Mitie Group plc

Unaudited condensed interim financial statements

Registered number SC019230

Eight months ended 30 November 2023

Mitie Group plc
Eight months ended 30 November 2023

Contents

Company information	1
Statement of Directors' responsibilities	2
Condensed Company income statement	3
Condensed Company statement of financial position	4
Condensed Company statement of changes in equity	5
Notes to the Company's condensed interim financial statements	6

Company information

Directors
P K Bentley
J S Duvalier
S C Kirkpatrick
D Mapp
C K Patel
M M Reilly
O Shah
R P Yates

Secretary
P J G Dickinson

Registered office
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Rutherglen
Glasgow
G73 1AU

Statement of Directors' responsibilities

Company law requires the directors of a public company to prepare interim financial statements where the company wishes to make a distribution to shareholders but where the distribution would be found to contravene the distribution rules if reference were made only to the company's last annual accounts.

These condensed interim financial statements are in respect of the Company only and have been properly prepared subject to matters that are not material for determining whether the distribution would contravene Part 23 of the Companies Act 2006. In preparing these condensed interim 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.

Mitie Group plc
Eight months ended 30 November 2023

Condensed Company income statement

	Notes	Eight months ended 30 November 2023 £m
Administrative expenses		(37.4)
Other operating income receivable from subsidiaries		36.6
Operating loss		**(0.8)**
Dividend from subsidiaries[1]		35.0
Finance income - interest receivable from subsidiaries		0.7
Profit before tax		**34.9**
Tax	2	1.1
Profit for the period		**36.0**

Note:
1. Dividend from Mitie Treasury Management Limited, a subsidiary of the Company.

The notes on pages 6 to 9 form an integral part of the condensed interim financial statements.

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

There were no items of other comprehensive income recognised during the period. Accordingly, no condensed Company statement of comprehensive income has been presented.

Mitie Group plc
As at 30 November 2023

Condensed Company statement of financial position

	Notes	30 November 2023 £m	31 March 2023 £m
Non-current assets			
Investments in subsidiaries	3	**648.5**	639.3
Other receivables	4	**0.5**	0.3
Deferred tax assets	5	**7.7**	5.6
Total non-current assets		**656.7**	645.2
Current assets			
Trade and other receivables	4	**100.1**	87.7
Current tax receivable	6	**30.6**	21.1
Cash and cash equivalents		**-**	1.1
Total current assets		**130.7**	109.9
Total assets		**787.4**	755.1
Current liabilities			
Trade and other payables	7	**(111.4)**	(45.2)
Provisions	8	**(4.9)**	(4.5)
Total current liabilities		**(116.3)**	(49.7)
Net current assets		**14.4**	60.2
Non-current liabilities			
Provisions	8	**(11.3)**	(10.6)
Total non-current liabilities		**(11.3)**	(10.6)
Total liabilities		**(127.6)**	(60.3)
Net assets		**659.8**	694.8
Equity			
Share capital	9	**33.9**	34.0
Share premium	9	**132.0**	131.5
Merger reserve		**157.0**	157.0
Own shares reserve		**(89.1)**	(59.0)
Share-based payments reserve		**40.4**	33.7
Capital redemption reserve		**2.7**	2.6
Retained profits	9	**382.9**	395.0
Total equity		**659.8**	694.8

The notes on pages 6 to 9 form an integral part of the condensed interim financial statements.

The unaudited condensed interim financial statements of Mitie Group plc, company registration number SC019230, were approved by the Board of Directors and authorised for issue on 20 December 2023 and were signed on its behalf by:

DocuSigned by:
FEBA0D3DFBE54E5...
Phil Bentley
Chief Executive Officer

DocuSigned by:
7C53DEA07E394E2...
Simon Kirkpatrick
Chief Financial Officer

Mitie Group plc
Eight months ended 30 November 2023

Condensed Company statement of changes in equity

	Share capital £m	Share premium £m	Merger reserve[1] £m	Own shares reserve £m	Share-based payments reserve £m	Capital redemption reserve £m	Retained profits £m	**Total equity £m**
At 1 April 2023	34.0	131.5	157.0	(59.0)	33.7	2.6	395.0	**694.8**
Profit for the period	–	–	–	–	–	–	36.0	**36.0**
Total comprehensive income	–	–	–	–	–	–	36.0	**36.0**
Transactions with owners								
Dividends payable	–	–	–	–	–	–	(41.5)	**(41.5)**
Purchase of own shares[2]	–	–	–	(10.5)	–	–	–	**(10.5)**
Share buybacks[3]	(0.1)	–	–	(31.9)	–	0.1	(4.8)	**(36.7)**
Share-based payments	–	0.5	–	12.3	6.7	–	(4.0)	**15.5**
Tax on share-based payments	–	–	–	–	–	–	2.2	**2.2**
Total transactions with owners	(0.1)	0.5	–	(30.1)	6.7	0.1	(48.1)	**(71.0)**
At 30 November 2023	**33.9**	**132.0**	**157.0**	**(89.1)**	**40.4**	**2.7**	**382.9**	**659.8**

Notes:

1. The merger reserve represents amounts relating to premiums arising on shares issued subject to the provisions of Section 612 of the Companies Act 2006.
2. During the period the Employee Benefit Trust acquired 10.1m ordinary shares through market purchases for a consideration of £10.0m and the Share Incentive Plan Trust acquired 0.5m shares for a consideration of £0.5m.
3. The share buyback resulted in market purchases of 37.4m ordinary shares, of which 4.9m shares were subsequently cancelled and 32.5m shares were placed into the Treasury share reserve.

The notes on pages 6 to 9 form an integral part of the condensed interim financial statements.

Notes to the Company's condensed interim financial statements

1. Basis of preparation and significant accounting policies

(a) Basis of preparation and accounting

Mitie Group plc (the Company) is a public company limited by shares, incorporated in the United Kingdom and registered in Scotland. The Company's condensed interim financial statements are presented in pounds sterling, which is the Company's functional and presentational currency. All amounts have been rounded to the nearest hundred thousand pounds, unless otherwise indicated. The Group comprises the Company and all its subsidiaries.

These unaudited condensed interim financial statements for the eight months ended 30 November 2023 have been properly prepared in accordance with Sections 836 and 838 of the Companies Act 2006 and applicable accounting standards in the United Kingdom, including FRS 101 *Reduced Disclosure Framework* (FRS 101), subject to matters that are not material for determining whether a distribution would contravene Part 23 of the Companies Act 2006.

The condensed interim financial statements have been prepared on the historical cost basis and on a going concern basis.

The financial information set out herein does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2023 have been delivered to the Registrar of Companies. The independent auditor's report on the statutory accounts for the year ended 31 March 2023 was unqualified, did not contain an emphasis of matter paragraph and did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006.

These condensed interim financial statements have not been audited. They do not include all the information and disclosures required in the statutory financial statements, and therefore should be read in conjunction with the Company's financial statements for the year ended 31 March 2023, as included in the consolidated Mitie Group plc Annual Report and Accounts 2023.

The accounting policies applied in preparing these condensed interim financial statements were consistent with those in its financial statements for the year ended 31 March 2023, which were prepared in accordance with FRS 101 and the requirements of the Companies Act 2006. There are no new and mandatorily effective standards in the period that would have a material impact on the condensed interim financial statements.

(b) Critical accounting judgements and key sources of estimation uncertainty

In preparing the condensed interim financial statements, the critical judgements made by management in the process of applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied in the preparation of the Company's financial statements for the year ended 31 March 2023.

2. Tax

	Eight months ended 30 November 2023 £m
Analysis of credit in the period	
UK corporation tax at 25%	
Current tax on profit for the period	(0.4)
Total current tax credit	(0.4)
Deferred tax (see Note 5)	
Origination and reversal of temporary timing differences	(0.7)
Total deferred tax credit	(0.7)
Total credit for the period	(1.1)
Tax recognised directly in equity	
Current tax	(0.8)
Deferred tax	(1.4)
Total tax credit recognised directly in equity	(2.2)

Notes to the Company's condensed interim financial statements continued

2. Tax continued

	Eight months ended 30 November 2023 £m
Tax reconciliation	
Profit before tax	34.9
Tax using the UK corporation tax rate of 25%	8.7
Non-taxable income from shares in subsidiaries	(8.8)
Items not taxable for tax purposes	(1.0)
Total tax credit	(1.1)

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

3. Investments in subsidiaries

	£m
Cost	
At 1 April 2023	721.8
Capital contribution with respect to share-based payments	9.2
At 30 November 2023	731.0
Impairment	
At 1 April 2023	82.5
At 30 November 2023	82.5
Net book value	
At 30 November 2023	648.5
At 1 April 2023	639.3

The carrying value of the Company's investments in subsidiary undertakings has been tested for impairment in accordance with IAS 36 *Impairment of Assets*. The carrying amount was compared to the asset's recoverable amount and was further assessed by reference to value-in-use if required.

As a result of this analysis, the Directors have determined that no impairment was required to the Company's investments.

Notes to the Company's condensed interim financial statements continued

4. Trade and other receivables

	30 November 2023 £m	31 March 2023 £m
Amounts owed by subsidiaries	**73.4**	56.3
Other receivables	**20.5**	26.0
Prepayments	**6.7**	5.7
Total	**100.6**	88.0
Current	**100.1**	87.7
Non-current	**0.5**	0.3
Total	**100.6**	88.0

Amounts owed by subsidiaries are repayable on demand. The Directors consider that the carrying amount of trade and other receivables approximates their fair value. Included within Amounts owed by subsidiaries above is £17.2m (31 March 2023: £nil) relating to interest-bearing loans at 5% per annum (31 March 2023: n/a).

5. Deferred tax assets

	Accelerated capital allowances £m	Share-based payments timing difference £m	Total £m
At 1 April 2023	0.5	5.1	**5.6**
(Charge)/credit to income statement	(0.1)	0.8	**0.7**
Credit to equity	-	1.4	**1.4**
At 30 November 2023	0.4	7.3	**7.7**

6. Current tax receivable

As at 30 November 2023, the Company held a current tax receivable of £30.6m (31 March 2023: £21.1m), comprising amounts owed by subsidiaries in relation to Group relief of £4.6m (31 March 2023: £3.4m), £24.4m (31 March 2023: £16.1m) of tax payments made on behalf of other Group entities and £1.6m (31 March 2023: £1.6m) owed by tax authorities.

7. Trade and other payables

	30 November 2023 £m	31 March 2023 £m
Overdrafts	**6.8**	-
Trade payables	**2.2**	4.4
Amounts owed to subsidiaries	**70.9**	11.7
Other taxes and social security	**4.3**	3.9
Accruals	**10.5**	21.2
Other payables	**16.7**	4.0
Total	**111.4**	45.2

Amounts owed to subsidiaries are repayable on demand. The Directors consider that the carrying amount of trade and other payables approximates their fair value.

Notes to the Company's condensed interim financial statements continued

8. Provisions

	£m
At 1 April 2023	15.1
Additional provisions	4.5
Utilised	(3.4)
At 30 November 2023	**16.2**
Current	4.9
Non-current	11.3
Total	**16.2**

Provisions were in respect of the insurance reserve. The Company retains a portion of the exposure in relation to insurance policies for employer liabilities and motor and fleet liabilities. This provision includes claims incurred but not yet reported and is based on information available at the balance sheet date. The provision is expected to be utilised over five years.

9. Equity

	Ordinary shares	Share capital	Share premium
	Number million	£m	£m
At 1 April 2023	1,365.3	34.0	131.5
Share-based payments	1.1	–	0.5
Share cancellations	(4.9)	(0.1)	–
At 30 November 2023	**1,361.5**	**33.9**	**132.0**

Each allotted and fully paid ordinary share of 2.5 pence is a voting share in the capital of the Company, is entitled to participate in the profits of the Company, and on a winding-up is entitled to participate in the assets of the Company. The Company has one class of ordinary shares, which carry no right to fixed income.

On 18 April 2023, the Company announced details of a £50.0m share buyback programme. During the eight months ended 30 November 2023, 37.4m shares have been repurchased for a total price, including transaction costs, of £36.7m. 4.9m of these shares were subsequently cancelled, with the nominal value of these shares, £0.1m, transferred from share capital to the capital redemption reserve.

Retained profits
This comprises the retained profits and losses of the Company, less amounts distributed to the Company's shareholders. At 30 November 2023, the Company had distributable reserves of £69.6m.

Dividends
Following approval at the Annual General Meeting on 25 July 2023, the final dividend for the year ended 31 March 2023 of £28.6m, at 2.2 pence per share, was paid to shareholders on 4 August 2023. The Board has declared an interim dividend for the year ending 31 March 2024 of 1.0 pence per share, estimated to be £12.9m, which will be paid on 31 January 2024 to all shareholders on the register at the close of business on 15 December 2023.

10. Share-based payments
The Company has certain equity-settled share schemes as described in Note 31 to the consolidated Mitie Group plc Annual Report and Accounts 2023.