

M Group Services Limited
Annual report and financial statements
for the year ended 31 March 2023

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M Group Services Limited

Annual report and financial statements for the year ended 31 March 2023

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M Group Services Limited

Group information

Directors	A R Findlay C Keen A H P Loosveld J R Winnicott J Yarr
Company secretary	I Evans
Registered office	Abel Smith House Gunnels Wood Road Stevenage Hertfordshire SG1 2ST
Registered number	10260164
Independent auditor	Deloitte LLP 1 New Street Square London EC4A 3HQ
Bankers	National Westminster Bank PLC 1 Princes Street London EC2R 8PA

M Group Services Limited

Chief Executive's review

Introduction

I am pleased to present the annual report for M Group Services Limited ("M Group Services"), which provides specialist services to essential infrastructure markets in the UK and Ireland, including the Energy market (Infrastructure and Retail), Water market (Clean, Waste and MEICA services (mechanical, electrical, instrumentation, control and automation)), Telecoms market (Fixed, Mobile and Private Networks) and the Transport market (Rail, Aviation and Highways).

The ultimate holding company is Minerva Equity Limited which is owned by PAI Partners, a leading pan-European private equity firm with a strong track record of investment in UK and Europe. Its backing provides the financial strength and expertise to allow Minerva Equity Limited and its subsidiaries ("the Group") to continue to grow both organically and through further strategic acquisitions that will support us in delivering services to our clients and achieve our vision to be the leading service provider for essential infrastructure in the UK and Ireland.

Strategic Development

The Group delivers its services through a unique operating model which is aligned to clients' needs, creating a clear sector and service-delivery focus. The Group is structured to deliver services to four core markets – Energy, Water, Telecom and Transport – and our highly experienced divisional leadership teams own the client relationships and lead the delivery of our services. They are supported by robust Group-wide ERP systems and support teams.

The strategy of the Group remains to grow both organically and through acquisition, I am pleased to confirm that the Group has made good progress. Organically the Group has been successful in securing new framework contracts with both existing and new clients, and in extending existing contracts. The Group had an orderbook (including extensions) of £6.9 billion at 31 March 2023 compared with £5.8 billion at 31 March 2022. Of this total, the secured element of work (i.e. excluding extensions) increased from £4.1 billion at 31 March 2022 to £5.1 billion at 31 March 2023. The increase in the secured element reflects the significant contract wins during the year across the divisions.

Our strategy of seeking value-enhancing, bolt-on acquisitions to expand into adjacent, addressable markets has also continued this year, whilst continuing to embed prior year acquisitions. This is enabling us to both broaden our capabilities within the sectors in which we currently operate, and to extend our service offering into new markets. In the year the Group completed three acquisitions which sit across multiple sectors and help to further enhance our offering to clients and support future growth.

On 29 April 2022 the Group acquired the trade of OVO Metering Limited. The business specialises in revenue protection services including metering activities, warrant execution, safety inspection services and smart electric meter installations, and has further enhanced our Group-wide service to the Energy Retail market segment.

On 26 August 2022 the Group acquired the trade and business assets of Salient Systems Limited, a specialist provider of technology solutions to the UK utilities metering market, including its proprietary software, employees and client contracts. The acquisition enhances the Group's capabilities and capacity to provide a unique, market-leading offering to our clients, specifically a market-wide Half Hourly Settlement service as the industry transitions towards net-zero.

On 13 February 2023 Morrison Telecom Services extended its agreement with Openreach for fibre network build and strengthened its delivery capabilities by acquiring 78 employees and a range of operational assets from the administrators of Light Source Design Limited.

M Group Services Limited

Chief Executive's review (continued)

Financial performance

Turnover for the year was £1.8 billion (2022: £1.5 billion) and EBITDA before exceptional items and non-recurring items ⁽¹⁾ was £113.4 million (2022: £97.6 million) reflecting a strong trading performance.

Cash (i.e. Cash and cash equivalents at the end of the year) has continued to be in line with our expectations, reflecting a focus on working capital management throughout the Group.

The financial review on pages 13 to 16 summarises our financial performance in more detail.

Operational performance and business development

The Group's businesses typically operate under long-term framework contracts secured in regulated markets for asset owners and operators such as Thames Water, Cadent, National Grid, Network Rail, Heathrow Airport, EON, British Gas, EDF, Openreach and Virgin Media. We take pride in having long standing relationships with our clients and aim to ensure that we invest in our contracts and business relationships to deliver an excellent service to our clients and to our clients' customers.

Each Division has made good progress in developing new business for the Group during the year. This has enabled a strong orderbook to be maintained, equivalent to over three years' turnover. The key developments in each division are summarised below.

In addition, the Group operates M Group Services Plant & Fleet Solutions (MGSPFS) which supports the market-facing divisions by providing a 'one-stop shop' for provision of plant and fleet (both owned and hired), vehicle leases and rental, and all associated activities. The focus of MGSPFS is to optimise the utilisation of all items of plant and fleet across all divisions. MGSPFS operates from two hubs in Castleford and Stevenage and provides regional support from a further six locations across the UK.

Energy

The Energy Division provides essential services across the Energy Infrastructure and Retail market segments. It is focused on providing transmission, distribution and net-zero services to both the electricity and gas markets, with activities ranging from asset replacement and maintenance in the infrastructure segment to data collection, data aggregation and smart meter installations in the retail segment.

Divisional turnover increased by £119.5 million from £294.6 million in 2022 to £414.1 million in 2023, predominantly driven by growth in the electricity transmission and gas transmission sectors as we strategically expanded in this growing market segment through the full year of results of the acquisition of Morrison Energy Services (Transmission Networks) Limited at the end of 2021, which operates in the electricity transmission market segment.

The Division continued to develop its infrastructure service offering during 2023 seeing significant growth as a result of the mobilisation of electricity transmission work through the National Grid frameworks won in 2022, as well as the first renewable connections contract being delivered. The Division also won and commenced delivery on its first EV charging point / related infrastructure upgrade contract.

The Division is well positioned to benefit from increased investment in the net-zero segment, with an immediate focus on distributed generation and EV charging opportunities, which in turn are driving demand for investment to reinforce the electricity transmission network. We will continue to selectively tender in any of the emerging infrastructure areas where we feel we have the required skills to be successful.

⁽¹⁾ Refer to page 14 for the definition, explanation and reconciliation of EBITDA before exceptional and non-recurring items

M Group Services Limited

Chief Executive's review (continued)

Energy (continued)

The Division strengthened its capabilities in the provision of retail services through the acquisition of the revenue protection business of OVO Energy in May 2022 (since rebranded as Seeka). In August 2022, the Division also acquired Salient Systems Limited, a leading half-hourly management software company, which has been integrated into the Callisto business. This acquisition underpins our ambitions to be a major player as this regulated market change is rolled out through to 2025.

Organic growth was also achieved, including the renewal of the Thames Water meter reading contract shortly post financial year end which has enabled us to take the first steps in our operational plan to consolidate water and energy meter reading activities. This consolidation will further improve our already leading position in this segment. There were no material contract losses in the year, with the administration of Bulb creating new opportunities for the division with its buyer, Octopus.

Water

The Water Division provides a range of essential services to the Water market. Core services include the repair and maintenance of clean and wastewater infrastructure, the building of water infrastructure for new developments, and capital programmes for the renewal and refurbishment of a broad range of critical water and wastewater assets, both above and below ground. In addition, the Division offers specialist services such as MEICA, asset health surveys, testing and inspection services for water companies throughout the UK.

Divisional turnover increased by £22.5 million from £453.3 million in the year ended 31 March 2022 to £475.8 million in 2023. Exceptional costs relating to major contracts were incurred in the year, £13.6 million of costs were associated with contracts in the water jetting and tankering business and £7.4 million of costs related to a provision for remedial work on a pipe that developed damage after installation due to manufacturing defects which the Group is actively seeking to recover in full through contract claims.

The Division continued to secure a wide range of projects through its existing long-term frameworks portfolio with clients that included Anglian Water, Thames Water, Scottish Water, Southern Water, Welsh Water and Yorkshire Water. Major contract wins included a new framework with Scottish Water for capital maintenance activities, a bid supported by our specialist MEICA business, IDS. Similarly, our existing Caledonian Water Alliance (a joint venture between AECOM and Morrison Water Services) was successful in extending the framework agreement for a further six years and increased its scope to include wastewater capital projects across all of Scotland.

The Division has grown activity across a variety of frameworks with Thames Water, including smart water metering (which has been extended for a further year), asset repair and maintenance, as well as the delivery of water and wastewater capital projects in two of their three operational regions.

The Division has also extended its water leakage services, including the provision of a new, innovative digital twin service and we will continue to seek opportunities in this segment of the market.

Our specialist businesses were also successful in winning new work. In addition to the new maintenance framework with Scottish Water, IDS also secured a new framework to provide regional operational support to Scottish Water. PMP built on their long-standing relationship with United Utilities by securing the renewal of their existing framework for the provision of mechanical services, and this has positioned them for further work with this client and expanded their operations into Scotland. Z-Tech has continued to maintain strong relationships with a range of blue-chip clients across the primary market sectors. During the period all frameworks due for expiry were retained. As planned, the period delivered significant growth where existing clients have expanded, and new clients have been secured. Whilst the overall client base within Z-Tech continued to be based predominantly within the Water sector, the period saw the Energy sector expand to 20% of Z-Tech revenue, a growth trend that is expected to continue through the coming period as the market focus on net zero continues.

M Group Services Limited

Chief Executive's review (continued)

Telecom

The Telecom Division provides essential services across the fixed, mobile and private network market segments, delivering infrastructure design, build, repair, maintenance and technology services.

We are engaged in the large-scale deployment of new fibre networks in urban and rural environments with key asset owners Openreach and VMO2, along with some of the more established alternative network operators. We compliment the fibre network build programmes by providing integration and maintenance services, new connections and technology services to our main clients.

Divisional turnover grew by £138.7 million in FY23, from £308.8 million in the year ended 31 March 2022 to £447.5 million in 2023, reflecting the continued growth in fibre network build and maintenance activities along with strategic contract wins across a number of key clients. We expect further growth for the Division in line with the continued deployment of fibre to the premise, 5G mobile expansion and other private network programmes for the utilities and transport sectors.

We work with private telecom network clients such as utilities to design, build, maintain and operate the running of their operational telecom assets. We support them with solutions that enable the migration towards net-zero through long term strategic supply agreements.

We continue to support the four main mobile network operators in the rollout of 5G and other network upgrade programmes. Our full scope delivers acquisition, design and construction services alongside specific network installation and commissioning services for technology solutions.

Our entry into the broadcasting services market commenced with key projects completed for Arqiva on high mast erection and maintenance services.

We successfully mobilised our planned entry into the customer connections market following the successful award of a Service Delivery Unit contract for Openreach. This award underpins the scale required to provide our clients with a turn-key offering that covers everything from the exchange or switch site all the way into their customers' homes.

We have expanded our scope and geographical coverage with Openreach via the acquisition of the contracts, employees and assets that Light Source Design Limited (in administration) held with them.

Transport

The Transport Division provides essential services to two key market sectors, Rail & Aviation and Highways. The Division uses its specialised capabilities to meet the needs of its clients and provides essential infrastructure services to each of these sectors of the transport market. During the year the Division's highways capabilities were consolidated into one operating business to maximise our delivery capability.

Divisional turnover increased by £38.6 million, from £488.6 million in the year ended 31 March 2022 to £527.2 million in 2023.

The Highways market remains stable, and the Division has successfully secured new, long term maintenance contracts in street maintenance and lighting with Wiltshire, Central Bedfordshire, Suffolk, Reading and Thurrock. The capital delivery expenditure with our local authority clients remains buoyant, in the year Milestone Infrastructure negotiated an additional £80m of project work direct with existing clients. Our Highways business now maintains over 48,000km of road and is the largest Highways maintenance contractor in the UK by km of roads maintained.

The Division has maintained performance through the renewal of existing Network Rail and Transport for London maintenance frameworks, and has increased its tender activity with the Train Operating Companies and Transport for London. Investment by rail clients plateaued as we enter into the final year of the current control period, and has been further impacted by industrial action and the pausing of several major enhancement programmes. However the sector has commenced major procurement activities for the next control period (which starts in April 2024), and we are entering into prequalification activities for this next control period (CP7).

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Chief Executive's review (continued)

Transport (continued)

The Aviation sector is beginning to recover with UK passenger numbers in 2022 approaching 80% of pre-pandemic levels, and full recovery is predicted by 2025. Following a strategy to remain close to our aviation clients and retain our skilled workforce, the Division resecured a place on the Heathrow Airports Civils Maintenance framework retaining our key industry position of specialist civil engineering maintenance provider at the two largest UK and London airports (Heathrow and Gatwick).

In addition, the Division increased its presence in the UK regional airports, with work completed at London City, London Luton, Newquay and Birmingham airports and a further framework secured with Bristol Airport.

The Division continues to grow into the defence and adjacent market sectors with a framework secured with the Defence Infrastructure Organisation, a civil and building framework for Babcock at HMNB Devonport, and work delivered at RAF Odiham, RAF St Mawgan and Mount Pleasant Military Base.

Overall, the market for services in the transport sector remains buoyant, driven by the need to invest in national transport infrastructure to increase capacity and improve services. The Division is in a strong place to build on its position in the Highways maintenance market, along with growing its share in the Rail and Aviation markets.

ESG: Environmental, Social and Governance

As part of last year's review, we confirmed that we remain committed to our communities, promoting inclusion, diversity and social equality and protecting the environment. In pursuit of this commitment, over the last two years, we have benchmarked our approach and performance relative to our peers and wider global sectors. During the winter of 2021 the Group embarked on our first detailed external assessment of our ESG performance as judged by one of the world's leading ESG ratings agencies, Sustainalytics.

In our first year (FY21) benchmarking our ESG performance, following a detailed disclosure cycle with ESG analysts from Sustainalytics, our organisation was credited with the highest ESG rating in our sub-industry (Business Support Services). With a formal risk exposure score of 9.6 (out of a total risk exposure number of 100) M Group Services is considered to be carrying 'negligible risk' of financial shock due to ESG factors. During the current reporting period further focus has been given to our primary ESG reporting areas, the culmination of which has been an improved FY22 ESG rating of 8.3. Our FY22 rating preserves our position as 'top rated' in the Business Support Services sub-industry classification.

In addition to achieving a sub-industry leading (best ESG rating of 156 companies reviewed up to December 2022) score, we see increasing focus and interest in ESG & Innovation by our clients, people, and stakeholders as representing a considerable opportunity for business improvement across the Group. While current core indices include monitoring and controlling greenhouse gas emissions, key social indicators, and good governance practices; the growing scale and scope of expertise offered by the Group means we are well placed to accelerate our ESG & Innovation ambition. Having obtained a formal ESG rating we can now further reinforce over fifty competency areas where the stage is now set for a systematic enhancement of our ESG & Innovation position.

Our ESG rating represents a deepening of our understanding and commitment to the topic, and other achievements in the reporting year which are worthy of note. For instance, the Group has been accepted onto the globally recognised Science Based Targets Initiative (SBTI) and with a dedicated in-house expertise we are now busy building detailed greenhouse gas reduction plans which we aim to have verified with quantitative targets in place and published by March 2024. Our plans, to be verified by the SBTI will stretch out, in detail, to 2030 and ultimately carbon net zero by 2050 or sooner. ESG targets are now part of our senior management's remuneration programme.

In addition to our active participation with the SBTI, we were also accepted onto the United Nations Global Compact (UNGC) which aids us to contextualise and position our human capital and environmental commitments with a global rather than just domestic perspective. To this end we are also delighted to say that over one hundred of our innovations and best practice initiatives are aligned

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Chief Executive's review (continued)

ESG: Environmental, Social and Governance (continued)

with seven of the key UN Sustainability Goals. During the summer of 2023 we will be filing our first UNGC progress report for consideration alongside other businesses both domestically and internationally.

With specific reference to climate change, work continues to assess the requirements of the Climate-related Financial Disclosure (CFD) regulations. Our focus is on ensuring that our business strategy and risk governance practices are agile and robust enough to manage both physical and transitional risks and that our metrics and measurement protocols align. During the reporting period we have integrated physical and transitional risks into our groupwide risk management process and risk tracking systems.

Environmental

As we become a key exponent of ESG & Innovation in the essential infrastructure services sector we will continue to promote good environmental practice across all our operations. Through our quality and environmental management systems and active ISO accreditation we continually look to develop and introduce sustainable processes and behaviours across each of our businesses, as well as with our clients and supply chains. As part of the global SBTi community and commitment to SBTi 'near term' target setting, we are developing specific business decarbonisation policies and practices. In pursuit of this ambition we have established an Executive sponsored Carbon Reduction Group with the mandate for identifying and implementing local as well as groupwide opportunities to reduce our carbon intensity.

Pages 25-27 detail our Greenhouse Gas emission and energy usage, including our ongoing energy efficiency actions across the Group. To ensure our thinking and approach follows best practice we have joined the UK Supply Chain Sustainability School to develop a Sustainability Supply Chain Charter which amongst other benefits, will help inform our approach to Scope 3 emissions, and engaging with our supply chain in particular.

Health and Safety

We are fully committed to the health, safety and wellbeing of our people and all those who come into contact with our business. Safety is one of the Group's core values; putting health, safety and wellbeing of people first. Our ethos runs through the heart of our Group and we continue to strive to improve health and safety performance across all operational areas.

The 12 Month Rolling Accident Frequency Rate (AFR i.e. Number of RIDDOR incidents and accidents x 100,000hrs / No. of hours worked) demonstrates that we are maintaining a good safety performance across the Group:

12 Month Rolling Accident Frequency Rate (AFR)									
2022/23					2021/22				
Group	Energy	Water	Telecom	Transport	Group	Energy	Water	Telecom	Transport
0.07	0.04	0.03	0.05	0.20	0.07	0.05	0.09	0.01	0.15

With regard to Health and Wellbeing, during the last year the Group has provided regular Health and Wellbeing communications across its operating Divisions to support our people. Topics covered included mental health issues, financial wellbeing, cancer awareness and improving physical fitness.

M Group Services Limited

Chief Executive's review (continued)

Health & Safety (continued)

As testament to our core values, our consistent safety performance resulted in an outstanding 14 RoSPA Awards across the Group:

- Morrison Water Services received a Gold Award
- Morrison Energy Services received the Construction Sector Award (ninth award in 13 years) and the RoSPA Gold Award
- M Group Services Plant & Fleet Solutions was awarded its sixth consecutive Gold Award and its second consecutive Gold Medal Award for Fleet Safety
- In the Transport Division, Dyer & Butler has received three Order of Distinction Awards, including the RoSPA Order of Distinction Award, and the RoSPA President's Award
- A Gold Award was presented to Morrison Data Services
- Within the Telecom Division, Morrison Telecom Services, Magdalene and Avonline all received their second consecutive Gold Award with Waldon Telecom securing a Silver Award
- Z-Tech Control systems received an Order of Distinction Award for its run of 15 consecutive RoSPA Gold Award wins.

Community Engagement

Investing in the communities we work in through local employment and community engagement is important to us. We create relationships with our clients, local councils, community groups, schools and colleges to deliver long-term benefits for our communities and ourselves.

For example, encouraging an interest in STEM (science, technology, engineering and maths) subjects among school students helps us to raise awareness of careers in our sector. Across the Group we have c. 150 STEM Ambassadors that engage with schools to bring the world of work to life.

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Chief Executive's review (continued)

Developing our People

The Group is a trusted employer to over 11,000 skilled individuals, working from over 230 locations across the UK and Ireland.

Our workforce is distributed across the Group and consists of field personnel, support services, technical, managerial and leadership all working within our operational divisions plus Group Support and M Group Services Plant & Fleet Solutions.

We are committed to creating and maintaining inclusive environments for our people that enables the diversity of our people to influence our business and empower everyone to deliver, develop and achieve both for the Group and themselves. We are committed to creating environments in which our people feel valued, empowered, supported and fulfilled. We benefit from an engaged and motivated community as we listen and respond to feedback.

Across each of our operating divisions, a broad range of recognition and reward schemes are designed to highlight the achievements and successes of our people and to thank them for their hard work and dedication. The 'Beyond Expectations Awards' recognise the endeavours, innovation and commitment of our people and enable us to celebrate success across the Group.

Developing and retaining the workforce of the future, which is resilient to change and sustainable as our business grows is at the heart of our People Development Strategies, our training and development programmes are key to our success. Attracting, developing and retaining the next generation of highly skilled forward-thinking, customer-focused and technically competent people who can help us to continually develop the scope of our core capabilities is imperative. Our Apprenticeship programmes have received industry recognition for their excellence.

We continue to develop strategies which support exceptional career and training opportunities across the Group, and which facilitate our long-term growth. Our talent and succession programmes are embedded within the divisions and facilitate the growth and promotion of our people as well as creating new opportunities for innovative and targeted recruitment solutions. Apprenticeships and graduate programmes offer a targeted and tailored way to do this. Across the Group we now have over 250 apprentices in training covering various operating sectors.

We continue to expand our apprentice and graduate intake as well as creating new programmes for the long-term unemployed, ex-offenders and military service leavers. Our intention is to continue to build our sustainable and resilient workforce and help to address the skills shortage across the UK.

The Group continue to develop targeted recruitment solutions and in addition to our work with the Defence Employer Recognition Scheme ("ERS"), which recognises commitment and support from UK employers for current and former defence personnel, the Group have been working with His Majesty's Prison Service to create opportunities for ex-offenders to forge a new career within our Group.

It is key that we continue to engage and listen to all feedback to harness the talent that we already have within the Group and also ensure a working environment exists that allows people to flourish. In order to increase people engagement, our people are encouraged to participate in the confidential annual Group People Opinion survey. Our employee communications are supported by our employee communications platform 'Stay Connected' which continues to encourage our people to share best practice and create two-way dialogue.

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Chief Executive's review (continued)

Equality and Diversity

The following table sets out our Group gender diversity position at 31 March 2023 and 31 March 2022.

The overall proportion of female employees has grown from 17.4% to 18.4% with the proportion of females in director level roles now at 12.1% (LY:9.5%).

Role level	31 March 2023			31 March 2022		
	Female	Male	Total	Female	Male	Total
Director	17	124	141	17	162	179
Senior Managers	369	1,475	1,844	127	824	951
Employees	1,637	7,385	9,022	1,671	7,607	9,278
Total	2,023	8,984	11,007	1,815	8,593	10,408

The Group recognises that harnessing diversity in all its forms and benefiting from the experiences, abilities and unique qualities of all our people will enhance our business. We are committed to equality in all aspects of our business and enabling equity of opportunity for all our people. Maintaining inclusive environments is critical to enabling a diverse workforce and throughout 2022/23 through our operating divisions we have nurtured the creation of staff networks including The Women's Network, REACH and ENABLE amongst others. Led by our employees the networks are also supporting mentoring opportunities for those who wish to benefit from the experience of others.

Inclusive environments are at the heart of our drive to broaden the diversity of our leadership, setting the standard for the organisation as a whole, creating high performance, diverse environments that attract and retains the very best people.

Governance and compliance

The Group has a business code of conduct which is aligned with our vision and values which all employees must adhere to. We are committed to complying with all legal requirements applicable to operations within our industry and sectors. Our people must undertake online training courses in regard to: Anti-bribery and Corruption, Inclusion and Diversity, Modern Slavery, Information Security and GDPR.

The Board meets regularly and leads the strategic direction of the Group (page 23 details board experience). Regular Executive, Operational Board and Divisional Board meetings are scheduled throughout the year in which health and safety, environmental, financial, commercial and strategic initiatives are reviewed at every meeting, including the review of risks and associated mitigations, supported by reports and presentations from the divisional Managing Directors and their leadership teams. Through the ongoing review of suitably detailed management information the Board ensures that risks are appropriately monitored and managed.

The Board has formally established Audit, Risk Management and Remuneration committees. The key responsibilities of each committee are set out below.

Audit Committee

To monitor the integrity of the Group's accounts, and the adequacy and effectiveness of the systems of internal control. To monitor the effectiveness and independence of the internal and external auditors.

Remuneration Committee

To set remuneration for all Directors including pension and any compensation payments.

Risk Management Committee

To support the Operational Board in its oversight of the effectiveness of risk management within the Group and to review key risks and associated action plans/mitigations.

M Group Services Limited

Chief Executive's review (continued)

Tax Strategy

The Group approaches tax matters with integrity, in line with the Group's values. The Group is committed to complying with tax laws in a responsible manner and to having open and constructive relationships with tax authorities based on the principles of mutual transparency and trust. A full tax strategy is disclosed on the M Group Services website.

Outlook

The resilient sectors in which we operate, the nature of the essential services that we provide to critical national infrastructure, our strong long-term order book with blue-chip clients and the commitment and determination of our people provide a solid platform to further develop the Group and deliver continued growth.

We continue to seek strategic acquisitions to augment existing organic opportunities and add capabilities to the Group. This provides multiple sources of opportunity for future development. We remain focused on delivering quality services for our clients that also drives profitable growth for our shareholders whilst ensuring we maintain our ethos which has safety, service delivery, integrity and people at the heart of our business.

Our industry leading public ESG rating and outstanding, award-winning safety record recognises the on-going commitment of everyone in our group to continually review and improve our work to ensure it is as sustainable and safe as possible. We have grown rapidly over recent years, through organic growth and acquisition, and proactively chose to benchmark against the best in the world. Our ambition to be one of the very best ESG performing businesses underpins our ability to be a leader in the UK's infrastructure services sector and supports our clients' plans to deliver their own net-zero targets.



A R Findlay
Chief Executive Officer

19 June 2023

M Group Services Limited

Financial review

Introduction

The Group's trading results to 31 March 2023 and are set out below.

Trading performance

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Turnover	1,864.6	1,545.3
EBITDA before exceptional and non-recurring items ⁽¹⁾	113.4	97.6
EBITDA before exceptional items ⁽¹⁾	104.7	94.4
Operating profit	2.6	32.2
EBITDA before exceptional and non-recurring items margin ⁽¹⁾	5.9%	6.3%
EBITDA before exceptional items margin ⁽¹⁾	5.4%	6.1%

Turnover

The Group delivered turnover of £1.8 billion in the year, up 18.5% year on year (2022: £1.5 billion). Activity remained strong and the Group recorded turnover growth in Energy, Telecom and Highways within Transport. Water business was supported by additional work for Thames Water.

Divisional performance is discussed in the Chief Executive's report and the segmental reporting note (note 6) also shows the divisions in which turnover was generated.

Profitability

Operating profit decreased to £2.6m compared to £32.2m in the prior year due to exceptional costs of £33.8m primarily comprising exceptional costs on major contracts (£21.0), restructuring (£6.9m) and other costs as discussed in more detail in note 9.

EBITDA before exceptional and non-recurring items⁽¹⁾ increased to £113.4 million up 16.2% year on year (2022: £97.6 million) and EBITDA before exceptional itmes increased to £104.7million a 10.9 % growth year on year(2022: £94.4 million) supported by strong growth in Energy, Telecoms and Highways compared to prior year. Stable EBITDA before exceptional and non-recurring items margin⁽¹⁾ at 5.9% (2022:6.3%) and EBITDA before exceptional items margin⁽¹⁾ at 5.4% (2022: 6.1%).

Bank financing and interest

Intercompany loans are in place with the parent company to finance the Group. Detail on external debt can be found in the consolidated financial statements of Minerva Bidco Limited.

The Group had cash and cash equivalents of £111.4 million (2022: £100.7 million), together with undrawn revolving credit facility of £56.3 million (2022: £56.3 million), this provides substantial liquidity for the Group.

The net interest cost in the year amounted to £1.3 million (2022: £0.9 million).

Taxation

The tax charge is £2.1 million (2022: charge of £14.4 million) on profit before taxation of £1.3 million (2022: profit of £31.3 million). The effective tax rate was 161.5% (2022: 45.6%), which is greater than the statutory rate of 19% (2022: 19%). An analysis of the tax charge and tax reconciliation is set out in note 12 to the financial statements.

⁽¹⁾ Refer to page 14 for the definition, explanation and reconciliation of EBITDA before exceptional items, EBITDA before exceptional and non-recurring items of EBITDA before exceptional items margin and EBITDA before exceptional and non-recurring items margin.

M Group Services Limited

Financial review (continued)

Cash flows

Consolidated cash flow	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Net cash inflow from operating activities (see note 28)	77.5	80.7
Tax paid	(6.3)	(9.4)
Net capital expenditure	(21.1)	(22.6)
Net cash expended on acquisitions	(5.4)	(120.9)
Net cash inflow / (outflow) from financing activities	(34.0)	57.5
Net increase (decrease) in cash	10.7	(14.7)
Cash and cash equivalents at beginning of year	100.7	115.4
Cash and cash equivalents at end of year	111.4	100.7

Corporation tax paid in the year totalled £6.3 million (2022: £9.4 million), reflecting the forecast tax due on the Group's profits net of recovery of overpayments made in prior years.

External interest paid increased to £1.3 million (2022: £0.9 million).

Company Performance

The result of the Company for the year was a profit of £32.6 million (2022: profit of £3.7 million).

Pensions

The Group operates defined benefit and defined contribution schemes. The only material defined benefit scheme is operated by Morrison Water Services Limited. This defined benefit scheme ('MCARE') is closed to future accrual. The most recent triennial valuation of the MCARE scheme took place at 31 March 2020. The accounting surplus at 31 March 2023 in relation to the MCARE scheme was £1.5 million (2022: surplus of £1.0 million) net of deferred tax. The Group also operates some other limited defined benefit arrangements for staff who have transferred to the Group with protected rights. Further details on pension arrangements are provided in note 22 to the financial statements.

Alternative performance measures

This report provides alternative performance measures ("APMs") which are not defined or specified under the requirements of FRS 102. We believe these APMs provide readers with important additional information on our business and aid comparability. We have provided below the definition, explanation and reconciliation to the statutory measures as relevant.

EBITDA before exceptional items and EBITDA before exceptional items and non-recurring items are the measures used by the Directors to assess the trading performance of the Group. EBITDA before exceptional items is defined as profit before interest, tax, depreciation, amortisation and exceptional items. EBITDA before exceptional and non-recurring items is defined as profit before interest, tax, depreciation, amortisation, exceptional and non-recurring items.

Exceptional items are defined in the Group's accounting policies in Note 3 to the financial statements. Non-recurring items are items that do not meet the definition of exceptional items, but which are considered by the Directors not to be representative of the run-rate of the business. EBITDA before exceptional items margin is defined as EBITDA before exceptional items as a percentage of turnover. Cash conversion is a metric used by the Group to assess the Group's ability to convert its profit to

M Group Services Limited

cash. It is calculated as Net cash flows from operating activities as a percentage of EBITDA before exceptional items.

Financial review (continued)

Alternative performance measures (continued)

The following tables provides a reconciliation from operating profit to the alternative performance measures:

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Operating profit	2.6	32.2
Amortisation on intangible assets (Note 13)	55.5	47.4
Depreciation on tangible assets (Note 14)	12.8	13.1
Exceptional items (Note 9)	33.8	1.7
EBITDA before exceptional items	104.7	94.4
Non-recurring items (see definitions below):		
Dispute Settlement	3.5	-
Dual Running Costs	2.4	0.7
Restructuring severance costs	0.9	0.9
Dilapidations	0.7	0.2
Fees for advisor services	0.7	1.0
Other	0.5	0.4
Total non-recurring items	8.7	3.2
EBITDA before exceptional items and non-recurring items	113.4	97.6

Non-recurring items definitions:

Dispute settlement – Costs incurred in settling a dispute relating to the contractual performance of a supplier

Dual running costs – Costs incurred during transition of executive and senior management team

Restructuring severance costs – Non-routine severance costs as part of restructuring activities

Dilapidations – Costs associated with exiting office spaces no longer required

Fees for advisor services – Costs incurred from external advisors on projects

Other – Costs incurred for other non-recurring items

M Group Services Limited

Financial review (continued)

Going concern

The Directors have undertaken the going concern assessment for the Group for a minimum of 12 months from the date of signing these financial statements.

The Directors have taken into account the outlook for the Group including the resilient sectors in which it operates, the nature of the essential services that we provide to critical national infrastructure, and the strong long-term order book with blue-chip clients. The Directors have also taken into account uncertainties in preparing financial projections and assessing the future prospects of the Group. These included the impact of the high inflationary environment, which is considered low risk given the nature of the Group's framework agreements, the majority of which have indexation mechanisms.

The Directors have reviewed the Group's financial projections and assessed the headroom on the banking covenants, including performing downside sensitivity analysis assessing the impact of a miss to the Group's budget and the downside that would be required in order to break the Group's covenants. Cash flow has been and continues to be robust, in line with management's expectations. The Group has significant levels of liquidity available, as set out above, including access if needed to an undrawn revolving credit facility of £56.3 million (2022: £56.3 million) available until 2025.

Accordingly, based on the Group's financial projections and the current expectations of the Directors about the prospects of the Group, the financial statements have been prepared on the going concern basis. The Group has access if needed to funding from its ultimate holding company Minerva Equity Limited, which has confirmed its intention to support the business for a period of at least twelve months from the date of approval of the financial statements.

Outlook

The Group has made good progress in the year to 31 March 2023 and the Directors are confident in the resilience and future prospects for the Group. Its cash generation, substantial order book (providing good visibility of future revenue and earnings), diversifying customer base, and sound underlying trading margins provide a robust set of financial indicators and give the Group a strong platform for further growth.



C Keen
Chief Financial Officer
19 June 2023

M Group Services Limited

Strategic Report for the year ended 31 March 2023

The Directors present their strategic report together with the audited financial statements of the Group for the year ended 31 March 2023.

Review of the Business

Details of the operational performance is summarised in the Chief Executive's review on pages 3-12, and the Financial review on pages 13-16 summarises our financial performance for the year ended 31 March 2023. Additional information has been provided in accordance with the Walker Guidelines, which sets out best practice disclosures for large Portfolio Companies owned by private equity investors.

As at the year end the Company had net assets of £138.8 million (2022: £116.6 million).

Principal activities

The Group provides specialist services to blue-chip clients in the Water, Energy, Telecom and Transport markets in the UK and Ireland. Our services range from implementing planned capital investment schemes to reactive repair and maintenance. The principal activity of the Company is that of a holding company.

Strategy

Our vision is to be the leading service provider for essential infrastructure in the UK and Ireland.

Our strategy aims to achieve this vision by providing long-term services to blue-chip, often independently regulated clients. Through these long-term relationships we will deliver reliable and stable revenue streams, margins and cash flow. We target long term profitable growth, both organically and through acquisitions that enable a broadening of the Group's service offering. We will maximise the scale efficiencies of being a group by coordinating common functions, sharing best practice and implementing strong commercial and financial controls.

Business model

The Group's core values are fundamental for sustainable growth:

- **Health and Safety** - putting health, safety and wellbeing of our people first.
- **Service Delivery Ethos** - helping deliver our clients' business needs.
- **Invest in People** - engaging and empowering everyone to deliver and grow.
- **Integrity** – behaving respectfully and in a sustainable manner to the individual, our communities and the environment, maintaining accountability and honesty in the way we work.

Our differentiated business model builds on these foundations and focuses the Group on safety, service delivery and quality in order that we create and maintain long-term, mutually beneficial relationships with our clients. The key components of our business model are:

Service Delivery Ethos

Each division is dedicated to its individual sector and aligned to respective clients' business goals and objectives.

Focused Strategy

We are focused on essential, sustainable markets across national infrastructure, aligned with our core business capabilities.

Proactive Account Ownership

We understand our clients' needs through focused client ownership and deliver solutions utilising capability from across the Group.

M Group Services Limited

Strategic Report

for the year ended 31 March 2023 (continued)

Business model (continued)

Bespoke Innovative Business Solutions

Our established and proven teams support the bespoke development of systems and processes to meet the needs of our individual clients across our portfolio of contracts, delivering best-in-class solutions.

Long-term Relationships

We have long-term relationships with our clients across many contracts, including multi-year frameworks.

Award-Winning Safety Track Record

First-class health and safety performance is a prerequisite when working across essential infrastructure sectors, and our consistent and award-winning health and safety track record fulfils this fundamental requirement.

Excellent People

A skilled and dedicated workforce in excess of 11,000 people with significant expertise within their respective markets.

Commercial Discipline

Proven cost-effective control measures in place to ensure effective risk management and accurate and reliable financial reporting.

Key performance indicators (KPIs)

The Board monitors progress on the overall Group strategy and trading by reference to KPIs, the principal measures being turnover, EBITDA before exceptional items, order book, cash flow and accident frequency rate. These measures are discussed in the Chief Executive's review and the Financial review.

Principal business risks

Economic conditions

Much of the Group's activities operate within framework agreements which do not provide guaranteed levels of turnover. Economic conditions impact our clients and our contracts. In addition, our clients rely on borrowing in the financial markets to finance their operations. There is a risk that clients will seek to reduce expenditure or extend payment terms in order to manage their cash resources. We engage in regular dialogue with our clients to continually assess these risks and adjust our resources accordingly, whilst recognising the essential nature of our work which ensures the spend in the medium term is resilient.

Business interruption

Extraneous events such as a pandemic, climate, significant IT failure or cyber-attack, could result in a significant degree of business interruption. There is a risk that the Group may not be able to adapt to a changed environment and suffers significant and prolonged disruption to its activities. The Group has developed crisis management plans to mitigate the impact of such events.

Throughout the COVID-19 pandemic the Group continued to deliver essential services across the UK from its four divisions within the limitations set by the government. The impact on operational activity varied by division and our overall objective was to protect the safety of our people and all those who we come into contact. The Group works in resilient markets where demand remains strong.

M Group Services Limited

Strategic Report

for the year ended 31 March 2023 (continued)

Principal business risks (continued)

Economic regulation

Many of the Group's contracts are with major blue-chip clients who operate in regulated industries. Both the funding of programmes and the political support for private involvement may be subject to change. The regulatory risks for the Group's clients are associated with control periods set by the regulators. In the water, electricity distribution, gas distribution and rail industries, prices and capital investment programmes are set every five years. There is a risk that the operating cost targets and capital investment programmes approved by Regulators will impact our turnover and profitability. However, once final determinations are announced, our clients have considerable visibility of workload. We engage in regular dialogue with our clients to continually assess these risks and adjust our resources accordingly.

Contract renewals

The Group's long term contracts periodically come up for renewal. There is a risk that the Group may not renew its framework contracts with existing clients during a competitive tender process, impacting on turnover and profitability. Framework contract renewal risk is mitigated by delivering a quality service, a strong health and safety performance and an effective bid process and has resulted in an excellent renewal track record.

Skills shortages

The Group operates in a market where skill shortages prevail and consequently it invests heavily in training and developing people to their maximum potential. There is a risk that skills shortages may impact on the Group's ability to deliver its services. The Group has been very successful in recruiting from local communities in which it works and in developing and retraining staff. In order to help tackle ongoing skills shortages, the Group has been actively involved in apprentice schemes and training the long-term unemployed.

Reliance on supply chain

There is a risk that any disruption to the supply chain would impact the ability of the business to deliver services to its clients. The business mitigates this risk by establishing preferred supplier relationships (which are generally not exclusive) and always seeking to ensure that a balanced and stable supply chain is maintained, which helps to deliver best value to clients.

Health and safety

There is a risk that a significant health and safety failure would impact our ability to conduct our existing business and win new business. Health and safety considerations form a key part of the Group's operational practices and the Group promotes a culture that puts safety first. The Group operates safe and reliable working practices through a policy of honesty, trust and sharing best practices across all business operations.

New Business

The Group is targeting growth in existing and adjacent markets using its core skills. There is a risk that the business is not as efficient or as effective as it might be as key relationships with clients and the supply chain is established. This risk is mitigated by regular strategic and operational review of new activities to ensure resources are deployed appropriately.

M Group Services Limited

Strategic Report for the year ended 31 March 2023 (continued)

Section 172 statement

Section 172 of the Companies Act 2006 requires each director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole but having regard to a range of factors set out in section 172(1)(a)-(f) in the Companies Act 2006. In discharging our section 172 duty, we have regard for these factors taking them into consideration when decisions are made.

In addition, we also have regard to other factors which we consider relevant to the decisions being made. Those factors for example include the interest and views of our clients and their end users, regulatory bodies, and our relationship with our lenders. We delegate authority for day-to-day management of the Company to the Executive directors and engage management in setting, approving and overseeing execution of the business strategy and related policies. Board meetings are held periodically at which the Directors consider the Company's activities and make decisions.

Stakeholder engagement

Effective engagement of stakeholder groups supports the principles of Section 172 of the Companies Act 2006, which sets out that directors should have regard to stakeholder interests when discharging their duty to promote the success of the company.

Our success depends on forging positive relationships with the people, communities and organisations that have an interest in our business and may be impacted by the decisions we make. We actively engage with our stakeholders to understand their views. The views of our stakeholders assist in shaping our strategy and business model set out on pages 17-18. We set out below how we engage with our main stakeholders and our impact.

People

We endeavour to listen to our people, to provide feedback and keep them engaged and informed. Successful performance can be delivered through a high level of engagement ensuring our people share the Group's core values and feel supported by our culture. We are committed to creating an environment in which our people feel valued, supported and fulfilled.

It is key that we continue to engage and listen to all feedback to harness the talent that we already have within the Group and also ensure there exists a working environment that allows people to flourish. During the year, a group wide People Opinion Survey has taken place enabling us to address areas for improvement to make the Group a better place to work. The feedback from this engagement is considered by the Directors which helps to inform short-term actions and long-term people strategies.

Clients

Each division is dedicated to an individual market. We have long-term relationships with our clients across multiple contracts. We aim to meet the specific need of each of our clients to deliver best in class solutions. During the year we continued to have key account support and face-to-face meetings to continue to invest in these relationships.

Suppliers and subcontractors

Dialogue with suppliers and subcontractors is important to mitigate supply chain risk and to ensure we have access to the most cost effective and reliable products and services. During the year we worked closely with our supply chain to ensure we can meet our business requirements in a sustainable way.

Our code of conduct sets out clear standards regarding our ways of working with our supply chain. Having key account support and face-to-face meetings helps to build trust and long term relationships which is beneficial to both parties.

M Group Services Limited

Strategic Report for the year ended 31 March 2023 (continued)

Stakeholder engagement (continued)

Communities and the environment

During the year we continued to collaborate with local schools in order to encourage an interest in STEM (science, technology, engineering and maths) subjects among school students helps to raise awareness of careers in our sector.

Through our workshops many students get a taste of the challenges our staff face and an understanding of the practical application of STEM subjects. Our aim is to increase the number of school workshops that are delivered, and reach a larger audience of students. This will support our future talent recruitment and ensure young people gain meaningful employment.

Additionally, during the year we continued to actively partner with the armed forces to provide employment to suitable ex services personnel seeking a career after their time in the services. We continue to expand our apprentice and graduate intake as well as creating new programmes for the long-term unemployed.

As set out on page 7, we are committed to minimising our environmental impact, promoting good environmental practice across all our operations.

Shareholders

The Company is a wholly-owned subsidiary of Minerva Equity Limited, a United Kingdom incorporated company which is owned by management and Blueprint Investments Sarl (Luxembourg). Blueprint Investments Sarl (Luxembourg) is indirectly controlled by PAI Europe VI, a private equity fund which is ultimately controlled by PAI Partners. Shareholders are represented on the Board of Directors of Minerva Equity Limited. Strategic direction and regular monitoring and reporting of financial and operational information is discussed in these meetings.

Our shareholders aim to increase the long-term strategic value of the Group in partnership with the management team. We target long term profitable growth, both organically and through acquisitions that enable a broadening of the Group's service offering.

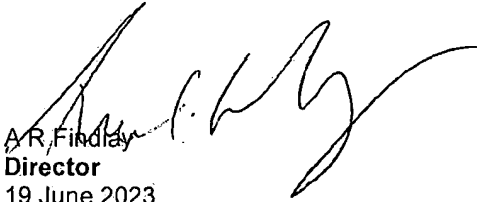
Lenders

Lenders to the Group provide a significant source of capital to enable the Group to be successful and finance its activities. In this process they participate as key stakeholders and supporters of the Group.

We regularly share financial and operational information with our lenders and the progress against the strategic objectives set by the board.

The strategic report was approved and authorised for issue by the board of Directors.

On behalf of the board,


A.R. Findley
Director
19 June 2023

Registered Number: 11279452

Abel Smith House
Gunnels Wood Road
Stevenage
Hertfordshire
SG1 2ST

M Group Services Limited

Directors' report for the year ended 31 March 2023

The Directors present their report together with the audited financial statements of the Group and Company for the year 31 March 2023.

Ownership

The Company is a wholly-owned subsidiary of Minerva Equity Limited, a United Kingdom incorporated company which is owned by management and Blueprint Investments Sarl (Luxembourg). Blueprint Investments Sarl (Luxembourg) is indirectly controlled by PAI Europe VI, a private equity fund which is ultimately controlled by PAI Partners. PAI Partners is a leading pan-European private equity investment firm with over c.£22.7 billion (€26.4 billion) of assets under management.

PAI acquires majority stakes in medium to large European companies who are leading brands in their market. PAI invest in five core sectors and are particularly focused on consolidating sectors and on markets where growth can be sustained through economic and financial market cycles. PAI aim to increase the profitability and long-term strategic value for the businesses they own in partnership with the management teams.

Development of the business

The performance, development and outlook for the business is summarised in the Chief Executive's review and the Financial review on pages 3 to 16.

Financial risk

Financial risks faced by the Group include funding, interest rate and contractual risks. The Group regularly reviews these risks on an ongoing basis. Financing and financial risks are discussed in the Financial review and notes 21 and 25 to the financial statements.

Dividends

No dividends were paid in the year (2022: £nil). The Directors do not recommend the payment of a dividend (2022: £nil).

Political donations

The Group made no donations to a registered political party during the year (2022: £nil).

Board of Directors

The Directors who served during the year and up to the date of signing the financial statements were as follows:

Chief Executive Officer	J M Arnold	(resigned 1 January 2023)
Chief Executive Officer	A R Findlay	
Chief Financial Officer	C Keen	(appointed 15 September 2022)
Chief Operating Officer	A H P Loosveld	(appointed 15 September 2022)
Executive Director	A Silonov	(resigned 15 September 2022)
Executive Director	J R Winnicott	
Executive Director	J Yarr	(appointed 7 March 2023)
Director	W J Cooper	(resigned 15 September 2022)

Auditor

A resolution to reappoint Deloitte LLP as auditor will be proposed at the forthcoming Annual General Meeting.

M Group Services Limited

Directors' report for the year ended 31 March 2023 (continued)

Board of Directors

Andrew Findlay (Chief Executive Officer)

Andrew was appointed Chief Executive Officer of Minerva Equity Limited on 1 August 2021 and subsequently Group Chief Executive of Minerva Equity Limited on 1st January 2023. Andrew is a Member of the Remuneration Committee. He was previously Chief Financial Officer of easyJet and prior to that held senior roles with Halfords, M&S and Cable & Wireless. Andrew qualified as a Chartered Accountant with Coopers & Lybrand. Andrew is a Non-Exec Director and Chair of the Audit Committee at Rightmove PLC.

Christian Keen (Chief Financial Officer)

Chris was appointed as Chief Financial Officer Designate of M Group Services Limited on 1st August 2022 and subsequently Chief Financial Officer of Minerva Equity Limited on 1st January 2023. Chris is a Member of the Audit Committee. He was previously Chief Financial Officer of McKesson UK from 2019 to 2022 and Holland & Barrett International from 2012 to 2019. Chris is a Chartered Accountant and has an MBA from Cranfield School of Management. Chris is a Non-Exec Director and Chair of Audit Committee at Angling Direct PLC.

Alain Loosveld (Chief Operating Officer)

Alain was appointed Chief Operating Officer of M Group Services Limited 1 July 2022 having previously been Managing Director of the Telecom Division since January 2017. Alain joined the business in 2004 to develop our Telecom offering and has over 30 years industry experience gained in the UK, Ireland and Europe. Alain has a master's degree in Economics and Business Administration.

Jonathan Yarr (Executive Director – M&A)

Jonathan was appointed Executive Director - M&A for M Group Services on 7 March 2023. Jonathan is responsible for the Mergers and Acquisition function of M Group Services. He previously held the position of Head of Investor Relations and M&A at Petrofac and has approximately 20 years of mergers & acquisitions experience. Jonathan qualified as a Chartered Accountant with KPMG.

Jim Winnicott (Executive Director)

Jim was appointed Executive Director of M Group Services Limited in 2016. Jim focuses on commercial matters for the Group and supports the acquisition and integration process of any new businesses into the M Group Services Limited.

Third party indemnity

The Group maintains qualifying third party indemnity insurance for all directors as required by section 234 of the Companies Act 2006. These insurances were in force throughout the period to 31 March 2023 and continue to the date of signing the financial statements.

M Group Services Limited

Directors' report for the year ended 31 March 2023 (continued)

Research and development

The Group continues to drive performance improvement, create value adding and innovative solutions to client issues across each of our sector businesses. Activities are broad and diverse, such as the customisation of applications, technological advances to mobile apps, automated detection systems and virtual mapping platforms.

Post balance sheet events

The Water specialist jetting and tankering business is being rationalised and has been marketed to potential buyers on 5th June 2023. Management believes the exit of the business will be achieved in the year to 31 March 2024.

Employee Engagement

Our statement describing how the Board has had regard to the matters set out in section 172 (1) (a) to (f) of the Companies Act 2006 when performing its duty under section 172 is set out on pages 20 to 21. Employees are kept informed on matters affecting them. The Group communicates through regular briefings, presentations, electronic mailings, an intranet and the wide circulation of publications, to achieve awareness of all employees in relation to the financial and economic factors that affect the performance of the Group. Reward and recognition schemes are in place to encourage participation in the Group's performance, highlight the achievements and successes of our people and to thank them for their hard work and dedication. Employees are encouraged to participate in a confidential opinion survey carried out annually.

The Group is an equal opportunities employer and applications from disabled persons are fully and fairly considered, having regard to the aptitudes and abilities of the applicant. In the event of disability, every effort is made to ensure that employment continues and appropriate training is given. Career development and promotion of disabled people is, as far as possible, identical to that of other employees.

Modern Slavery and Human Rights

The Group supports and carries out its business in a manner compatible with the protection of individuals' human rights. The Group does this through its compliance with relevant legislation and through its insistence on ethical business practices. The Group has policies that reflect the rights granted to individuals under the Human Rights Act 1998, such as the areas of non-discrimination, data protection, dignity at work and health and wellbeing. Furthermore, the Group is committed to preventing modern slavery and human trafficking in all its activities and ensures that its supply chains are free from slavery and human trafficking, as set out in our most recent Modern Slavery Statement available here: www.mgroupservices.com/corporate-responsibility/modern-slavery-human-trafficking-statement/.

Stakeholders engagement – Other stakeholders

Based on our engagement with and feedback from stakeholders, we factor their views into the decision making of the Board. Our statement describing how the Board has had regard to the matters set out in section 172 (1) (a) to (f) of the Companies Act 2006 when performing its duty under section 172 is set out on pages 20 to 21.

M Group Services Limited

Directors' report for the year ended 31 March 2023 (continued)

Environmental performance

Our people work in every environment from the busiest towns and cities through to the remotest areas. In all that we do, we aim to minimise our environmental impact. It is our responsibility to share good environmental practice while continuing to develop sustainable processes and behaviours across our business and to our clients' and supply chain. Page 27 details energy efficiency actions undertaken by the Group.

GHG emissions and energy use data for year 1 April 2022 to 31 March 2023

The following tables report the UK energy use and associated greenhouse gas emissions in order to comply with the reporting required under The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2018.

Greenhouse Gas Emissions and Energy Use

The Group consolidated energy consumption and associated greenhouse gas emissions are summarised by activity and Greenhouse Gas Protocol Scope in the tables below.

Consolidated Energy Consumption

Energy Consumption	2022/2023	2021/2022
	kWh	kWh
Sites (gas and electricity)	6,216,217	8,901,730
Mobile Plant (gas oil, LPG and HVO)	32,734,933	29,376,305
Transport (diesel and petrol)	204,180,017	199,913,681
Transport (electricity)	562,237	
TOTAL energy use / kWh	243,693,404	238,191,716

Consolidated Greenhouse Gas Emissions

Greenhouse Gas Emissions	2022/2023	2021/2022
	tCO ₂ e	tCO ₂ e
Scope 1 Emission Sources		
Sites, combustion of gas	271	527
Fuel use for mobile plant	696	7,366
Emissions from fuel use for travel and transport	49,782	49,405
Scope 2 Emission Sources		
Purchased electricity	915	1,339
Scope 3 Emission Sources		
Employee owned vehicles used for business travel	2,387	651
Total GHG emissions / tCO₂e	54,051	59,288

Consolidated Emissions Intensity

GHG emission intensity / tCO ₂ e/£ million of turnover	30.0	36.45
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M Group Services Limited

Directors' report for the year ended 31 March 2023 (continued)

Methodology and Scope of Reporting

i) The scope of reporting encompasses UK based sites and activities. Whilst Group turnover includes a small contribution from activities outside the UK, these are not significant from the perspective of energy use or greenhouse gas emissions.

ii) Reported activity and greenhouse gas emissions are for the 12 months, 01 April 2022 to 31 March 2023. For companies acquired during the reporting year, the full year turnover and greenhouse gas emissions have been stated.

iii) Greenhouse gas emissions are calculated and presented in accordance with the GHG Reporting Protocol – Corporate Accounting & Reporting Standard and the UK Government's Environmental Reporting Guidelines, March 2019.

iv) Greenhouse gas emissions are calculated using UK Government's 2021 conversion factors and reported as tonnes of carbon dioxide equivalent (tCO₂e).

v) Greenhouse gas emissions are reported in the GHG Protocol scopes.

Scope 1 sources comprise: energy used for buildings (natural gas), transport vehicles (white diesel and petrol) and mobile plant (gas oil, Liquefied Petroleum Gas (LPG) and HVO Biodiesel (Hydrotreated Vegetable Oil)).

Scope 2 emissions are emissions associated with imported grid electricity used in M Group Services' offices and depots. Scope 2 emissions have been reported using the location-based methodology. This approach uses the UK Government 2021 Grid electricity conversion factor.

Scope 3 Business travel by employee car is reported under Scope 3.

vi) Other Scope 3 emission sources; business travel by air, rail, taxi and ferry collectively account for less than 1% of reported emissions and are therefore considered to be de minimis.

vii) M Group Services' energy use and associated greenhouse gas emissions, have been calculated by in-house specialist staff and has not been independently verified.

M Group Services Limited

Directors' report for the year ended 31 March 2023 (continued)

Greenhouse Gas Emissions and Energy Use (continued)

Energy Efficiency Actions undertaken by the Group during 2022/2023

M Group Services has a number of on-going activities to improve energy efficiency. This includes the efficient use of current resources, appropriate technology selection and investing in innovation.

We continue to implement and develop our Green Fleet Strategy.

Travel and Transport are our main sources of GHG emissions in Scope 1 and 2.

We operate a fleet of over 8,000 vehicles. This has increased as the business has grown. Our criteria for selecting vehicles for our asset list includes the requirement to be fuel efficient.

We facilitate eco-efficient driving through the use of specialist software that monitors driver behaviours and fuel efficiency. Coaching is provided, where necessary, to drivers in order to improve safety and fuel efficiency.

We have also redesigned and optimised our Headquarters at Stevenage and this is predicted to save 35 MWh of electricity per year. The electricity that we procure is 100% renewable backed. As well as addressing energy efficiency we are focused on reducing our greenhouse gas emissions.

Currently of all new car orders 54% are electric vehicles and 38% are plug-in hybrids.

For our commercial vehicles, we are actively working with our supply chain in order to switch to low emission, efficient vehicles when the technology becomes mature and available.

We have also introduced electrical and solar powered plant and tools across our companies where viable. These include electric hand tools and excavators and solar PV pods (which provide energy storage) and solar powered accommodation units.

In addition, we are utilising HVO (Hydrotreated Vegetable Oil) biodiesel for use on our mobile plant. This fuel has around 85% less Scope 1 emissions than conventional gas oil fuel.

The recovery of our business activities following the impact of the Covid-19 pandemic has resulted in an increase in our greenhouse gas emissions and energy usage.

M Group Services Limited

Directors' report for the year ended 31 March 2023 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 Group and parent company and of the profit or loss of the Group and parent company for that year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent company will continue in business.

The directors are also responsible for safeguarding the assets of the Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors of the Group are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

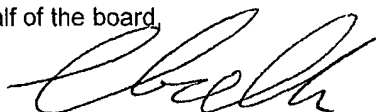
Statement of disclosure of information to the auditor

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group and parent company's auditor are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group and parent company's auditor are aware of that information.

The Directors' report was approved and authorised for issue by the Board of Directors.

On behalf of the board,



C Keen
Director
19 June 2023

Registered Number: 10260164

Abel Smith House
Gunnels Wood Road
Stevenage
Hertfordshire
SG1 2ST

M Group Services Limited

Independent auditor's report to the members of M Group Services Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of M Group Services Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2023 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flows; and
- the related notes 1 to 35.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (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 are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 group's and parent 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.

M Group Services Limited

Independent auditor's report to the members of M Group Services Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 group's and the parent 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 group or the parent 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered 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.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

M Group Services Limited

Independent auditor's report to the members of M Group Services Limited (continued)

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included employee laws, health and safety, environmental regulations, GDPR and the Bribery Act.

We discussed among the audit engagement team including relevant internal specialists such as tax, pensions and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- The recoverability and valuation of contract work in progress and amounts receivable on contracts:
 - Evaluating management's assessment on the overall customer contract performance during the period to understand any key issues around the contract and determine the impact on the recoverability of the balance;
 - Assessing the accuracy of the WIP report ageing through testing on a sample basis and agreeing the amount of revenue recognised to the Cost Value Reconciliation and supporting evidence; and
 - Obtaining an understanding from respective financial and Commercial Directors of the WIP position at year-end and any judgements around recoverability issues and evaluating residual balances that remain unpaid for collectability.
- The judgements and estimates involved in accounting for different aspects of revenue contracts in the Energy division:
 - Reviewing and challenging the calculation of judgment and estimation involved in revenue recognition on significant contracts, including pain/gain mechanisms and KPI workings and evaluating the arithmetical accuracy of the workings provided by management;
 - Obtaining supporting documents for revenue recognised and verifying it to the customer acknowledgements and approvals, including payment certificates and approvals of any cost variations; and
 - Evaluating the contract stage of completion and assessing the accuracy of management estimation of cost to complete.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

M Group Services Limited

Independent auditor's report to the members of M Group Services Limited (continued)

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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 group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in respect of these matters.

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.

Kate Darlison

Kate Darlison, FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor, London, United Kingdom

19 June 2023

M Group Services Limited

Consolidated profit and loss account for the year ended 31 March 2023

		Year ended 31 March 2023	Year ended 31 March 2022
	Notes	£m	£m
Turnover	5,6	1,864.6	1,545.3
Cost of sales		(1,664.5)	(1,379.3)
Gross profit		200.1	166.0
Administrative expenses		(201.5)	(137.0)
Other operating income	7	4.0	3.2
EBITDA before exceptional items		104.7	94.4
Exceptional items	8,9	(33.8)	(1.7)
Depreciation	8,14	(12.8)	(13.1)
Amortisation	8,13	(55.5)	(47.4)
Operating profit / (loss)	8	2.6	32.2
Interest payable and similar expenses	11	(1.3)	(0.9)
Profit / (loss) before taxation		1.3	31.3
Tax (charge) / credit on profit	12	(2.1)	(14.4)
Profit / (loss) for the financial year		(0.8)	16.9
Profit / (loss) attributable to:			
- Owners of the parent		(0.8)	16.9

The accompanying notes on pages 40 to 86 form part of these financial statements.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company profit and loss account.

The above results all relate to continuing operations.

M Group Services Limited

Consolidated statement of comprehensive income for the year ended 31 March 2023

		Year ended 31 March 2023	Year ended 31 March 2022
	Note	£m	£m
Profit / (loss) for the financial year		(0.8)	16.9
Other comprehensive income:			
Remeasurements of net defined benefit obligation	22	1.1	0.6
Total tax charge on components of other comprehensive income		(0.9)	-
Other comprehensive income for the year, net of tax		0.2	0.6
Total comprehensive income / (expense) for the year		(0.6)	17.5
Total comprehensive income / (expense) attributable to:			
- Owners of the parent		(0.6)	17.5

The accompanying notes on pages 40 to 86 form part of these financial statements.

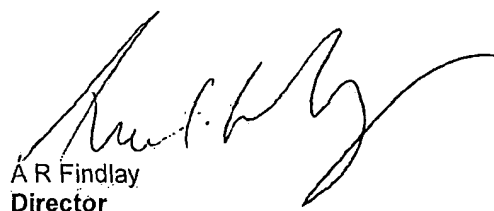
M Group Services Limited

Consolidated balance sheet as at 31 March 2023

	Note	At 31 March 2023 £m	At 31 March 2022 £m
Fixed assets			
Intangible assets	13	343.4	386.2
Tangible assets	14	53.0	50.1
Loans to Group Undertakings	16	24.1	80.4
		420.5	516.7
Current assets			
Stocks	17	12.5	9.3
Debtors	18	366.2	331.4
Cash at bank and in hand	28	211.4	186.4
		590.1	527.1
Creditors: amounts falling due within one year	19	(792.1)	(848.2)
		(202.0)	(321.1)
Net current liabilities		(202.0)	(321.1)
Total assets less current liabilities		218.5	195.6
Creditors: amounts falling due after more than one year	20	(29.4)	(18.3)
Provisions for liabilities			
Provisions for liabilities	23	(48.0)	(35.6)
		(48.0)	(35.6)
Net assets		141.1	141.7
Capital and reserves			
Called up share capital	26	-	-
Share premium account	27	110.3	110.3
Profit and loss account		30.8	31.4
Total equity		141.1	141.7

The notes on pages 40 to 86 are an integral part of these financial statements.

The financial statements on pages 33 to 86 were approved and authorised for issue by the Board of Directors on 19 June 2023 and were signed in its behalf by:


A R Findlay
Director


C Keen
Director

Registered Number: 10260164

M Group Services Limited

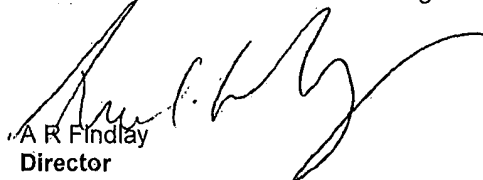
Company balance sheet as at 31 March 2023

	Note	At 31 March 2023 £m	At 31 March 2022 £m
Fixed assets			
Intangible assets	13	17.8	12.0
Investments	15	240.6	213.8
Loans to Group undertakings	16	349.1	441.9
		607.5	667.7
Current assets			
Debtors	18	38.5	58.8
Cash at bank and in hand		-	-
		38.5	58.8
Creditors: amounts falling due within one year	19	(507.0)	(609.4)
Net current liabilities		(468.5)	(550.6)
Total assets less current liabilities		139.0	117.1
Provisions for liabilities			
Provisions for liabilities	23	(0.2)	(0.5)
Net assets		138.8	116.6
Capital and reserves			
Called up share capital	26	-	-
Share premium account	27	110.3	110.3
Profit and loss account		28.5	6.3
Total equity		138.8	116.6

The result for the Company for the year was a profit of £22.2 million (2022: Profit of £3.7 million).

The notes on pages 40 to 86 are an integral part of these financial statements.

The financial statements on pages 33 to 86 were approved and authorised for issue by the Board of Directors on 19 June 2023 and were signed on its behalf.


A R Findlay
Director


C Keen
Director

Registered Number: 10260164

M Group Services Limited

Consolidated statement of changes in equity for the year ended 31 March 2023

	Called up Share capital	Share premium account	Profit and loss account	Total equity
	£m	£m	£m	£m
Balance as at 1 April 2021	-	110.3	13.9	124.2
Profit for the financial year	-	-	16.9	16.9
Other comprehensive income for the financial year	-	-	0.6	0.6
Total comprehensive income for the year	-	-	17.5	17.5
Balance as at 31 March 2022	-	110.3	31.4	141.7
Profit / (loss) for the financial year	-	-	(0.8)	(0.8)
Other comprehensive income for the financial year	-	-	0.2	0.2
Total comprehensive income / (expense) for the year	-	-	(0.6)	(0.6)
Balance as at 31 March 2023	-	110.3	30.8	141.1

The accompanying notes on pages 40 to 86 form part of these financial statements.

M Group Services Limited

Company statement of changes in equity for the year ended 31 March 2023

	Share capital	Share premium account	Profit and loss account	Total equity
	£m	£m	£m	£m
Balance as at 1 April 2021	-	110.3	2.6	112.9
Profit and total comprehensive income for the financial year	-	-	3.7	3.7
Balance at 31 March 2022	-	110.3	6.3	116.6
Profit and total comprehensive income for the financial year	-	-	22.2	22.2
Balance as at 31 March 2023	-	110.3	28.5	138.8

The accompanying notes on pages 40 to 86 form part of these financial statements.

M Group Services Limited

Consolidated statement of cash flows for the year ended 31 March 2023

	Note	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Net cash inflow from operating activities	28	77.5	80.7
Taxation paid		(6.3)	(9.4)
Net cash generated from operating activities		71.2	71.3
Cash flow from investing activities			
Payments to acquire fixed assets		(21.9)	(24.8)
Proceeds on disposal of fixed assets		0.8	6.7
Cash payments in respect of Business combinations	34	(5.4)	(120.9)
Net cash used in investing activities		(26.5)	(139.0)
Cash flows from financing activities			
Repayment of finance leases		(4.6)	(4.7)
Loans from Group undertakings		(28.1)	58.6
Interest paid		(1.3)	(0.9)
Net cash generated from / (used in) financing activities		(34.0)	53.0
Net increase/(decrease) in cash and cash equivalents		10.7	(14.7)
Cash and cash equivalents at the beginning of the year		100.7	115.4
Cash and cash equivalents at the end of year	28	111.4	100.7

The accompanying notes on pages 40 to 86 form part of these financial statements.

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023

1 General Information

M Group Services Limited ("the Company") and its subsidiaries (together "the Group") provide repair and maintenance, refurbishment, enhancement and data services to blue-chip clients in essential infrastructure sectors in the UK.

The Company is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of its registered office is Abel Smith House, Gunnels Wood Road, Stevenage, Hertfordshire, SG1 2ST.

2 Statement of compliance

The Group and individual financial statements of M Group Services Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006, under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied, unless otherwise stated. The Company has adopted FRS 102 in these financial statements.

Basis of preparation

These consolidated and separate financial statements are prepared on a going concern basis under the historical cost convention with consistently applied accounting standards applicable in the United Kingdom and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The Company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

Going concern

The Directors have undertaken the going concern assessment for the Group for a minimum of 12 months from the date of signing these financial statements.

The Directors have taken into account the outlook for the Group including the resilient sectors in which it operates, the nature of the essential services that we provide to critical national infrastructure, and the strong long-term order book with blue-chip clients. The Directors have also taken into account uncertainties in preparing financial projections and assessing the future prospects of the Group. These included the impact of the high inflationary environment, which is considered low risk given the nature of the Group's framework agreements, the majority of which have indexation mechanisms.

The Directors have reviewed the Group's financial projections and assessed the headroom on the banking covenants, including performing downside sensitivity analysis assessing the impact of a miss to the Group's budget and the downside that would be required in order to break the Group's covenants. Cash flow has been and continues to be robust, in line with management's expectations. The Group has significant levels of liquidity available, including access if needed to an undrawn revolving credit facility of £56.3 million (2022: £56.3 million) available until 2025.

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

3 Summary of significant accounting policies (continued)

Going concern (continued)

Accordingly, based on the Group's financial projections and the current expectations of the Directors about the prospects of the Group, the financial statements have been prepared on the going concern basis. The Group has access if needed to funding from its ultimate holding company Minerva Equity Limited, which has confirmed its intention to support the business for a period of at least twelve months from the date of approval of the financial statements.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the exemption from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows.

The Group has taken advantage of the exemption under FRS 102.33.1A, and has not disclosed transactions with entities that are part of the M Group Services Limited group.

Consolidated financial statements

The Group financial statements comprise a consolidation of the financial statements of the Company and all its subsidiary undertakings as at 31 March 2023. The accounting policies are uniformly applied across the Group. The results of companies acquired or disposed of are consolidated from the effective date of acquisition or to the effective date of disposal. Intra-group sales and profit are eliminated on consolidation.

Foreign currencies

Monetary assets and liabilities denoted in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies during the year are translated into local currency at the rate of exchange ruling on the dates on which the transactions occurred. All differences are taken to the profit and loss account.

The Company's functional and presentational currency is the pound sterling. The consolidated financial statements are also presented in pounds sterling.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and that these benefits can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable for goods and services provided and net of discounts and value added taxes.

The Group has identified four operating segments, being Water, Energy, Telecoms and Transport. These are consistent with the way the Group reports financial information internally.

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

3 Summary of significant accounting policies (continued)

Revenue recognition (continued)

Contract income

The activities of the Group are largely undertaken through long-term framework contracts. Under these contracts revenue is recognised in line with each separate supply of goods and services completed.

Where losses are foreseeable in respect of future supplies committed under these framework contracts, appropriate provisions are made. In addition, an accrual is maintained for future remedial works that may be required in respect of supplies already made.

For long-term project contracts where the outcome of the contract can be measured reliably, revenue is recognised by reference to the stage of completion of the contract activity at the balance sheet date (e.g. on a costs incurred or milestone reached basis). Where it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately in the profit and loss account.

Where the outcome of a contract cannot be measured reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable that these costs will be recovered.

Where contracts exhibit characteristics of both framework and long-term project contracts, the company applies the appropriate recognition criteria to the separate components of the contract.

Amounts recoverable on contracts are stated at cost plus attributable profits less provision for losses and payments on account. Payments on account in excess of amounts recoverable on contracts are included in creditors.

Where contracts include incentive payments (such as pain/gain mechanism) the gain is recognised when it is certain and the pain is recognised as soon as that pain is known.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value where there is reasonable assurance that the grant will be received. Amounts received are recognised over the period in which the related costs are recognised.

Exceptional items

Where it is considered that items of income or expense are material and are considered non-recurring or because separate presentation is helpful for the reader of the financial statements to understand the financial performance of the entity, their nature and amount is disclosed separately on the face of the profit and loss account where this enhances the understanding of the Group's financial performance.

Employee Benefits

Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the year in which the service is received.

Defined contribution pension plans

The Group operates defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

3 Summary of significant accounting policies (continued)

Employee Benefits (continued)

Defined benefit pension plan

The Group operates defined benefit scheme arrangements for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The defined benefit scheme arrangements are funded separately, with the assets of the scheme held separately from those of the Group in a trustee administered fund.

The liabilities recognised in the balance sheet in respect of the defined benefit plan arrangements are the present value of the defined benefit obligations at the end of the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit liabilities, net of the related deferred tax, are presented separately on the face of the balance sheet.

The fair value of the plan assets are measured in accordance with FRS 102 and in accordance with the Group's policy for similarly held assets.

The cost of the defined benefit plan, recognised in profit and loss as employee costs comprises:

- (a) The increase in pension benefit liability arising from the employee service during the year; and
- (b) The cost of the plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligations and the fair value of plan assets. These costs are recognised in profit or loss as 'Net interest expense on post-employment benefits'.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurements of net defined benefit liability' in the consolidated statement of comprehensive income.

Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting year. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

3 Summary of significant accounting policies (continued)

Taxation (continued)

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements.

These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions.

Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured, they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

On acquisition, goodwill is allocated to cash-generating units (CGU) that are expected to benefit from the combination.

Goodwill is amortised over its expected useful life, which is estimated to be ten years given the track record of stability in the utility services industry.

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

3 Summary of significant accounting policies (continued)

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the amortisable amount of the assets less their estimated residual value over their expected useful lives, as follows:

Software	- 3 - 10 years
Client relationships	- 3 - 15 years
Brands	- 3 - 20 years

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Separately acquired brands and non-contractual customer relationships are shown at historical cost. Brands and customer relationships have a finite useful life and are carried at cost less accumulated amortisation.

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

3 Summary of significant accounting policies (continued)

Tangible assets

Tangible assets are included at historical purchase cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset and the costs directly attributable to bringing the asset into its working condition for its intended use.

Vehicles, plant, fixtures, fittings, and equipment

Vehicles, plant, fixtures, fittings and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation and residual values

Depreciation of assets is calculated at rates expected to write off cost less the estimated residual value of the relevant assets over their expected economic lives.

The expected useful lives of the assets to the business are reassessed periodically in light of experience.

The expected economic lives used are principally as follows:

Vehicles, plant, fixtures, fittings and equipment	- 1 to 15 years
Leasehold property	- Remaining life of the lease

Assets under construction are not depreciated until they are ready for use.

Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit and loss account

Leased assets

At inception, the Company assesses agreements that transfer the right to use assets to the Company. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Finance leased assets

Lease of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as fixed assets at the fair value of the leased asset, or if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Company's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

3 Summary of significant accounting policies (continued)

Leased assets (continued)

Lease incentives

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments.

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

Investments

Investments in subsidiary companies are stated at historical cost less accumulated impairment losses.

Stocks

Stocks are stated at the lower of historical cost and estimated selling price less costs to complete and sell. Stocks are recognised as an expense in the period in which the related revenue is recognised. Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the stock to its present location and condition.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets of the CGU, except for goodwill, on a pro-rata basis. Impairment of goodwill is never reversed.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

3 Summary of significant accounting policies (continued)

Provisions and contingencies

Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. If the effect 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. The increase in the provision due to passage of time is recognised as a finance cost. A provision for onerous contracts is recognised for contracts in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Contingencies

Contingent liabilities arising as a result of past events are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote. Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting year financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies and preference shares, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and as subsequently remeasured at their fair value. Changes in the fair value of derivatives are recognised in the profit and loss account in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

3 Summary of significant accounting policies (continued)

Jointly controlled assets

Each venture apportions its share of revenues, expenses, assets and liabilities. The venture activities are carried out by the venture's employees alongside the venture's similar activities.

The ventures are proportionally consolidated into the Group financial statements. That is, the balances that are recorded are the share of the assets that the venture controls and the share of the liabilities that the venture incurs. The profit recognised from the joint activities reflects the Group's share of the net income that the venture earns from the sale of goods or provision of services by the venture.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Distributions to equity holders

Dividends and other distributions to Group's shareholders are recognised as a liability in the financial statements in the year in which the dividends and other distributions are approved by the Company's shareholders. These amounts are recognised in the statement of changes in equity.

Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

4 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements in applying the entity's accounting policies

There are no specific judgements that have been made that would result in a material change to the statutory financial statements.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However, there are no critical estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Other areas of judgement and accounting estimates

While these areas do not meet the definition of significant accounting estimates or critical accounting judgements, the recognition and measurement of certain material assets and liabilities are based on assumptions and/or are subject to longer term uncertainties.

The other areas of judgement and accounting estimates are:

Amounts recoverable on contract

The Group provides support services to blue-chip clients in the infrastructure sectors in the UK and typically via framework contracts. Consistent with its revenue recognition policy, the Group makes an estimate of the recoverable value and makes a provision for any known or anticipated losses. See note 18 for the net carrying amount of amounts recoverable on contracts.

Revenue recognition

The Group has pain/gain mechanisms built into certain of its revenue contracts as explained in the accounting policies. Whether and at what amount the pain or gain is to be recognised will depend on the expertise within the Group to judge the uncertainties and make the required estimations.

Exceptional items

Exceptional costs relating to major contracts – see note 9

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

5 Turnover

At 31 March 2023, the Group has four operating segments – Energy, Water, Telecoms and Transport. The Group provides repair and maintenance, refurbishment, enhancement and data retrieval and management services to blue-chip clients in essential infrastructure sectors.

6 Segmental information

By geographical origin

Turnover related to activities in the United Kingdom was £1,863.0 million, Ireland £1.1 million, Rest of Europe £0.1 million, and Rest of world £0.4 million (2022: United Kingdom £1,542.8 million, Ireland £2.3 million, Rest of Europe £0.1 million, and Rest of World £0.1 million).

By operating segment

	Turnover Year ended 31 March 2023	Turnover Year ended 31 March 2022
	£m	£m
Energy	414.1	294.6
Water	475.8	453.3
Telecoms	447.5	308.8
Transport	527.2	488.6
Total turnover	1,864.6	1,545.3

7 Other operating income

	Year ended 31 March 2023	Year ended 31 March 2022
	£m	£m
R&D expenditure tax credit	3.4	1.0
Profit On Sale of tangible asset	0.6	2.1
Grants received under COVID-19 Job Retention Scheme	-	0.1
	4.0	3.2

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

8 Operating profit / (loss)

Group	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Operating profit / (loss) is stated after (charging)/crediting:		
Depreciation – owned assets (see note 14)	(12.2)	(11.0)
Depreciation – leased assets (see note 14)	(0.6)	(2.1)
Amortisation (see note 13)	(55.5)	(47.4)
Hire of plant and machinery	(52.1)	(43.8)
Operating lease rentals – plant and machinery	(36.4)	(30.9)
Operating lease rentals – other	(2.6)	(5.2)
Exceptional items (see note 9)	(33.8)	(1.7)
Profit on sale of tangible assets	0.6	2.1
Fees payable to the Company's auditor for the audit of the parent company and consolidated financial statements	(0.3)	(0.1)
Fees payable to the Company's auditor and their associates for other services:		
- The audit of the Company's subsidiaries pursuant to legislation	(2.1)	(1.5)
Total amount payable to the Company's auditor and their associates	(2.4)	(1.6)

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

9 Exceptional items

Group	Note	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Costs associated with acquisitions	9.1	(0.8)	(0.8)
Restructuring	9.2	(6.9)	(0.8)
Exceptional costs relating to major contracts	9.3	(21.0)	-
Redundancy	9.4	(1.1)	(0.1)
Impairment of goodwill and intangible assets	9.5	(4.0)	-
COVID-19 incremental costs		-	(0.2)
Profit on disposal of investment		-	0.2
		(33.8)	(1.7)

9.1 Due diligence and legal costs incurred in respect of potential acquisitions where the criteria for capitalisation are not met.

9.2 Professional costs incurred in respect of group restructuring activities, including costs in respect of preparation for potential future shareholder exit events.

9.3 Exceptional costs relating to two contract in the Water specialist jetting and tankering business including £7.1m incurred during the year and a £6.5m onerous contract provision. In addition, a provision is recognised of £7.4m in respect of remedial work for a pipe that developed damage after installation due to manufacturing defects. The provision is management's best estimate of the cost of the remedial work. At this stage no value has been recognised for cost recovery due to recoverability being uncertain although the Group is actively seeking to recover in full through recovery from the manufacturer or insurance claims.

9.4 Redundancy costs incurred in anticipation to the exit of the Group's jetting and tankering business. Refer also to Note 35.

9.5 Impairment of goodwill and intangible assets in the Group's jetting and tankering business.

10 Employees and directors

Group	Year ended 31 March 2023 Number	Year ended 31 March 2022 Number
Average monthly number of full time equivalent management and supervisory staff employed (including executive directors) were as follows:	3,744	4,577
Average monthly number of full time equivalent operational persons employed (including executive directors) were as follows:	7,070	4,940
	10,814	9,517
Group	Year ended 31 March 2023 £m	Year ended 1 March 2022 £m
Wages and salaries	505.3	410.2
Social security costs	37.3	29.2
Other pension costs	13.7	11.5
Staff costs	556.3	450.9

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

10 Employees and directors (continued)

Company	Year ended 31 March 2023 Number	Year ended 31 March 2022 Number
Average monthly number of full time equivalent management and supervisory staff employed (including executive directors) were as follows:	215	172
	215	172

Company	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Wages and salaries	11.6	11.9
Social security costs	1.3	0.9
Other pension costs	0.5	0.5
Staff costs	13.4	13.3

Directors' remuneration

Company	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Aggregate emoluments	2.2	2.2

Highest paid Director

Emoluments	0.5	0.8
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The Directors are remunerated for services to the Group as a whole and the cost is borne by all subsidiary undertakings by a recharge.

No Directors participated in a defined benefit pension scheme during the year (2022: none).

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

11 Interest payable and similar expenses

	Year ended 31 March 2023	Year ended 31 March 2022
	£m	£m
Interest payable and similar expenses		
Interest payable on overdrafts and bank loans	(0.8)	(0.4)
Finance lease interest	(0.5)	(0.5)
Total interest payable and similar expenses	(1.3)	(0.9)

12 Tax on profit

Tax expense included in consolidated profit and loss	Year ended 31 March 2023	Year ended 31 March 2022
	£m	£m
Current tax:		
UK corporation tax on profit / (loss) for the year	5.7	10.6
Adjustment in respect of previous period	(0.2)	0.9
Total current tax charge / (credit)	5.5	11.5
Deferred tax:		
Origination and reversal of timing differences	(4.5)	(4.3)
Adjustment in respect of previous period	0.8	(0.3)
Change in tax rate	0.3	7.5
Total deferred tax charge / (credit)	(3.4)	2.9
Tax on profit / (loss)	2.1	14.4

Tax credit included in consolidated statement of comprehensive income	Year ended 31 March 2023	Year ended 31 March 2022
	£m	£m
Origination and timing differences	0.9	-
Total tax credit	0.9	-

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

12 Tax on profit (continued)

Reconciliation of tax charge:

The tax assessed for the year is higher (2022: higher) than the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below:

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Profit / (loss) before taxation	1.3	31.3
Profit multiplied by the standard UK rate of tax 19% (2022: 19%)	0.2	5.9
Effects of:		
Expenses not deductible for tax purposes	0.7	(0.6)
Adjustment in respect of previous period	0.6	0.6
Tax rate changes	0.3	7.5
Amortisation of goodwill	6.3	4.5
Adjustment in respect of transfer pricing	(6.0)	(3.5)
Tax charge / (credit) for the year	2.1	14.4

The standard rate of corporation tax in the UK increased from 19% to 25% on the 1st of April 2023. Deferred tax has been recognised at this rate.

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

13 Intangible assets

	Client relation- ships	Brands	Goodwill	Software & Intellectual Property Rights	Total
Group	£m	£m	£m	£m	£m
Cost at 1 April 2022	226.9	42.1	286.7	29.3	585.0
Acquisitions (Note 34)			3.4	2.9	6.3
Additions	-	-	-	10.5	10.5
Disposals	-	-	-	(0.5)	(0.5)
Cost at 31 March 2023	226.9	42.1	290.1	42.2	601.3
Accumulated amortisation at 1 April 2022	(97.5)	(13.2)	(78.8)	(9.3)	(198.8)
Charge for the year	(17.9)	(2.4)	(30.5)	(4.7)	(55.5)
Impairment (note 9)	(1.0)	-	(3.0)	-	(4.0)
Eliminated on disposal	-	-	-	0.4	0.4
Accumulated amortisation at 31 March 2023	(116.4)	(15.6)	(112.3)	(13.6)	(257.9)
Net book value at 31 March 2023	110.5	26.5	177.8	28.6	343.4
Net book value at 31 March 2022	129.4	28.9	207.9	20.0	386.2

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

13 Intangible assets (continued)

Company	Other including software £m
Cost at 1 April 2022	13.0
Additions	6.9
Cost at 31 March 2023	19.9
Accumulated amortisation at 1 April 2022	(1.0)
Charge for the year	(1.1)
Accumulated amortisation at 31 March 2023	(2.1)
Net book value at 31 March 2023	17.8
Net book value at 31 March 2022	12.0

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

14 Tangible assets

Group	Vehicles, plant, fixtures, fittings and equipment £m
Cost at 1 April 2022	71.8
Acquisitions (Note 34)	0.1
Additions	19.8
Disposals	(8.8)
At 31 March 2023	82.9
Accumulated depreciation at 1 April 2022	(21.7)
Charge for the year	(12.8)
Exceptional costs related to major contracts (Note 9)	(2.0)
Impairment	(1.3)
On disposals	7.9
At 31 March 2023	(29.9)
Net book value at 31 March 2023	53.0
Net book value at 31 March 2022	50.1

The net book value of the Group's tangible fixed assets held under finance leases at 31 March 2023 is £12.4 million (2022: £11.2 million). The Company had no tangible assets during the year (2022: nil).

15 Investments

Company	£m
Cost as at 1 April 2022	213.8
Additions on investments	34.1
Impairments	(7.3)
Cost as at 31 March 2023	240.6

Impairments relate to the investment in the Group's jetting and tankering business see Note 9.

See note 33 for additional narrative regarding Company investments in subsidiaries.

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

16 Loans to Group undertakings

	Group	Group	Company	Company
	At 31 March	At 31 March	At 31 March	At 31 March
	2023	2022	2023	2022
	£m	£m	£m	£m
Loans to Group undertakings	24.1	80.4	349.1	441.9

Amounts owed by Group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

17 Stocks

	At 31 March	At 31 March
	2023	2022
Group	£m	£m
Raw materials and consumables	12.5	9.3

There is no material difference between the balance sheet value of stock and its replacement cost (2022: nil).

The Company had no stock during the year (2022: nil).

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

18 Debtors

	Group	Group	Company	Company
	At 31 March	At 31 March	At 31 March	At 31 March
	2023	2022	2023	2022
	£m	£m	£m	£m
Amounts falling due within one year:				
Trade debtors	68.0	74.6	-	-
Amounts recoverable on contracts	247.6	188.0	-	-
Amounts owed by Group undertakings	7.4	9.3	7.6	26.7
Other debtors	8.9	7.8	6.1	17.3
Pension scheme surplus (Note 22)	2.9	0.8	-	-
Corporation tax	7.7	3.0	20.9	11.5
Prepayments and accrued income	23.7	47.9	3.9	3.3
	366.2	331.4	38.5	58.8

Group trade debtors are stated after provisions for impairment of £1.3 million (2022: £2.4 million).

Amounts owed by Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

19 Creditors: amounts falling due within one year

	Group At 31 March 2023	Group At 31 March 2022	Company At 31 March 2023	Company At 31 March 2022
	£m	£m	£m	£m
Obligations under finance leases (note 21)	(2.2)	(3.9)	-	-
Bank overdrafts	(100.0)	(85.7)	(90.4)	(81.8)
Short-term borrowings	(102.2)	(89.6)	(90.4)	(81.8)
Payments received on account	(2.6)	(2.3)	-	-
Trade creditors	(95.0)	(92.2)	(0.9)	(1.2)
Amounts owed to Group undertakings	(300.7)	(391.5)	(407.9)	(516.6)
Other taxation and social security	(13.0)	(10.2)	(0.4)	(0.4)
Other creditors	(102.0)	(73.9)	(3.8)	(2.4)
Amounts owed to joint ventures	(3.5)	(3.1)	-	-
Contingent consideration	-	-	-	-
Accruals and deferred income	(173.1)	(185.4)	(3.6)	(7.0)
	(792.1)	(848.2)	(507.0)	(609.4)

As at 31 March 2023 there was an outstanding liability of £3.0 million (2022: £2.2 million) in respect of pension contributions.

Amounts owed to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

20 Creditors: amounts falling due after more than one year

	Group At 31 March 2023	Group At 31 March 2022	Company At 31 March 2023	Company At 31 March 2022
	£m	£m	£m	£m
Obligations under finance leases (note 21)	(9.8)	(5.3)	-	-
Contingent consideration (note 34)	(9.3)	(9.3)	-	-
Accruals and deferred income	(10.3)	(3.7)	-	-
	(29.4)	(18.3)	-	-

Contingent consideration of £9.3 million (2022: £9.3 million) relates to agreements which were entered into as part of the acquisitions of IDS Holdings Limited on 14 October 2020 and Z-Tech Controls Systems Limited on 16 December 2021 and it is based on the performance of these businesses over set periods post acquisition.

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

21 Loans and other borrowings

Finance leases

The future minimum finance lease payments are as follows:

	At 31 March 2023	At 31 March 2022
	£m	£m
Less than one year	(2.2)	(3.9)
Between one and five years	(7.1)	(5.3)
After five years	(2.7)	-
Carrying amount of liability	(12.0)	(9.2)

The finance leases relate to plant and machinery and second hand light commercial vehicles (LCVs). They are secured by fixed charges on the assets concerned.

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

22 Pensions and similar obligations

Defined benefit schemes

The Group operates one material defined benefit scheme, which is closed to future accrual, within Morrison Water Services Limited ('MWS') formerly Morrison Utility Services Limited ('MUS') - the Morrison CARE Pension Scheme ('MCARE' or 'the Scheme').

Additionally, the Group operates a smaller defined benefit scheme within Morrison Data Services Limited ('MDS') and one within Magdalene limited ('MAG').

The schemes provide retirement benefits on the basis of members' average salary over their working life with the company. The plans are administered by an independent trustee. Contributions are agreed with the trustee to reduce the funding deficit where necessary.

A full actuarial valuation of the MWS scheme, was carried out at 1 April 2020. A full actuarial valuation of the MDS scheme, was carried out at 5 April 2019. A full actuarial valuation on the MAG scheme was carried out at 1 November 2020. An updated of the actuarial valuation to the 31 March 2023 was carried out by an independent actuary for all three schemes.

Adjustments to the valuation at that date have been made based on current market conditions and the following assumptions:

	2023			2022		
	% pa			% pa		
	MDS	MWS	MAG	MDS	MWS	MAG
Discount rate	4.80	4.80	4.80	2.80	2.60	2.80
Inflation rate	3.40	3.30	3.30	3.80	3.55	3.80
Increase to deferred benefits during deferment	3.40	3.30	3.30	3.80	3.55	3.50
Increases to inflation related pension in payment	3.10	3.10	3.30	3.80	3.45	3.80

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

22 Pensions and similar obligations (continued)

Mortality assumptions:

	As at 31 March 2023	As at 31 March 2022
MDS	<p>Base table 130% of S3PMA tables for males 130% of S3PFA "middle" tables for females Future Improvements CMI 2021 model (Sk = 7.5, A = 0) with long term improvement rate of 1.25% p.a.</p>	<p>Base table 100% of S2PMA tables for males 100% of S2PFA tables for females Future Improvements CMI 2019 model (Sk = 7.5, A = 0) with long term improvement rate of 1.25% p.a.</p>
MWS	<p>Base table S3PA tables Future Improvements CMI 2019 projections (core parameters) using a long-term improvement rate of 1.00% pa.</p>	<p>Base table S3PA tables Future Improvements CMI 2019 projections (core parameters) using a long-term improvement rate of 1.00% pa.</p>
MAG	<p>Base table 114% of S3PMA tables for males 114% of S3PFA_M tables for females Future Improvements CMI 2021 model (Sk = 7.5, A = 0) with long term improvement rate of 1.25% p.a.</p>	<p>Base table 110% of S3PMA tables for males 110% of S3PFA_M tables for females Future Improvements CMI 2020 model (Sk = 7.5, A = 0) with long term improvement rate of 1.25% p.a.</p>

At 31 March 2023, the surplus / (deficit) recognised in the balance sheet was as follows:

Amounts recognised in the balance sheet	As at 31 March 2023				As at 31 March 2022			
	MDS	MWS	MAG	Total	MDS	MWS	MAG	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Present value of funded obligations	(0.5)	(8.4)	(0.2)	(9.1)	(0.9)	(13.3)	(0.2)	(14.4)
Fair value of scheme assets	1.0	10.4	0.6	12.0	0.8	14.2	0.2	15.2
Net asset / (liability) at the end of the year excluding deferred tax	0.5	2.0	0.4	2.9	(0.1)	0.9	-	0.8
Related deferred tax (liability)/asset (note 23)	(0.1)	(0.5)	(0.1)	(0.7)	-	0.1	-	0.1
Net pension surplus / (deficit)	0.4	1.5	0.3	2.2	(0.1)	1.0	-	0.9

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

22 Pensions and similar obligations (continued)

Changes in scheme assets	Year ended 31 March 2023				Year ended 31 March 2022			
	MDS	MWS	MAG	Total	MDS	MWS	MAG	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Balance as at 1 April 2022 / 1 April 2021	0.8	14.2	0.2	15.2	0.6	13.7	0.0	14.3
Expected return on scheme assets	-	0.4	-	0.4	-	0.3	-	0.3
Employer contributions	0.1	0.8	0.4	1.3	0.2	0.8	0.2	1.2
Benefits paid	-	(0.6)	-	(0.6)	-	(0.2)	-	(0.2)
Administration cost	-	-	-	-	-	(0.1)	-	(0.1)
Actuarial (loss) / gain	0.1	(4.4)	-	(4.3)	-	(0.3)	-	(0.3)
Balance as at 31 March 2023 / 31 March 2022	1.0	10.4	0.6	12.0	0.8	14.2	0.2	15.2
Actual return on scheme assets	0.2	(4.0)	0.1	(3.7)	0.0	0.1	-	0.1

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

22 Pensions and similar obligations (continued)

Changes in scheme liabilities

	Year ended 31 March 2023				Year ended 31 March 2022			
	MDS	MWS	MAG	Total	MDS	MWS	MAG	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Balance as at 1 April 2022 / 1 April 2021	(0.9)	(13.3)	(0.2)	(14.4)	(0.8)	(14.0)	-	(14.8)
Interest cost	-	(0.3)	-	(0.3)	-	(0.3)	-	(0.3)
Benefits paid	-	0.6	-	0.6	-	0.2	-	0.2
Actuarial gain / (loss)	0.4	4.6	-	5.0	(0.1)	0.8	(0.2)	0.5
Balance as at 31 March 2023 / 31 March 2022	(0.5)	(8.4)	(0.2)	(9.1)	(0.9)	(13.3)	(0.2)	(14.4)

The overall surplus / (deficit) movement may be summarised as follows:

Movements in balance sheet net liability	Year ended 31 March 2023				Year ended 31 March 2022			
	MDS	MWS	MAG	Total	MDS	MWS	MAG	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Balance as at 1 April 2022 / 1 April 2021	(0.1)	0.9	-	0.8	(0.2)	(0.3)	-	(0.5)
Administration cost	(0.1)	-	(0.2)	(0.3)	(0.2)	(0.1)	-	(0.3)
Contributions	0.1	0.8	0.4	1.3	0.2	0.8	0.2	1.2
Actuarial gain/(loss)	0.6	0.3	0.2	1.1	0.1	0.5	(0.2)	0.4
Balance as at 31 March 2023 / 31 March 2022 (excluding deferred tax)	0.5	2.0	0.4	2.9	(0.1)	0.9	-	0.8

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

22 Pensions and similar obligations (continued)

The cost of the defined benefit scheme is recognised in the Profit and Loss Account, and the impact of actuarial gains and losses recognised in the Statement of Comprehensive Income, was as follows:

Expense recognised in the profit and loss account	Year ended 31 March 2023				Year ended 31 March 2022			
	MDS	MWS	MAG	Total	MDS	MWS	MAG	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Service cost	(0.1)	-	(0.1)	(0.2)	(0.2)	-	(0.1)	(0.3)
Administration cost – scheme expenses	-	-	-	-	-	(0.1)	-	(0.1)
Charge to operating profit	(0.1)	-	(0.1)	(0.2)	(0.2)	(0.1)	(0.1)	(0.4)
Expected return on pension scheme assets	-	0.3	-	0.3	-	0.3	-	0.3
Interest on pension scheme liabilities	-	(0.3)	-	(0.3)	-	(0.3)	-	(0.3)
Amount charged to other finance expense	-	-	-	-	-	-	-	-
Expense recognised in the profit and loss account	(0.1)	-	(0.1)	(0.2)	(0.2)	(0.1)	(0.1)	(0.4)

Analysis of amounts recognised in the Statement of Comprehensive income	Year ended 31 March 2023				Year ended 31 March 2022			
	MDS	MWS	MAG	Total	MDS	MWS	MAG	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Difference between expected and actual returns on scheme assets	0.2	(4.4)	0.1	(4.1)	-	(0.2)	-	(0.2)
Changes in assumptions underlying the present value of the schemes' liabilities	0.4	4.7	0.1	5.2	0.1	0.7	-	0.8
Actuarial gains in schemes	0.6	0.3	0.2	1.1	0.1	0.5	-	0.6

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

22 Pensions and similar obligations (continued)

Details of experience gains and losses	Year ended 31 March 2023				Year ended 31 March 2022			
	MDS	MWS	MAG	Total	MDS	MWS	MAG	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Defined benefit obligation	(0.5)	(8.4)	(0.2)	(9.1)	(0.9)	(13.3)	(0.2)	(14.4)
Plan assets	1.0	10.4	0.6	12.0	0.8	14.2	0.2	15.2
Surplus / (deficit)	0.5	2.0	0.4	2.9	(0.1)	0.9	-	0.8
Experience adjustment on plan assets	0.2	(4.4)	0.1	(4.1)	-	(0.2)	-	(0.2)
Experience adjustment on plan liabilities	0.4	4.7	0.1	5.2	0.1	0.7	-	0.8
Total amount recognised in the Statement of comprehensive income	0.6	0.3	0.2	1.1	0.1	0.5	-	0.6

The fair value of the plan assets was:

	At 31 March 2023				At 31 March 2022			
	MDS	MWS	MAG	Total	MDS	MWS	MAG	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Corporate bonds	0.3	3.5	0.2	4.0	0.3	2.1	0.1	2.5
Other	0.7	6.9	0.4	8.0	0.5	12.1	0.1	12.7
Total assets	1.0	10.4	0.6	12.0	0.8	14.2	0.2	15.2

Other plan assets include cash and cash equivalents, liability driven investments and diversified growth funds.

The values of the assets have been taken at bid value.

The Group operates a number of defined contribution schemes for its employees. The amount recognised as an expense for the defined contribution schemes was £13.0 million (2022: £11.2 million).

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

23 Provisions for liabilities

Group	At 31 March 2023	At 31 March 2023	At 31 March 2023	At 31 March 2023	At 31 March 2022
	Provisions for contracts	Other provisions	Deferred tax	Total Provisions	Deferred tax
	£m	£m	£m	£m	£m
Brought forward as at 1 April 2022/2021	-	-	35.6	35.6	32.4
Acquisitions (Note 34)	-	-	-	-	0.3
Adjustment in respect of prior years (Note 12)	-	-	0.8	0.8	(0.3)
Charge / (credit) for the year (Notes 9 and 12)	13.4	1.6	(3.4)	11.6	3.2
Carried forward at 31 March 2023/2022	13.4	1.6	33.0	48.0	35.6

Provisions for contracts is for exceptional costs relating to major contracts and other provisions in relation to exceptional costs are expected to be utilised in the year to 31 March 2024 (Note 9).

As of 31 March 2022, the Group had no provisions for contracts and other provisions.

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

23 Provisions for liabilities (continued)

Deferred tax

The provision for deferred tax consists of the following deferred tax liabilities:

	At 31 March 2023	At 31 March 2022
	£m	£m
Acquired intangible assets	34.2	38.3
Fixed asset timing differences	(0.1)	(0.1)
Pensions	0.7	(0.4)
Short term timing provisions	(1.8)	(2.2)
Total deferred tax provision	33.0	35.6

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

23 Provisions for liabilities (continued)

The amount of deferred tax expected to be reversed in the next 12 months is the deferred tax liability of £5.4 million (2022: £4.0 million).

Company

	At 31 March 2023 Deferred tax £m	At 31 March 2022 Deferred tax £m
Brought forward as at 1 April 2022	0.5	-
Adjustment in respect of prior years	(0.1)	0.4
Charge for the year	(0.2)	0.1
Carried forward at 31 March 2023	0.2	0.5

Deferred tax

The provision for deferred tax consists of the following deferred tax liabilities:

	At 31 March 2023 £m	At 31 March 2022 £m
Fixed asset timing differences	0.2	0.5
Total deferred tax provision	0.2	0.5

The amount of deferred tax expected to be reversed in the next 12 months is the deferred tax liability of £nil (2022: £nil).

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

24 Financial instruments

Group	Note	At 31 March 2023 £m	At 31 March 2022 £m
The Group has the following financial instruments:			
Financial assets that are debt instruments measured at amortised cost			
Loans to Group undertakings	16	24.1	80.4
Trade debtors	18	68.0	74.6
Other debtors	18	11.8	8.6
Amounts owed by Group undertakings	18	7.4	9.3
Amounts recoverable on contracts	18	247.6	188.0
		358.9	360.9
Financial liabilities measured at amortised cost			
Bank overdrafts	19	100.0	85.7
Finance leases	21	12.0	9.2
Trade creditors	19	95.0	92.2
Payments received on account	19	2.6	2.3
Amounts owed to Group undertakings	19	300.7	391.5
Contingent consideration	19,20	9.3	9.3
Other creditors	19	118.5	87.2
		638.1	677.4

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

24 Financial instruments (continued)

Company	Note	At 31 March 2023 £m	At 31 March 2022 £m
The Company has the following financial instruments:			
Financial assets that are debt instruments measured at amortised cost			
Loans to Group undertakings	16	349.1	441.9
Other debtors	18	6.1	17.3
Amounts owed by Group undertakings	18	7.6	26.7
		362.8	485.9
Financial liabilities measured at amortised cost			
Bank overdrafts	19	90.4	81.8
Trade creditors	19	0.9	1.2
Amounts owed to Group undertakings	19	407.9	516.6
Other creditors	19	4.2	2.8
		503.4	602.4

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

25 Financial risk management

Financial risk management

Financial risk faced by the Group include liquidity and funding risk, market risk including interest rate risk, and credit risk. The Group reviews these risks on an ongoing basis in accordance with internal policies.

(a) Liquidity risk

Liquidity and funding risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities. The Group finances its liquidity position and its operations by a combination of retained profits, bank borrowings and leases. The Group policy is to maintain a level of cash together with sufficient committed bank facilities to meet liquidity needs and to fund acquisition opportunities as they arise, to maintain a smooth debt profile and to ensure senior bank debt does not exceed the covenants ratios set in the senior facility agreement.

(b) Market risk

The Group is exposed to various elements of market risk, which include interest rate risk and inflation risk. The Group is not exposed to significant foreign exchange risk as it operates in the UK and has no overseas subsidiaries. Interest rate risk is the risk that debt issued at variable interest rates will give rise to cash flow risk, management reviews debt commitments and cash flow forecasts on a regular basis to manage this risk. Inflation risk is the risk that inflationary uplifts in rates will give rise to cash flow risk, the Group manages this risk mainly via framework agreements with a contractual allowance for annual inflationary uplift.

(c) Credit risk

Credit risk represents the risk that a counterparty will not meet its obligations leading to a financial loss for the Group. Credit risk arises from cash at bank, and debtors. For cash at bank, the Group holds positions with an approved list of investment-grade rated counterparties. For debtors, the Group's credit risk is managed by engaging with a diverse portfolio of blue-chip clients. Maximum exposure to credit risk at the end of the reporting period reflects the carrying amount of the Group's financial assets, cash at bank and debtors.

26 Called up share capital

Group and Company	At 31 March 2023	At 31 March 2022
	£m	£m
Allotted and fully paid share capital can be split as follows:		
1,008 Ordinary shares (2022: 1,008) shares of £1.00 each	-	-

The share capital consists of one class of share – ordinary. Each share has equal voting rights, equal dividend rights and equal rights to capital. The shares in issue are not redeemable but the Company may issue redeemable shares.

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

27 Share premium account

Group and Company

	At 31 March 2023	At 31 March 2022
	£m	£m
At 31 March	110.3	110.3

28 Note to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities:

		Year ended 31 March 2023	Year ended 31 March 2022
	Note	£m	£m
Profit / (loss) for the year		(0.8)	16.9
Tax on profit / (loss)		2.1	14.4
Net interest expense		1.3	0.9
Operating profit / (loss)		2.6	32.2
Profit on disposal of fixed assets	8	(0.6)	(2.1)
Depreciation	8,14	12.8	13.1
Amortisation	8,13	55.5	47.4
(Increase) / decrease in Debtors		(34.2)	12.2
Increase / (decrease) in Creditors		29.6	(20.7)
(Increase) / decrease in Stock		(3.2)	(1.4)
Increase / (decrease) in Provisions		15.0	-
Net cash inflow from operating activities		77.5	80.7

Cash outflows of £11.0 million (2022: £1.8 million) relating to exceptional items are included in net cash inflow from operating activities.

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

28 Note to the cash flow statement (continued)

Analysis of changes in net debt

	At 1 April 2022	Cash flows	Non-cash changes	At 31 March 2023
	£m	£m	£m	£m
Cash at bank	186.4	25.0	-	211.4
Bank overdrafts	(85.7)	(14.3)	-	(100.0)
Finance leases	(9.2)	(4.6)	1.8	(12.0)
Total	91.5	6.1	1.8	99.4

Cash and cash equivalents

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Cash at bank and in hand in the consolidated balance sheet	211.4	186.4
Bank overdrafts	(100.0)	(85.7)
Cash and cash equivalents in the consolidated cash flow statement	111.4	100.7

Cash and cash equivalents in the consolidated cash flow statement include overdrafts repayable on demand as they form an integral part of the Group's cash management.

29 Contingent liabilities

Group

There exist cross guarantees under a group banking arrangement whereby certain group companies have guaranteed the liabilities of other group companies to their clearing banks. At 31 March 2023, this amounted to £nil (2022: £nil).

Group and company

There are contingent liabilities in respect of performance bonds, guarantees and claims under contracting and other agreements, entered into in the normal course of business. The value of the performance bonds in issue at 31 March 2023 was £22.3 million (2022: £14.0 million).

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

30 Capital commitments

As at 31 March 2023, the Group had placed contracts for the purchase of assets to the value of £2.1 million (2022: £0.9 million), which were not provided for in the financial statements.

As at 31 March 2023, the Company had the following future minimum lease payments under non-cancellable operating leases for each of the following years:

	At 31 March 2023			At 31 March 2022		
	Buildings £m	Plant & Machinery £m	Total £m	Buildings £m	Plant & Machinery £m	Total £m
Payments due						
Within one year	3.7	26.7	30.4	4.7	19.9	24.6
Between one and five years	7.9	41.4	49.3	10.7	27.5	38.2
After five years	2.5	0.1	2.6	3.1	-	3.1
	14.1	68.2	82.3	18.5	47.4	65.9

Additionally there are limited instances where the Group takes advantage of customers' arrangements to receive earlier payment of invoices for a discount with no recourse to the Group.

The Company had no other off-balance sheet arrangements (2022: nil).

31 Related party transactions

The Group has taken advantage of the exemption under FRS 102.33.1A, and has not disclosed transactions with entities that are part of the Minerva Equity Limited group, where 100% of the voting rights of these entities are controlled within the Group. As at the 31 March 2023, the Group had advanced unsecured loans of £0.8 million (2022: Nil) to directors of the company. The loans have interest at 1% and a repayment term of 3 years.

32 Immediate and ultimate parent undertaking and controlling party

At 31 March 2023, the Company's immediate parent undertaking was Thor Holdco Limited, a company registered in England and Wales.

The ultimate parent undertaking is Minerva Equity Limited, a company registered in England and Wales, whose ultimate controlling party is a private equity firm registered in France, PAI Partners. M Group Services Limited is the smallest group to consolidate the financial statements. Minerva Equity Limited is the parent undertaking of the largest group to consolidate these financial statements.

Copies of consolidated financial statements of Minerva Equity Limited and M Group Services Limited can be obtained from the Company Secretary at the registered office: Abel Smith House, Gunnels Wood Road, Stevenage, Hertfordshire, SG1 2ST.

There are three representatives of PAI Partners who are Board Directors of the Company's ultimate parent undertaking Minerva Equity Limited: Maximilian Harrington, Neil McLroy, and Colm O'Sullivan.

Further information is included in the Minerva Equity Limited Directors' Report for the year ended 31 March 2023.

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

33 Subsidiary and related undertakings

The Group's subsidiary and related undertakings at 31 March 2023 (set out below) are wholly owned subsidiaries, unless otherwise stated, with an accounting year end of 31 March. These undertakings principally operate in their country of incorporation.

Company	Registered country	Company's equity shareholding at 31 March 2023	Principal business
Protect My Property Services Limited	England and Wales (1)	100%*	Security repair and installation
Morrison Data Services Limited	England and Wales (1)	100%*	Data handling and processing
Morrison Data Services (Water) Limited	England and Wales (1)	100%*	(Dissolved 4 April 2023)
Callisto Data Limited	England and Wales (1)	100%*	Data handling and processing
MGS Water Limited (formerly M Group Utilities Limited)	England and Wales (1)	100%	Holding company
Morrison Water Services Limited	England and Wales (1)	100%*	Utility contracting
M Group Services Plant & Fleet Solutions Limited	England and Wales (1)	100%	Renting and leasing of machinery and equipment
Morrison Energy Services Limited	England and Wales (1)	100%*	Holding company
Morrison Utility Technologies Limited	England and Wales (1)	100%*	Technology services (Active proposal to strike)
Morrison Telecom Services Limited	England and Wales (1)	100%*	Telecom services
Dyer & Butler 2014 Limited	England and Wales (1)	100%*	(Dissolved 4 April 2023)
Milestone Infrastructure Limited	England and Wales (1)	100%*	Civil engineering
M Group Transport Limited	England and Wales (1)	100%	Holding company
Dyer and Butler Limited	England and Wales (1)	100%*	Civil engineering
Dyer & Butler Electrical Ltd	England and Wales (1)	100%*	Electrical engineering
Antagrade Holdings Limited	England and Wales (1)	100%*	(Dissolved 4 April 2023)
Antagrade Electrical Limited	England and Wales (1)	100%*	Electrical engineering
KH Engineering Holdings Limited	England and Wales (1)	100%*	(Dissolved 4 April 2023)
KH Engineering Services Limited	England and Wales (1)	100%*	Civil engineering

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

33 Subsidiary and related undertakings (continued)

Company	Registered country	Company's equity shareholding at 31 March 2023	Principal business
Magdalene Limited	England and Wales (1)	100% *	Telecommunications services and consultancy
Pipe Restoration Services Limited	England and Wales (1)	50% **	(Dissolved 18 April 2023)
M Group Telecoms Limited	England and Wales (1)	100% *	Holding company
Magdalene Telecom Limited	England and Wales (1)	100% *	Dormant (Dissolved 4 April 2023)
Avonline Network Services Holdings Limited	England and Wales (1)	100% *	Holding company (Dissolved 4 April 2023)
Avonline Network Services Limited	England and Wales (1)	100% *	Telecommunications network build and installation services
PMP Utilities Limited	England and Wales (1)	100% *	Dissolved 4 April 2023
Planned Maintenance (Pennine) Limited	England and Wales (1)	100% *	Pipeline leakage, engineering and rescue services
PMP Support Services Limited	England and Wales (1)	100% *	Holding company (Dissolved 4 April 2023)
Industrial Water Jetting Systems Group Limited	England and Wales (1)	100% *	Waste water network services
Industrial Water Jetting Systems Limited	England and Wales (1)	100% *	Waste water network services
Industrial Water Training Services Limited	England and Wales (1)	100% *	Waste water network services
IWJS Specialist Services Limited	England and Wales (1)	100% *	Waste water network services
IDS Holdings Limited	Scotland (2)	100%*	Holding company
I&C Process Solutions Limited	Scotland (2)	100%*	Technical testing & analysis
ID Systems UK Limited	Scotland (2)	100%*	Electrical installations

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

33 Subsidiary and related undertakings (continued)

Company	Registered country	Company's equity shareholding at 31 March 2023	Principal business
IDS (Integration) Limited	Scotland (2)	100%*	Dormant (Dissolved 4 April 2023)
IDS (Special Projects) Limited	Scotland (2)	100%*	Dormant (Dissolved 4 April 2023)
Waldon Telecom Limited	England and Wales (1)	100% *	Mobile telecoms infrastructure
Z- Tech Control Systems Limited	England and Wales (1)	100% *	Supply & design of instrumentation & control systems
MGS Energy Limited	England and Wales (1)	100%	Holding Company
Seeka Limited	England and Wales (1)	100% *	Revenue Protection Service
Morrison Energy Services (Transmission Networks) Limited (formerly Babcock Networks Limited)	England and Wales (1)	100% *	Overhead line services

* denotes indirectly held

** denotes a 50/50 joint venture indirectly held

(1) Company's registered office is: Abel Smith House, Gunnels Wood Road, Stevenage, Hertfordshire, SG1 2ST

(2) Company's registered office is: Unit 1, Axis Park Orchardton Road, Cumbernauld, Glasgow, Scotland, G68 9LB

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

34 Business combinations

Group

Acquisition of the revenue protection business of Ovo Metering Limited by Seeka Limited

On 29th April 22 the Group acquired the trade of the Ovo Metering limited. Consideration provided for the acquisition amounted to £1.1m. There were no assets acquired and the consideration paid related to goodwill.

Management have estimated the useful economic life of the goodwill to be 10 years.

Consideration at 29 April 2022

	£m
Cash	1.0
Directly attributable costs	0.1
<hr/>	
Total consideration	1.1
<hr/>	

For cash flow disclosure purposes, the amounts are disclosed as follows:

	£m
Cash consideration paid	1.0
Directly attributable costs	0.1
<hr/>	
Cash outflow on acquisition	1.1
Less: cash acquired	-
<hr/>	
Net cash outflow	1.1
<hr/>	

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

34 Business combinations (continued)

Group

The acquisition of the trade of Salient Systems Limited

The transaction was a direct acquisition of the trade and certain assets and liabilities of the business, primarily made up of the business intellectual property rights.

Management have estimated the useful economic life of the goodwill to be 10 years.

Consideration at 26 August 2022

	£m
Intangible assets	2.9
Directly attributable costs	0.2
Total consideration	3.1

For cash flow disclosure purposes, the amounts are disclosed as follows:

	£m
Cash consideration paid	2.9
Directly attributable costs	0.2
Cash outflow on acquisition	3.1
Less: cash acquired	-
Net cash outflow	3.1

Below is a summary of recognised amounts of identifiable assets acquired and liabilities assumed:

	Book values	Adjustments	Fair value
	£m	£m	£m
Business Intellectual Property Rights	2.9	-	2.9
Total identifiable net assets	2.9	-	2.9
Goodwill			0.2
Total			3.1

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

34 Business combinations (continued)

Group

Acquisition of certain trade and certain assets and liabilities of Light Source Design Limited

On 13th February 2023 the Group acquired certain trade and assets of Light Source Design Limited.

Management have estimated the useful economic life of the goodwill to be 10 years.

Consideration at 13 February 2023

	£m
Cash	1.1
Directly attributable costs	0.1
Total consideration	1.2

For cash flow disclosure purposes, the amounts are disclosed as follows:

	£m
Cash consideration paid	1.1
Directly attributable costs	0.1
Cash outflow on acquisition	1.2
Add: cash acquired	-
Net cash outflow	1.2

Below is a summary of recognised amounts of identifiable assets acquired and liabilities assumed:

	Book values	Adjustments	Fair value
	£m	£m	£m
Debt and Work in progress	1.6	(1.6)	-
Inventories	0.1	(0.1)	-
Equipment	0.1	-	0.1
Liabilities	0.0	(1.0)	(1.0)
Total identifiable net assets	1.8	(2.7)	(0.9)
Goodwill			2.1
Total			1.2

M Group Services Limited

Notes to the financial statements for the year ended 31 March 2023 (continued)

35 Post balance sheet event

The Water specialist jetting and tankering business is being rationalised and has been marketed to potential buyers on 5th June 2023. Management believes the exit of the business will be achieved in the year to 31 March 2024.