of the audit;
- Assessing and challenging significant estimates made by management, also considering for bias;
- Testing a sample of contracts, including costs to complete to ensure completeness and accuracy of estimates, and therefore that revenue has been recognised in line with contractual terms and IFRS15; and
- Testing a sample of accrued income for correct cut-off by agreeing to proof of service and assessing recoverability.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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

DocuSigned by:



0B723F16EED462  
Peter Latham (Senior Statutory Auditor)

for and on behalf of BDO LLP, Statutory Auditor  
Gatwick, UK

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

26 July 2024

**Income statement** for the year ended 31 March 2024

	Note	2024 £000	2023 £000
<b>Revenue</b>	2	<b>840,572</b>	772,507
Cost of sales		<b>(826,190)</b>	(759,173)
<b>Gross profit</b>		<b>14,382</b>	13,334
Administrative expenses		<b>(14,041)</b>	(14,245)
Other items	3	<b>(9,280)</b>	(3,305)
<b>Operating loss</b>	3	<b>(8,939)</b>	(4,216)
Dividends from subsidiaries		<b>125,000</b>	1,626
Finance income	7	<b>3,387</b>	4,747
Finance costs	8	<b>(428)</b>	(839)
Net finance income		<b>2,959</b>	3,908
<b>Profit before tax</b>		<b>119,020</b>	1,318
<b>Tax</b>	9	<b>2,972</b>	966
<b>Profit for the year</b>		<b>121,992</b>	2,284

The notes on pages 24 to 53 form an integral part of the financial statements.

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

**Statement of comprehensive income** for the year ended 31 March 2024

	Note	2024 £000	2023 £000
<b>Profit for the year</b>		<b>121,992</b>	<b>2,284</b>
<b>Items that will not subsequently be reclassified to profit or loss</b>			
Tax on items that will not subsequently be reclassified to profit or loss	16	-	(5)
<b>Other comprehensive expense for the year</b>		<b>-</b>	<b>(5)</b>
<b>Total comprehensive income for the year</b>		<b>121,992</b>	<b>2,279</b>

The notes on pages 24 to 53 form an integral part of the financial statements.

**Statement of financial position** as at 31 March 2024

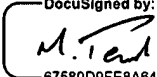
	Note	2024 £000	2023 £000
<b>Non-current assets</b>			
Goodwill	10	1,312	1,312
Other intangible assets	11	190	490
Property, plant and equipment	12	10,096	11,164
Investment in subsidiaries	13	329,104	255,439
Deferred tax assets	16	8,755	14,970
<b>Total non-current assets</b>		<b>349,457</b>	<b>283,375</b>
<b>Current assets</b>			
Inventories		235	167
Trade and other receivables	14	282,436	354,906
Current tax receivable		13,345	1,673
Cash and cash equivalents		1,065	1,498
<b>Total current assets</b>		<b>297,081</b>	<b>358,244</b>
<b>Current liabilities</b>			
Trade and other payables	15	(169,289)	(177,567)
Deferred income	20	(15,782)	(13,013)
Lease liabilities	19	(1,461)	(1,284)
Provisions	17	(2,259)	(171)
<b>Total current liabilities</b>		<b>(188,791)</b>	<b>(192,035)</b>
<b>Net current assets</b>		<b>108,290</b>	<b>166,209</b>
<b>Non-current liabilities</b>			
Trade and other payables	15	(7,985)	-
Deferred income		(1,050)	(1,474)
Lease liabilities	19	(8,047)	(8,623)
Provisions	17	(1,551)	(1,623)
<b>Total non-current liabilities</b>		<b>(18,633)</b>	<b>(11,720)</b>
<b>Net assets</b>		<b>439,114</b>	<b>437,864</b>

**Statement of financial position** as at 31 March 2024 (continued)

	Note	2024 £000	2023 £000
<b>Equity</b>			
Share capital	21	38,750	38,750
Share premium	21	286,513	286,513
Retained earnings		113,851	112,601
<b>Total equity</b>		<b>439,114</b>	<b>437,864</b>

The notes on pages 24 to 53 form an integral part of the financial statements.

The financial statements of Mitie Limited, company number 02938041, were approved by the Board of Directors and authorised for issue on 25th July 2024 and were signed on its behalf by:

DocuSigned by:  
  
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**M R Peacock**  
Director

**Statement of changes in equity** for the year ended 31 March 2024

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
At 1 April 2022	38,750	286,513	95,574	420,837
Profit for the year	-	-	2,284	2,284
Other comprehensive expense	-	-	(5)	(5)
<b>Total comprehensive income</b>	-	-	2,279	2,279
Dividends received	-	-	12,683	12,683
Share-based payments	-	-	1,042	1,042
Tax on share-based payments	-	-	1,023	1,023
<b>Total transactions with owners</b>	-	-	14,748	14,748
<b>At 31 March 2023</b>	<b>38,750</b>	<b>286,513</b>	<b>112,601</b>	<b>437,864</b>
Profit for the year	-	-	121,992	121,992
<b>Total comprehensive income</b>	-	-	121,992	121,992
Dividends paid	-	-	(125,000)	(125,000)
Share-based payments	-	-	1,773	1,773
Tax on share-based payments	-	-	2,485	2,485
<b>Total transactions with owners</b>	-	-	(120,742)	(120,742)
<b>At 31 March 2024</b>	<b>38,750</b>	<b>286,513</b>	<b>113,851</b>	<b>439,114</b>

The notes on pages 24 to 53 form an integral part of the financial statements.

## Notes to the financial statements

### 1 Accounting policies, judgements and estimates

#### a) General information

Mitie 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. 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 FRS 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of 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.

#### c) Basis of preparation

##### Going concern

The financial statements have been prepared on a going concern basis. The Company participates in the centralised treasury arrangements and shared banking arrangements of Mitie Group plc, its ultimate parent, and of its fellow subsidiaries (together the "Group"). The Directors have received a letter of support from the directors of Mitie Group plc to confirm the provision of adequate financial resources to the Company for a period of not less than 12 months from the date of approval of the Company's statutory financial statements for the year ended 31 March 2024 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 medium-term cash forecasts from the Group's cash flow model (the "Base Case Forecasts"), which is based on the Group's board-approved budget. These Base Case Forecasts indicate that the debt facilities currently in place are adequate to support the Group over the Going Concern Assessment Period.

The Group's principal debt financing arrangements as at 31 March 2024 were a £250m revolving credit facility maturing in October 2027, which was undrawn as at 31 March 2024, and £150m of US private placement ("USPP") notes. These financing arrangements are subject to certain financial covenants which are tested every six months on a rolling 12-month basis.

In September 2023, the revolving credit facility was increased from £150m to £250m and its maturity date was extended to October 2027, on the same terms, with a further one-year extension option at the mutual agreement of all parties.

Of the USPP notes, £120.0m were issued in December 2022, split equally between 8, 10 and 12 year maturities, and with an average coupon of 2.94%. The Base Case Forecasts assume that the remaining £30.0m of USPP notes, which are due to mature in December 2024, will be replaced at higher interest rates (c. 6%).

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, primarily by the exclusion of lease liabilities) of £90.7m as at 31 March 2024. The Base Case Forecasts indicate that the Group will continue to operate within these terms and that the headroom provided by the Group's debt facilities currently in place is adequate to support the Group over the Going Concern Assessment Period.

## Notes to the financial statements (continued)

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

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 financial 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, global political uncertainties 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, 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 the 12 months to 30 September 2026 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 a Covid-hit year, the Group's revenue excluding Interserve declined by only 1.6% in the year ended 31 March 2021; and
- in the event that results started to trend significantly below those included in the Base Case Forecasts, additional mitigation actions within the Group's control 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 and share buybacks.

Based on these assessments, the directors of Mitie Group plc have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of no less than 12 months from the date of approval of these financial statements. In addition, the directors of Mitie Group plc have concluded that the likelihood of the reverse stress scenarios arising is remote and therefore no material uncertainty exists.

Based on this assessment, and their enquiries of the directors of Mitie Group plc, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of no less than 12 months from the date of approval of the Company's financial statements for the year ended 31 March 2024. 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 intangible assets, property, plant and equipment, and share capital;
- the statement of compliance with UK-adopted International Accounting Standards;
- certain disclosures required by IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15");
- 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:

- IFRS 2 *Share-based Payment* in respect of Group settled share-based payments;
- 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 were no new and mandatorily effective standards nor amendments 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.

#### Other items

In the financial statements, the Company has elected to provide some further disclosures and performance measures, reported as 'Other items', in order to present its financial results in a way that demonstrates the performance of continuing operations.

Other items are items of financial performance which management believes should be separately identified on the face of the income statement to assist in understanding the underlying financial performance achieved by the Company. The Company separately reports items such as acquisition costs, cost of restructuring programmes and other exceptional items as Other items. Amounts payable to former owners of acquired businesses, where a condition of receiving the payment is the continued employment of the individual receiving the payment, are expensed in the acquiring entity as Other items.

Should these items be reversed, disclosure of this would also be as Other items.

Separate presentation of these items is intended to enhance understanding of the financial performance of the Company in the year and the extent to which results are influenced by material unusual and/or non-recurring items. Further detail of Other items is set out in Note 3.

## Notes to the financial statements (continued)

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

#### d) Material accounting policies

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

##### Revenue recognition

The Company operates contracts with a varying degree of complexity across its service lines, so a range of methods is used for the recognition of revenue based on the principles set out in IFRS 15. Revenue represents income recognised in respect of services provided during the year based on the delivery of performance obligations and an assessment of when control is transferred to the customer.

IFRS 15 provides a single, principles based five-step model to be applied to all sales contracts as outlined below. It is based on the transfer of control of goods and services to customers and replaces the separate models for goods, services and construction contracts.

##### *Step 1 - Identify the contract(s) with a customer*

For all contracts with customers, the Company determines if the arrangement creates enforceable rights and obligations. This assessment results in certain Framework arrangements or Master Service Agreements ("MSAs") not meeting the definition of contracts under IFRS 15 unless they specify the minimum quantities to be ordered. Usually the work order and any change orders together with the Framework or MSA will constitute the IFRS 15 contract.

##### *Duration of contract*

The Company frequently enters into contracts with customers which contain extension periods at the end of the initial term, automatic annual renewals, and/or termination for convenience and break clauses that could impact the actual duration of the contract. Judgement is applied to assess the impact that such clauses have in determining the relevant contract term. The term of the contract affects the period over which amortisation of contract assets and revenue from performance obligations is recognised. In forming this judgement, management considers certain influencing factors including the amount of discount provided, the presence of significant termination penalties in the contract, and the relationship, experience and performance of contract delivery with the customer and/or the wider industry, in understanding the likelihood of extension or termination of the contract.

##### *Contract modifications*

Where the Company's contracts are amended for changes to customer requirements, such as change orders and variations, a contract modification takes place when the amendment creates new enforceable rights and obligations or changes the existing price or scope (or both) of the contract, and the modification has been approved. Contract modifications can be approved in writing, by oral agreement, or implied by customary business practices.

If the parties to the contract have not approved a contract modification, revenue is recognised in accordance with the existing contractual terms. If a change in scope has been approved but the corresponding change in price is still being negotiated, change to the total transaction price is estimated.

Contract modifications, including contract renewals, are accounted for as a separate contract if the contract scope changes due to the addition of distinct goods or services and the change in contract price reflects the standalone selling price of the distinct goods or services. If the price of additional distinct goods or services is not commensurate with the stand-alone selling prices for those goods or services, then this is considered a termination of the original contract and the creation of a new contract which is accounted for prospectively from the date of modification. Where new goods or services are not distinct from those in the original contract, then these are considered to form part of the original contract with any update to pricing recognised as a cumulative catch up to revenue. The facts and circumstances of any modification are considered in isolation as these are specific to each contract and may result in different accounting outcomes.

## Notes to the financial statements (continued)

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

#### *Step 2 - Identify the performance obligations in the contract*

Performance obligations are the contractual promises by the Company to transfer distinct goods or services to a customer. For arrangements with multiple components to be delivered to customers, judgement is applied to consider whether those promised goods or services are:

- distinct and accounted for as separate performance obligations;
- combined with other promised goods or services until a bundle is identified that is distinct; or
- part of a series of distinct goods or services that are substantially the same and have the same pattern of transfer over time i.e. where the customer is deemed to have simultaneously received and consumed the benefits of the goods or services over the life of the contract, the Company treats the series as a single performance obligation.

#### *Step 3 - Determine the transaction price*

At contract inception, the total transaction price is determined, being the amount to which management expects the Company to be entitled and has rights under the contract. This includes the fixed price stated in the contract and an assessment of any variable consideration. Variation in revenue can arise from a number of factors, including discounts, rebates or service penalties. Variable consideration is typically estimated based on the expected value method and is only recognised to the extent it is highly probable that a subsequent change in its estimate would not result in a significant revenue reversal.

Certain contracts incorporate indexation related adjustments to consideration, whereby pricing is adjusted based on an external metric (such as CPI or RPI). Variable consideration related to indexation adjustments are only recognised once these are confirmed.

#### *Step 4 - Allocate the transaction price to the performance obligations in the contract*

The Company allocates the total transaction price to the identified performance obligations based on their relative stand-alone selling prices. This is predominantly based on an observable price or a cost plus margin arrangement. It is necessary to estimate the stand-alone selling price when the Company does not sell equivalent goods or services in similar circumstances on a stand-alone basis. When estimating the stand-alone selling price, the Company maximises the use of external inputs by observing the stand-alone selling prices for similar goods and services using an industry recognised price list or cost indices in applying a cost-plus reasonable margin approach.

#### *Step 5 - Recognise revenue when or as the entity satisfies its performance obligations*

For each performance obligation, management determines if revenue will be recognised over time or at a point in time. Where revenue is recognised over time, the Company applies the relevant output or input revenue recognition method for measuring progress that depicts the Company's performance in transferring control of the goods or services to the customer.

Certain long-term contracts use output methods based upon surveys of performance completed, appraisals of results achieved, or milestones reached which allow the Company to recognise revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services under the contract.

Under the input method, measured progress and revenue are recognised in direct proportion to costs incurred where the transfer of control is most closely aligned to the Company's efforts in delivering the service.

Where deemed appropriate, the Company will utilise the practical expedient within IFRS 15, allowing revenue to be recognised at the amount which the Company has the right to invoice, where that amount corresponds directly with the value to the customer of the Company's performance obligations completed to date.

If performance obligations do not meet the criteria to recognise revenue over time, revenue is recognised at the point in time when control of the goods or services passes to the customer. This may be at the point of physical delivery of goods and acceptance by a customer or when the customer obtains control of an asset or service in a contract with customer-specified acceptance criteria. Sales of goods are recognised when goods are delivered and control has passed to the customer.

#### **Repeat service-based contracts (single and bundled contracts)**

The Company operates a number of single or joint-service line arrangements where repeat services meet the definition of a series of distinct services that are substantially the same. They have the same pattern of transfer of value to the customer as the series constitutes core services provided in distinct time increments (e.g. monthly or quarterly). The Company therefore treats the series of such services as one performance obligation.

## Notes to the financial statements (continued)

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

#### Long-term complex contracts

The Company has a number of long-term complex contracts which are predominantly integrated facilities management arrangements. Typically, these contracts involve the provision of multiple service lines, with a single management team providing an *integrated service*. Such contracts tend to be transformational in nature where the business works with the customer to identify and implement cost saving initiatives across the life of the contract.

Management considers the majority of services provided within integrated facilities management contracts meet the definition of a series of distinct goods or services that are substantially the same and have the same pattern of transfer over time. The series constitutes services provided in distinct time increments (e.g. monthly or quarterly) and therefore the Company treats the series of such services as one performance obligation.

The Company also delivers major project-based services under long-term complex contracts that include performance obligations under which revenue is recognised over time as value from the service is transferred to the customer. This may be where the Company has a legally enforceable right to remuneration for the work completed to date, and therefore revenue will be recognised in line with the associated transfer of control.

The Company has a number of long-term PFI lifecycle contracts to maintain properties over periods of up to 30 years. A fund is established at the start of the contract and amounts are drawn down by the Company as maintenance work is performed. For certain contracts the Company is also entitled to share in any surplus left in the fund. Revenue is recognised over time to reflect the rendering of the service including an assessment of the appropriate proportion of the likely surplus in the fund, subject to being highly probable not to reverse. The amount of surplus available is dependent on the rate of wear and tear of the assets, which is substantially outside the control of the entity and the customer. As such the Company does not deem there to be a significant financing component.

#### Finance income

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

#### 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 year in which they are incurred.

## Notes to the financial statements (continued)

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

#### Accrued income and deferred income

The Company's customer contracts include a diverse range of payment schedules which are often agreed at the inception of long-term contracts under which it receives payments throughout the term of the arrangement. Payments for goods and services transferred at a point in time may be at the delivery date, in arrears or part payment in advance.

Where revenue recognised at the year end date is more than amounts invoiced, the Company recognises accrued income for the difference. Where revenue recognised at the year end date is less than amounts invoiced, the Company recognises deferred income for the difference.

Where price step-downs are required in a contract and output is not decreasing, revenue is deferred from initial periods to subsequent periods in order for revenue to be recognised on a consistent basis.

Providing the option for a customer to obtain extension periods or other services at a significant discount may lead to a separate performance obligation where a material right exists. Where this is the case, the Company allocates part of the transaction price from the original contract to deferred income which is then amortised over the discounted extension period or recognised immediately when the extension right expires.

#### Taxation

Tax in the income statement represents the sum of current tax and deferred tax.

Current tax is based on taxable profit or loss for the year. Taxable profit or loss differs from the 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 statement of financial position 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 and does not give rise to equal taxable and deductible temporary differences.

The carrying amount of deferred tax assets is reviewed at each statement of financial position 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 statement of financial position 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.

## Notes to the financial statements (continued)

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

#### Goodwill

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated impairment losses. It is reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement for the period and is not subsequently reversed.

#### Other intangible assets

Software and development expenditure is capitalised as an intangible asset if the asset created can be identified, if it is probable that the asset created will generate future economic benefits and if the development cost of the asset can be measured reliably.

Following initial recognition, the carrying amount of an intangible asset is its cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets are reviewed for impairment annually, or more frequently when there is an indication that they may be impaired. Amortisation expense is charged to the income statement on a straight-line basis over its useful life as follows.

Software and development expenditure: 5 years

#### Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is charged so as to write off the cost less expected residual value of the assets over their estimated useful lives and is calculated on a straight-line basis as follows.

Plant and vehicles: 3-10 years

The Company reviews the carrying amounts of its tangible 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 any impairment loss.

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.

#### 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 statement of financial position 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 principally comprise cash and cash equivalents, trade receivables and certain other receivables. The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Cash and cash equivalents include cash on 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 and bank overdrafts are only offset where the overdraft is part of the Group's cash pooling arrangements and the Group intend to settle on a net basis at the period end through cash sweeping arrangements.

Cash where access is constrained is classified as restricted cash. Bank transactions are recorded on their settlement date. All of the Company's cash flows 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 principally comprise trade payables and certain 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.

The Company is party to financial guarantee arrangements to guarantee the indebtedness of certain other companies within the Group relating to private placement notes and a revolving credit facility. The financial guarantee contracts were previously accounted for under IFRS 4 *Insurance Contracts* ("IFRS 4") and disclosed as contingent liabilities unless it was probable that the Company would be required to make a payment under the guarantee. Following the introduction of IFRS 17 *Insurance Contracts*, which replaced IFRS 4, the Company has elected to measure the financial guarantee contracts in accordance with IFRS 9 *Financial Instruments*. This change in policy has been applied retrospectively and had no impact on the income statement for the year ended 31 March 2023 or the statement of financial position as at 31 March 2023 and 1 April 2022.

##### *Impairment of financial assets*

The Company recognises a loss allowance for expected credit losses ("ECLs") on all receivable balances from customers subsequently measured at amortised cost, using the simplified approach. Under this approach, the Company recognises a loss allowance based on lifetime ECLs at each reporting date. ECLs are calculated on the basis of historic credit loss experience, adjusted for forward-looking factors that incorporate macroeconomic conditions, for example changes in interest rates and inflation, and is applied to customers with common risk characteristics such as sector type. For other receivables, ECLs are measured using those expected to arise in the 12 months subsequent to the statement of financial position date. For cash and cash equivalents, the Company does not currently anticipate any future credit losses given the high-quality credit rating of the financial institutions with which balances are held.

## Notes to the financial statements (continued)

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

#### Provisions and contingent liabilities

Provisions 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 management 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. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contract specific cost provisions are made when the Company expects to incur future remedial and rectification costs required to meet customers' contractual terms. Costs are estimated using either the work of external consultants or internal experts. The amount recognised as a provision represents management's best estimate and is inherently uncertain and could change materially over time. The provision is reviewed at least on a bi-annual basis for changes in cost estimate. Any change in cost estimate is recognised as a charge or a release to the provision when it occurs.

No provisions are recognised and only a disclosure in the financial statements is made for contingent liabilities. Contingent liabilities are possible obligations dependent on whether some uncertain future event occurs, or where a present obligation exists but payment is not probable, or the amount of payment cannot be measured reliably.

## Notes to the financial statements (continued)

### Leases

The Company has various lease arrangements. At inception of a lease contract, the Company assesses whether the contract conveys the right to control the use of an identified asset for a certain period of time and whether it obtains substantially all the economic benefits from the use of that asset, in exchange for consideration. The Company recognises a lease liability and a corresponding right-of-use asset with respect to all lease arrangements in which it is a lessee, except low-value leases and short-term leases of 12 months or less, costs for which are recognised as an operating expense within the income statement as they are incurred.

A right-of-use asset is capitalised on the statement of financial position at cost which comprises the present value of future lease payments determined at the inception of the lease adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred in addition to an estimate of costs to remove or restore the underlying asset. Where a lease incentive is receivable, the amount is offset against the right-of-use asset at inception. Right-of-use assets are depreciated using the straight-line method over the shorter of the estimated life of the asset or the lease term and are reviewed for impairment to account for any loss when events or changes in circumstances indicate the carrying value may not be fully recoverable.

The lease liability is initially measured at amortised cost using the effective interest method to calculate the present value of future lease payments and is subsequently increased by the associated interest cost and decreased by lease payments made. The effective interest rate is based on the rate implicit in the lease or, where not available, estimates of relevant incremental borrowing costs. Lease payments made are apportioned between an interest charge and a capital repayment amount. Lease payments comprise fixed lease rental payments and the associated fixed service charge is also included. Where the Company's lease contracts include inflationary linked rent review clauses, future increases or decreases in rentals linked to an index or rate are not included in the lease liability until the change in cash flows takes effect. Lease liabilities are classified between current and non-current on the statement of financial position.

The lease term comprises the non-cancellable period in addition to the determination of the enforceable period which is covered by an option to extend the lease, where it is reasonably certain that the option will be exercised, and the period covered by the option to terminate the lease to a point in time where no more than an 'insignificant penalty' is incurred. The Company assesses an insignificant penalty with reference to the wider economics of the lease including any investment in non-transferable leasehold improvements which may result in an impairment charge should the lease be terminated.

A modification to a lease which changes the lease payment amount (e.g. due to a renegotiation or market rent review) or amends the term of the lease, results in a reassessment of the lease liability with a corresponding adjustment to the right-of-use asset.

## Notes to the financial statements (continued)

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

#### Retirement benefit costs

The Company partakes in defined contribution retirement benefit schemes operated by another Group company for qualifying employees. Payments to the defined contribution and stakeholder pension schemes are charged as an expense as the related service is provided.

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

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

Defined benefit pension costs (including curtailments) are recognised in the income statement, in administrative expenses, whilst the net interest cost is recognised in finance costs. The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the plan.

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

#### Share-based payments

The Company participates in a number of Group executive and employee share option schemes. Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market based vesting conditions. For grants of share options and awards, the fair value as at the date of grant is calculated using the Black-Scholes model or the share price at grant date, and the corresponding expense is recognised on a straight-line basis over the vesting period based on the Company's estimate of shares that will eventually vest. Further details of the Group's share option schemes are contained in the Mitie Group plc annual report and accounts.

#### Dividends

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

## Notes to the financial statements (continued)

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

#### e) Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements under FRS 101 requires management to make judgements, estimates and assumptions that affect amounts recognised for assets and liabilities at the reporting date and the amounts of revenue and expenses incurred during the reporting period. Actual results may differ from these judgements, estimates and assumptions.

#### Critical judgements in applying the Company's accounting policies

The following are the critical judgements, made by management in the process of applying the Company's accounting policies, that have the most significant effect on the amounts recognised in the Company's financial statements.

##### *Revenue recognition*

The Company's revenue recognition policies, which are set out under Revenue recognition in Note 1d are central to how the Company measures the work it has performed in each financial year.

Some of the Company's contracts contain variable consideration where management assesses the extent to which revenue is recognised. For certain contracts, key judgements were made on whether it is considered highly probable that a significant reversal of revenue will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

##### *Other items*

'Other items' are items of financial performance which management believes should be separately identified on the face of the income statement to assist in understanding the underlying financial performance achieved by the Company. Determining whether an item should be classified within Other items requires judgement as to whether an item is or is not part of the underlying performance of the Company. An analysis of the amounts included in Other items is detailed in Note 3.

#### Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position 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.

##### *Deferred tax assets*

The Company has recognised deferred tax assets of £8,755,000 (2023: £14,970,000), refer to Note 16. Management has assessed recovery of these assets with reference to the Group's medium-term forecasts. Recovery of these assets is subject to the generation of taxable profits by the Group in future years.

**Notes to the financial statements (continued)****2 Revenue**

The Company derives all of its revenue from the provision of services to customers based in the United Kingdom.

**3 Operating loss**

Operating loss is stated after charging/(crediting):

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Restructuring	<b>3,048</b>	2,925
Employment-linked earnout charges	<b>6,232</b>	-
Contract provisions and commercial settlements	-	(6)
Loss on disposal of investments in subsidiaries	-	386
<b>Other items</b>	<b>9,280</b>	3,305
Amortisation of other intangible assets (Note 11)	<b>300</b>	147
Depreciation of property, plant and equipment (Note 12 and Note 19)	<b>1,900</b>	3,715

Restructuring costs were incurred to deliver various transformation projects. These costs include, but are not limited to, employee termination payments, costs of employees and contractors, legal costs and external vendors' costs.

Employment-linked earnout charges of £6,232,000 (2023: £nil) comprised amounts payable to former owners of acquired businesses where a condition of receiving the payment is the continued employment of the individuals receiving the payment. These payments are accrued over the period that the related employment services are received up until the point at which the consideration becomes payable.

## Notes to the financial statements (continued)

### 4 Auditor's remuneration

The auditor's remuneration allocated for the audit of the Company was £500,000, which has been borne by Mitie Group plc with no recharge made to the Company (2023: borne by Mitie Group plc with no allocation or recharge made to the Company).

Fees paid to the Company's auditor and its associates in respect of services other than the statutory audit of the Company have not been disclosed as the information is required to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, Mitie Group plc.

### 5 Staff numbers and costs

In the current year an average of 57,071 (2023: 51,160) employees (including Directors) were employed by the Company, which includes 55,429 (2023: 49,911) employees who worked for other Group companies.

The average number of persons employed by the Company (including Directors) during the year, analysed by category, was as follows.

	Number of employees	
	2024	2023
Operations	1,155	959
Administration	487	290
	<u>1,642</u>	<u>1,249</u>

The aggregate payroll costs for employees who worked for other Group companies have been recharged by the Company to the other Group companies. The aggregate payroll costs incurred by the Company, net of recharged amounts, were as follows.

	2024	2023
	£000	£000
Wages and salaries	58,080	35,881
Share-based payments	2,598	1,042
Social security costs	7,486	6,388
Pension costs	1,991	1,366
	<u>70,155</u>	<u>44,677</u>

## Notes to the financial statements (continued)

### 6 Directors' remuneration

	2024 £000	2023 £000
Directors' emoluments	1,087	1,093
Amounts receivable under long term incentive schemes	1,409	904
Company contributions to money purchase pension plans	107	87
In respect of the highest paid Director:		
	2024 £000	2023 £000
Emoluments and amounts receivable under long term incentive schemes	2,136	1,668
Company contributions to money purchase pension plans	71	71
	<b>Number of Directors</b>	
	2024	2023
Retirement benefits are accruing to the following number of Directors under:		
Money purchase schemes	2	2

## Notes to the financial statements (continued)

### 7 Finance income

	2024 £000	2023 £000
Other interest receivable	3	-
Interest receivable from Group undertakings	3,384	4,747
	<u>3,387</u>	<u>4,747</u>

### 8 Finance costs

	2024 £000	2023 £000
Interest on bank loans and overdrafts	24	269
Interest on working capital facility	-	136
Interest payable to Group undertakings	21	-
Interest on lease liabilities (Note 19)	341	400
Unwinding of discounts on provisions (Note 17)	42	34
	<u>428</u>	<u>839</u>

**Notes to the financial statements (continued)****9 Tax**

	2024 £000	2023 £000
<b>Analysis of (credit)/charge in the year</b>		
<i>UK corporation tax at 25% (2023: 19%)</i>		
Current tax on profit for the year	(8,085)	(1,419)
Adjustments in respect of prior periods	(1,498)	99
Total current tax credit	<u>(9,583)</u>	<u>(1,320)</u>
<b>Deferred tax (see Note 16)</b>		
Origination and reversal of temporary timing differences	6,806	(271)
Change in statutory tax rate	-	(70)
Adjustments in respect of prior periods	(195)	695
Total deferred tax charge	<u>6,611</u>	<u>354</u>
Total credit for the year	<u>(2,972)</u>	<u>(966)</u>
<b>Tax recognised directly in other comprehensive income and equity</b>		
Current tax credit	(2,089)	(254)
Deferred tax credit (Note 16)	(396)	(764)
	<u>(2,485)</u>	<u>(1,018)</u>
<b>Tax reconciliation</b>		
Profit before tax	119,020	1,318
Tax using the UK corporation tax rate of 25% (2023: 19%)	29,755	250
Items not deductible for tax purposes	1,500	66
Non-taxable income from shares in Group undertakings	(31,250)	(309)
Adjustments in respect of employee share options	(1,284)	(679)
Change in statutory tax rate	-	(70)
Utilisation of previously unrecognised tax losses	-	(1,018)
Adjustments in respect of prior periods	(1,693)	794
Total tax credit	<u>(2,972)</u>	<u>(966)</u>

The UK corporation tax rate has increased from 19% to 25% on 1 April 2023.

**Notes to the financial statements (continued)****10 Goodwill**

	<b>£000</b>
<b>Cost</b>	
At 1 April 2023	1,312
<b>At 31 March 2024</b>	<b>1,312</b>
<b>Net book value</b>	
At 1 April 2023	1,312
<b>At 31 March 2024</b>	<b>1,312</b>

**11 Other intangible assets**

	<b>Software £000</b>
<b>Cost</b>	
At 1 April 2023	1,551
<b>At 31 March 2024</b>	<b>1,551</b>
<b>Amortisation and impairment</b>	
At 1 April 2023	1,061
Charge for the year	300
<b>At 31 March 2024</b>	<b>1,361</b>
<b>Net book value</b>	
At 1 April 2023	490
<b>At 31 March 2024</b>	<b>190</b>

## Notes to the financial statements (continued)

### 12 Property, plant and equipment

Property, plant and equipment comprises owned and leased assets.

	2024 £000	2023 £000
Owned property, plant and equipment	1,612	1,938
Right-of-use assets (Note 19)	8,484	9,226
	<u>10,096</u>	<u>11,164</u>

The table below relates to owned property, plant and equipment.

	Plant and vehicles £000
<b>Cost</b>	
At 1 April 2023	4,215
<b>At 31 March 2024</b>	<u>4,215</u>
<b>Accumulated depreciation and impairment</b>	
At 1 April 2023	2,277
Charge for the year	326
<b>At 31 March 2024</b>	<u>2,603</u>
<b>Net book value</b>	
At 1 April 2023	1,938
<b>At 31 March 2024</b>	<u>1,612</u>

**Notes to the financial statements (continued)****13 Investment in subsidiaries**

	<b>£000</b>
<b>Cost</b>	
At 1 April 2022	375,345
Additions	98,857
	<hr/>
At 31 March 2023	474,202
Additions	85,741
Disposals	(93,421)
Liquidation of subsidiary	(12,076)
	<hr/>
<b>At 31 March 2024</b>	<b>454,446</b>
	<hr/> <hr/>
<b>Impairment</b>	
At 1 April 2022	29,704
Charge for the year	189,059
	<hr/>
At 31 March 2023	218,763
Disposals	(93,421)
	<hr/>
At 31 March 2024	<b>125,342</b>
	<hr/> <hr/>
<b>Net book value</b>	
At 31 March 2023	255,439
	<hr/> <hr/>
<b>At 31 March 2024</b>	<b>329,104</b>
	<hr/> <hr/>

Additions in the year related to the acquisitions of Cliniwaste Holdings Limited, GBE Converge Group Ltd, JCA Head Co Limited, Linx International Group Limited and RHI Industrials Limited.

During the year, the Company acquired the investment in Mitie Cleaning & Environmental Services Limited as part of the liquidation of Mitie Cleaning Services Limited, resulting in a net £12,076,000 decrease to the cost of investment. Mitie Cleaning Services Limited was subsequently placed into liquidation. Mitie Managed Services Limited was also placed in liquidation during the year.

Mitie Client Services Limited, Mitie Services (Retail) Limited, Mitie Transport Services Limited and Mitie T S 2 Limited, which were previously in liquidation, were dissolved during the year.

Global Aware International Group Limited and Green Planet Design Ltd, two indirect subsidiaries which were previously in liquidation, were dissolved during the year.

**Notes to the financial statements (continued)****13 Investment in subsidiaries (continued)**

Details of all investments in subsidiary undertakings have been disclosed below.

<b>Country/registered address/company</b>	<b>Aggregate % of share class</b>	<b>Share class</b>
<b>United Kingdom</b>		
<b>35 Duchess Road, Rutherglen, Glasgow, Scotland, G73 1AU, United Kingdom</b>		
Cliniwaste Health South Limited <sup>3</sup>	100	Ordinary
Cliniwaste Holdings Limited <sup>1,3</sup>	100	Ordinary
<b>Level 12, The Shard, 32 London Bridge Street, London, SE1 9SG, United Kingdom</b>		
Arc Training International Limited <sup>2,3</sup>	100	Ordinary
Biotechure Limited	100	Ordinary
Converge Technology Ltd <sup>3</sup>	100	Ordinary (all classes)
Esoteric Limited	100	Ordinary
G.B. Electronics Limited <sup>3</sup>	100	Ordinary
GBE Converge Group Ltd <sup>1,3</sup>	100	Ordinary (all classes)
Global Aware International Ltd <sup>1</sup>	100	Ordinary
J C A Engineering Ltd <sup>3</sup>	100	Ordinary
JCA Head Co Limited <sup>1,3</sup>	100	Ordinary (all classes)
JCA HQ Group Holdings Ltd. <sup>3</sup>	100	Ordinary
Linx International Group Limited <sup>1,3</sup>	100	Ordinary
Mitie Aviation Security Limited	99.9	Ordinary
Mitie Care and Custody Limited <sup>1</sup>	100	A Ordinary
Mitie Cleaning & Environmental Services Limited <sup>1</sup>	100	Ordinary
Mitie Cleaning Services Limited <sup>1,2</sup>	100	Ordinary (all classes)
Mitie Dormant (No.1) Limited <sup>1,2</sup>	100	Ordinary (all classes)
Mitie Landscapes Limited <sup>1</sup>	100	Ordinary (all classes)
Mitie Managed Services Limited <sup>1,2</sup>	100	Ordinary, deferred
Mitie PFI Limited <sup>1</sup>	100	Ordinary (all classes)
Mitie Security Holdings Limited <sup>1,2</sup>	100	Ordinary (all classes)
Mitie Security Limited <sup>1</sup>	100	Ordinary
Perpetuity Training Limited <sup>3</sup>	100	Ordinary
Procius Limited	100	Ordinary (all classes)
RHI Industrials Limited <sup>1,3</sup>	100	Ordinary
Tavcom Limited <sup>3</sup>	100	Ordinary A
UK CRBS Limited	100	Ordinary (all classes)
<b>Netherlands</b>		
<b>Ondernemingsweg 25, 1422 DZ, Uithoorn, Netherlands</b>		
GBE Converge B.V. <sup>3</sup>	100	Ordinary

## Notes:

1. Held directly by the Company.
2. In liquidation as at 31 March 2024.
3. Acquired during the financial year.

**Notes to the financial statements (continued)****14 Trade and other receivables**

	2024 £000	2023 £000
Trade receivables	63,480	85,209
Amounts owed by Group undertakings	196,696	240,058
Prepayments	1,373	814
Accrued income	18,706	25,247
Other receivables	2,181	3,578
	<u>282,436</u>	<u>354,906</u>

Management considers that the carrying amount of trade and other receivables approximates their fair value. Trade and other receivables are interest-free except as noted below.

Amounts owed by Group undertakings are repayable on demand. Included within these amounts are £131,492,000 (2023: £188,392,000) relating to interest-bearing loans at 5% per annum (2023: 5% per annum).

**15 Trade and other payables**

	2024 £000	2023 £000
Trade payables	8,479	15,174
Amounts owed to Group undertakings	74,684	86,735
Other taxes and social security	43,784	40,717
Accruals	38,039	34,288
Other payables	12,288	653
	<u>177,274</u>	<u>177,567</u>
Current	169,289	177,567
Non-current	7,985	-

Trade and other payables are interest-free.

Amounts owed to Group undertakings are repayable on demand.

**Notes to the financial statements (continued)****16 Deferred tax assets/(liabilities)**

	Losses £000	Accelerated capital allowances £000	Share options £000	Short-term timing differences £000	Total £000
At 1 April 2022	13,892	(379)	1,015	32	14,560
Recognised in income statement	1,340	(162)	(1,549)	17	(354)
Recognised in other comprehensive income and equity	-	-	769	(5)	764
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2023	15,232	(541)	235	44	14,970
Recognised in income statement	(7,438)	354	829	(356)	(6,611)
Recognised in equity	-	-	391	5	396
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 March 2024</b>	<b>7,794</b>	<b>(187)</b>	<b>1,455</b>	<b>(307)</b>	<b>8,755</b>

Deferred tax has been calculated using tax rates that were substantively enacted at the statement of financial position date (see Note 9).

**Notes to the financial statements (continued)****17 Provisions**

	Restructuring provision £000	Insurance reserve £000	Dilapidation provision £000	Contract specific costs £000	Total £000
At 1 April 2023	-	216	1,578	-	1,794
Additional provisions	1,941	82	88	162	2,273
Utilised	-	(93)	-	-	(93)
Released to the income statement	-	-	(206)	-	(206)
Unwinding of, and changes in, discount rate	-	-	42	-	42
<b>At 31 March 2024</b>	<b>1,941</b>	<b>205</b>	<b>1,502</b>	<b>162</b>	<b>3,810</b>
Current	1,941	72	84	162	2,259
Non-current	-	133	1,418	-	1,551

The restructuring provision as at 31 March 2024 predominantly relates to provisions where a detailed formal plan is in place and a valid expectation in those affected has been raised. The amount is expected to be utilised mainly within the next year.

The Company retains a portion of the exposure in relation to insurance policies for employer liabilities and motor and fleet liabilities. Judgement is involved in assessing outstanding liabilities, the ultimate cost and timing of which cannot be known with certainty at the statement of financial position date. The provision includes claims incurred but not yet reported and is based on information available at the statement of financial position date using advice from third party actuarial experts. The provision is expected to be utilised over five years.

The provision for dilapidations relates to the legal obligation for leased properties to be returned to the landlord in the contracted condition at the end of the lease period. This cost includes repairs of any damage and wear and tear, and is expected to be utilised in the next 10 years.

During the year ended 31 March 2024, the Company recognised £162,000 (2023: £nil) of provisions in respect of certain costs of its contracts.

## Notes to the financial statements (continued)

### 18 Retirement benefit schemes

#### The Railway Scheme

The Company's employees are eligible to participate in either the Group's defined contribution schemes or, for certain employees transferred under The Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE"), Admitted Body Schemes (the "Railway Scheme").

The Company's contractual arrangements mean that it only participates in the Railway Scheme for a finite period up to the end of the contract. For this period this scheme is accounted for as a defined benefit scheme and further information is disclosed below.

The information disclosed below is in respect of the whole of the plans for which the Company is either the sponsoring employer or has been allocated a share of cost under an agreed Group policy throughout the periods shown.

The Company did not make any contributions in the year and does not expect to make any contributions for the year ending 31 March 2025. The weighted average duration of the defined benefit obligation at the end of the reporting period is around 11 years (2023: 17 years).

#### Risk management

This risks of the scheme are as follows.

#### Asset volatility

The scheme liabilities are calculated using a discount rate set with reference to corporate bond yields. If scheme assets underperform this yield, this will create a deficit. The scheme holds a significant proportion of equities, which are expected to outperform corporate bonds in the long term while providing volatility and risk in the short term.

#### Changes in bond yields

Falling bond yields tend to increase the funding and accounting obligations. However, the investment in corporate bonds offers a degree of matching, i.e. the movement in assets arising from changes in bond yields partially matches the movement in the funding or accounting obligations. In this way, the exposure to movements in bond yields is reduced.

#### Inflation risk

The pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation).

#### Life expectancy

The majority of the scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the scheme's liabilities.

#### Principal accounting assumptions at the statement of financial position date

<i>Key assumptions used for IAS 19 valuation</i>	2024	2023
	%	%
Discount rate	4.80	4.75
CPI price inflation	2.80	2.50
RPI price inflation	3.20	3.25
General salary increases	-	3.25
Pension increase assumptions	2.80	3.25

## Notes to the financial statements (continued)

### 18 Retirement benefit schemes (continued)

<i>Post-retirement life expectancy</i>	2024 Years	2023 Years
Male currently aged 65	84.7	84.7
Female currently aged 65	87.4	87.5
Male aged 65 in 20 years time	86.3	86.5
Female aged 65 in 20 years time	89.3	89.4

#### Sensitivity of defined benefit obligations to key assumptions

The sensitivity in the increase/(decrease) of the defined benefit obligations to changes in the principal actuarial assumptions is shown below.

	2024 £000	2023 £000
0.25% (2023: 0.1%) increase in discount rate	(19)	(9)
0.25% (2023: 0.1%) increase in RPI inflation*	20	9
0.25% (2023: 0.1%) increase in CPI inflation	20	9
1 year increase in life expectancy	30	22

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

#### Amounts recognised in the financial statements

##### *Statement of comprehensive income before tax*

	2024 £000	2023 £000
Actuarial gain from changes in financial assumptions	15	254
Actuarial loss from liability experience	(10)	-
Actuarial gain from changes in demographic assumptions	2	-
Return/(loss) on scheme assets, excluding finance income	34	(235)
Movement in asset ceiling	(41)	(19)
	<u>-</u>	<u>-</u>

##### *Statement of financial position*

	2024 £000	2023 £000
Fair value of scheme assets	789	765
Present value of defined benefit obligations	(619)	(638)
	<u>170</u>	<u>127</u>
Surplus	170	127
Impact of asset ceiling	(170)	(127)
	<u>-</u>	<u>-</u>

**Notes to the financial statements (continued)****18 Retirement benefit schemes (continued)*****Movements in the present value of defined benefit obligations***

	£000	£000
At 1 April 2023/2022	638	898
Finance cost	34	13
Actuarial gain from changes in financial assumptions	(15)	(254)
Actuarial loss from liability experience	10	-
Actuarial gain from changes in demographic assumptions	(2)	-
Benefits paid	(46)	(19)
	<u>619</u>	<u>638</u>
<b>At 31 March 2024/2023</b>	<b><u>619</u></b>	<b><u>638</u></b>

***Movements in the fair value of scheme assets***

	£000	£000
At 1 April 2023/2022	765	1,005
Finance income	36	14
Actuarial gain/(loss) on assets	34	(235)
Benefits paid	(46)	(19)
	<u>789</u>	<u>765</u>
<b>At 31 March 2024/2023</b>	<b><u>789</u></b>	<b><u>765</u></b>

***Movements in the asset ceiling***

	£000	£000
At 1 April 2023/2022	127	107
Change in asset ceiling excluding financing	41	19
Finance cost on asset ceiling	2	1
	<u>170</u>	<u>127</u>
<b>At 31 March 2024/2023</b>	<b><u>170</u></b>	<b><u>127</u></b>

***Fair value of assets***

	2024 £000	2023 £000
Equities	248	327
Corporate bonds	541	416
Property	-	22
	<u>789</u>	<u>765</u>
	<b><u>789</u></b>	<b><u>765</u></b>

**Notes to the financial statements (continued)****19 Leases**

<b>Right-of-use assets</b>	<b>Properties</b>	
	<b>£000</b>	
At 1 April 2022		13,051
Additions		634
Modifications to lease terms		(2,913)
Depreciation		(1,546)
		<hr/>
At 31 March 2023		9,226
Additions		952
Modifications to lease terms		(120)
Depreciation		(1,574)
		<hr/>
<b>At 31 March 2024</b>		<b>8,484</b>
		<hr/> <hr/>
 <b>Lease liabilities</b>		
	<b>£000</b>	<b>£000</b>
At 1 April 2023/2022	9,907	14,219
Additions	943	440
Modifications to lease terms	7	(4,188)
Finance cost on lease liabilities	341	400
Repayment of lease liabilities (including financing)	(1,690)	(964)
	<hr/>	<hr/>
<b>At 31 March 2024/2023</b>	<b>9,508</b>	<b>9,907</b>
	<hr/> <hr/>	<hr/> <hr/>
Current	1,461	1,284
Non-current	8,047	8,623
 <b>Maturity analysis-contractual undiscounted cash flows</b>		
	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Less than one year	1,781	1,609
Between one to five years	6,382	6,168
More than five years	2,537	3,454
	<hr/>	<hr/>
	<b>10,700</b>	<b>11,231</b>
	<hr/> <hr/>	<hr/> <hr/>
 <b>Amounts recognised in the income statement</b>		
	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Depreciation	(1,574)	(1,546)
Short-term lease expense	(15)	-
	<hr/>	<hr/>
<b>Operating loss impact</b>	<b>(1,589)</b>	<b>(1,546)</b>
Finance cost	(341)	(400)
	<hr/>	<hr/>
<b>Profit before tax impact</b>	<b>(1,930)</b>	<b>(1,946)</b>
	<hr/> <hr/>	<hr/> <hr/>

## Notes to the financial statements (continued)

### 20 Deferred income

£13,013,000 of revenue was included in the deferred income balance at the start of the year (2023: £17,331,000).

### 21 Equity

Share capital	2024	2023	2024	2023
	Number	Number	£000	£000
Ordinary shares of £1 each	38,750,002	38,750,002	38,750	38,750

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. The authorised share capital is £38,750,002.

#### Share premium

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

#### Retained earnings

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

#### Dividends

The following dividends were recognised during the year.

	2024	2023
	£000	£000
£3.2258 (2023: £nil) per qualifying Ordinary share	125,000	-
	<u>125,000</u>	<u>-</u>

### 22 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.

### 23 Subsequent events

On 17 July 2024, the Company announced that it had entered into an agreement to acquire the entire issued share capital of Woodford Investments Limited and ESM Power Limited (collectively ESM Power), a leading high voltage electrical engineering business specialising in grid and power connections. The maximum transaction consideration is £8.5m (comprising an initial payment of £5.5m and performance-linked deferred payments of up to £3.0m over two years). The acquisition was funded from the Group's existing facilities.

### 24 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).