

M Group Telecoms Limited
Annual report and financial statements
for the year ended 31 March 2021

Registered number 05411521



M Group Telecoms Limited

Annual report and financial statements for the year ended 31 March 2021

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M Group Telecoms Limited

Company information

| | |
|-----------------------------|--|
| Directors | J M Arnold B G Casey A R Findlay A H P Loosveld J R Winnicott |
| Company secretary | W J Cooper |
| Registered office | Abel Smith House Gunnels Wood Road Stevenage Hertfordshire SG1 2ST |
| Registered number | 05411521 |
| Independent auditors | Deloitte LLP 1 New Street Square London EC4A 3HQ |

M Group Telecoms Limited

Strategic Report for the year ended 31 March 2021

The directors present their strategic report together with the audited financial statements for the year ended 31 March 2021.

Principal activities

The principal activity of the company during the year was that of a holding company. Its investments are in Magdalene Limited; Avonline Network Services Holdings Limited and Morrison Telecom Services Limited. Principal activities of Magdalene Limited, Avonline Network Services Holdings Limited, through its wholly owned subsidiary Avonline Network Services Limited, and Morrison Telecom Services Limited during the year were that of telecommunications services and consultancy.

Review of the business

The company balance sheet as detailed on page 12 shows shareholders' funds amounting to £5,532,000 compared to £6,027,000 in the previous year. The results of the company and its subsidiaries can be found in the consolidated statements of immediate parent company M Group Services Limited, a leading services group of companies which provides repair and maintenance, refurbishment, upgrade and data management services to owners and users of essential infrastructure in the UK.

Future Developments

The Company is expected to continue as a holding company for the foreseeable future.

Principal risks and uncertainties

The main risks faced by the company are the ability of the company's subsidiaries to manage their own risks such as economic conditions, economic regulation, contract renewals, skills shortages, reliance on supply chain, health and safety and new business. Failure to manage these effectively could lead to a potential impairment in the value of the company's investment.

At this time, the investment companies are performing in line with, and in some cases exceeding, management expectations. The companies have been largely unaffected by the COVID-19 pandemic.

Stakeholders engagement

Effective engagement of stakeholder groups supports the principles of Section 172 of the Companies Act 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. Whilst the company is a holding company and does not trade in its own right, our subsidiaries engage with the following stakeholder groups. We set out below how we, along with our subsidiaries, 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 company'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. The People Opinion Survey takes place annually enabling us to address areas for improvement to make the Company a better place to work.

Clients

We understand our clients' needs through focused key account management led by our Executive Directors and their management teams.

We have long-term relationships with our clients across multiple contracts. We are able to meet the specific needs of each of our clients to deliver best in class solutions.

M Group Telecoms Limited

Strategic Report for the year ended 31 March 2021

Stakeholders engagement (continued)

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 products and services. We work 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 suppliers. Having key account support and face-to-face meetings with suppliers helps to build trust and long term relationships which is beneficial to both parties.

Communities

Collaborations 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. Additionally, we support employment and apprenticeship schemes.

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.

Shareholders

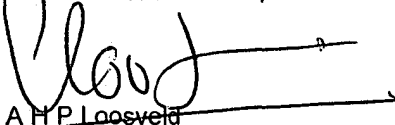
The Company is a wholly-owned subsidiary of Minerva Equity Limited, a United Kingdom incorporated company which is owned by management and Blueprint Investments Sarl (Luxembourg). Blueprint Investments Sarl (Luxembourg) is indirectly controlled by PAI Europe VI, a private equity fund which is ultimately controlled by PAI Partners. Monthly reporting of performance is discussed by management and PAI.

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 and deliver reliable and stable revenue streams, margins and cash flow.

Key performance indicators (KPIs)

The Directors of the company monitor the performance of the group as a whole, using its key performance indicators. These are set out in the annual report and financial statements of Magdalene Limited, Avonline Network Services Holdings Limited and Morrison Telecom Services Limited.

On behalf of the board,



A H P Loosveld

Director

15 December 2021

Registered Number: 05411521

Abel Smith House
Gunnels Wood Road
Stevenage
Hertfordshire
SG1 2ST

M Group Telecoms Limited

Directors' report for the year ended 31 March 2021

The directors present their annual report together with the audited financial statements, for the year ended 31 March 2021.

Principle activities

The principal activity of the company and review of the business and future developments are disclosed within the Strategic Report.

Dividends

No dividends were paid in the year (2020: £nil). The directors do not recommend the payment of a dividend (2020: £nil).

Political donations

The company made no donations to a registered political party during the financial year (2020: £nil).

Directors

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

J M Arnold
M G Beesley (resigned 22 October 2021)
B G Casey
A R Findlay (appointed 18 August 2021)
A H P Loosveld
J R Winnicott

Third party indemnity

The Company 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 year to 31 March 2021 and continue to the date of approval of the financial statements.

Auditors

During the year Deloitte LLP were appointed as the Company's auditors and they have also confirmed willingness to remain in office.

Going concern

The directors have taken into account the impact of the COVID-19 pandemic in preparing financial projections and assessing the future prospects for the company. Demand in our resilient market remains strong and the group has significant levels of liquidity available.

The directors have prepared the financial statements on the going concern basis. This is based on the financial projections and the current expectations of the directors about the prospects of the company and the group. Based on these projections, the directors consider that the company can meet its obligations as they fall due for a period of at least twelve months from the date of the directors' approval of these financial statements. The directors have also received confirmation from Minerva Equity Limited that it will support the company for the next twelve months if required.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

M Group Telecoms Limited

Directors' report (continued) for the year ended 31 March 2021

Statement of directors' responsibilities (continued)

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 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 company will continue in business.

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

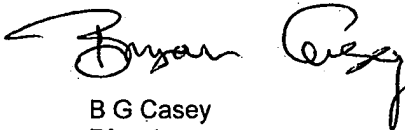
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

Statement of disclosure of information to auditors

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 company's auditors 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 company's auditors are aware of that information.

On behalf of the board,



B G Casey
Director
15 December 2021

Registered Number: 05411521

Abel Smith House
Gunnels Wood Road
Stevenage
Hertfordshire
SG1 2ST

M Group Telecoms Limited

Independent auditors' report to the members of M Group Telecoms Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of M Group Telecoms Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its 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 profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 18.

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 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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The 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.

M Group Telecoms Limited

Independent auditors' report to the members of M Group Telecoms Limited (continued)

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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company 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 UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included Employment Laws, Health and Safety Act.

We discussed among the audit engagement team including relevant internal specialists such as tax 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.

M Group Telecoms Limited

Independent auditors' report to the members of M Group Telecoms Limited (continued)

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:

- Valuation of investments
 - There is judgement applied in determining whether any provision for impairment of an investment is required. We have challenged management's assessment to determine the existence of any indicators of impairment by comparing the investment balance against the net assets of the investment entity.

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;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external 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.

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

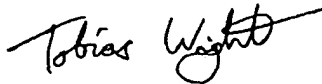
We have nothing to report in respect of these matters.

M Group Telecoms Limited

Independent auditors' report to the members of M Group Telecoms Limited (continued)

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.



Tobias Wright FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

15 December 2021

M Group Telecoms Limited

Profit and loss account for the year ended 31 March 2021

| | Note | 2021 £'000 | 2020 £'000 |
|---------------------------------------|------|---------------|---------------|
| Turnover | | - | - |
| Cost of sales | | - | - |
| Gross result | | - | - |
| Administrative expenses | | - | - |
| Operating result | | - | - |
| Interest payable and similar expenses | 7 | (538) | (543) |
| Loss before taxation | | (538) | (543) |
| Tax on loss | 8 | 43 | 103 |
| Loss for the financial year | | (495) | (440) |

The accompanying notes on pages 14 to 22 form part of these financial statements.

The above results all relate to continuing operations.

The Company has no other comprehensive income / expense other than those included in the results above, and therefore no separate statement of comprehensive income has been presented.

M Group Telecoms Limited

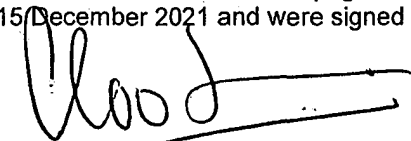
Balance sheet as at 31 March 2021

| | Note | 2021 £'000 | Restated 2020 £'000 |
|--|------|-----------------|---------------------------|
| Fixed assets | | | |
| Tangible assets | 9 | - | - |
| Investments | 10 | 37,844 | 37,844 |
| Loans to group undertakings | 11 | 7,817 | 8,157 |
| | | 45,661 | 46,001 |
| Current assets | | | |
| Debtors | 12 | 146 | 103 |
| Cash at bank and in hand | | - | - |
| | | 146 | 103 |
| Creditors: amounts falling due within one year | 13 | (40,275) | (40,077) |
| Net current liabilities | | (40,129) | (39,974) |
| Total assets less current liabilities | | 5,532 | 6,027 |
| Net assets | | 5,532 | 6,027 |
| Capital and reserves | | | |
| Called up share capital | 14 | 10 | 10 |
| Share premium account | | 81 | 81 |
| Capital redemption reserve | | 1,291 | 1,291 |
| Profit and loss account | | 4,150 | 4,645 |
| Total equity | | 5,532 | 6,027 |

Note 16 details the prior year restatement.

The notes on pages 14 to 22 are an integral part of these financial statements.

The financial statements on pages 11 to 22 were authorised for issue by the board of directors 15 December 2021 and were signed on its behalf.



A HP Loosveld
Director



B G Casey
Director

Registered Number: 05411521

M Group Telecoms Limited

Statement of changes in equity for the year ended 31 March 2021

| | Called up share capital | Share premium account | Capital redemption reserve | Profit and loss account | Total equity |
|---|-------------------------------|-----------------------------|----------------------------------|----------------------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balance as at 1 April 2019 | 10 | 81 | 1,291 | 5,085 | 6,467 |
| Loss for the financial year | - | - | - | (440) | (440) |
| Total comprehensive expense for the year | - | - | - | (440) | (440) |
| Balance as at 31 March 2020 / 1 April 2020 | 10 | 81 | 1,291 | 4,645 | 6,027 |
| Loss for the financial year | - | - | - | (495) | (495) |
| Total comprehensive expense for the year | - | - | - | (495) | (495) |
| Balance as at 31 March 2021 | 10 | 81 | 1,291 | 4,150 | 5,532 |

M Group Telecoms Limited

Notes to the financial statements for the year ended 31 March 2021

1 General Information

M Group Telecoms Limited is a private company limited by shares incorporated in England in the United Kingdom. The address of its registered office is Abel Smith House, Gunnels Wood Road, Stevenage, Hertfordshire, SG1 2ST.

2 Statement of compliance

The individual financial statements of M Group Telecoms 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 financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

Basis of preparation

These 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.

Going concern

The directors have taken into account the impact of the COVID-19 pandemic in preparing financial projections and assessing the future prospects for the company. Demand in our resilient market remains strong and the group has significant levels of liquidity available.

The directors have prepared the financial statements on the going concern basis. This is based on the financial projections and the current expectations of the directors about the prospects of the company and the group. Based on these projections, the directors consider that the company can meet its obligations as they fall due for a period of at least twelve months from the date of the directors' approval of these financial statements. The directors have also received confirmation from Minerva Equity Limited that it will support the company for the next twelve months if required.

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, under FRS 102.12B, from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Minerva Equity Limited, includes the company's cash flows in its consolidated financial statements.

The company 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.

The company has taken advantage of the exemption under FRS 102.1.12C and has not disclosed a table of financial instruments as they appear in the Minerva Equity Limited consolidated financial statements.

M Group Telecoms Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

3 Summary of significant accounting policies (continued)

Consolidated financial statements

In accordance with Section 400 of the Companies Act 2006, the company has not prepared group financial statements. The results of the company and its subsidiaries are consolidated in the financial statements of M Group Services Limited, a company registered in England. A copy of which can be obtained from the company Secretary, Abel Smith House, Gunnels Wood Road, Stevenage, Hertfordshire, SG1 2ST.

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 amounts owed by group undertakings and other receivables, 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.

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

At the end of each reporting period 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 amounts owed to group undertakings, 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.

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 Telecoms Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

3 Summary of significant accounting policies (continued)

Investments

Investments held by the company as fixed assets are stated at cost less any provision for permanent diminution in value. Investments are reviewed for impairment at each balance sheet date to determine if there is any indication of impairment. If any such indication exists, the investment's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the investment exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

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.

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 estimated economic lives. The expected useful lives of the assets to the business are reassessed periodically in light of experience. The estimated economic lives used are principally as follows:

| | |
|-----------------------------------|----------------------------|
| Fixtures, fittings, and equipment | - 10% to 33% straight line |
|-----------------------------------|----------------------------|

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 or loss account.

Impairment of fixed assets

At each reporting end date, the group and company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

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.

Related party transactions

The company 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 financial statements.

M Group Telecoms Limited

Notes to the financial statements for the year ended 31 March 2021 (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 company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Carrying value of investments

The company has investments in subsidiaries and the directors periodically consider if these investments are impaired. If there is an indication of impairment then the future cash flows would be estimated, using an appropriate discount rate, in order to calculate the net present value to estimate the recoverable value.

5 Auditor's remuneration

The auditors' remuneration is borne by a subsidiary undertaking, Magdalene Limited; no recharges have been made in the current period.

In accordance with SI 2008/489 the company has not disclosed the fees payable to the company's auditors for 'other services' as this information is included in the consolidated financial statements of M Group Services Limited.

M Group Telecoms Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

6 Employees and directors

The Company has no employees (2020: nil).

The directors are remunerated for services to the Group as a whole and the cost is borne by a subsidiary undertaking, Morrison Telecom Services Limited. No recharges have been made in either the current year or prior period in respect of directors' services to the company. Key management personnel are deemed to be the statutory directors.

7 Net interest payable and similar expenses

| | 2021 | 2020 |
|--|------------|------------|
| | £'000 | £'000 |
| Interest payable and similar expenses | | |
| Interest payable to group undertakings | 538 | 543 |
| Total interest payable and similar expenses | 538 | 543 |

8 Tax on loss

| Tax credit included in profit or loss | 2021 | 2020 |
|--|-----------|------------|
| | £'000 | £'000 |
| Current tax: | | |
| UK Corporation tax credit on loss for the year | 72 | 103 |
| Adjustments in respect of previous periods | (29) | - |
| Tax credit on loss | 43 | 103 |

M Group Telecoms Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

8 Tax on loss (continued)

Reconciliation of tax credit

The tax assessed for the year is greater than (2020: equal to) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

| | 2021 | 2020 |
|--|-----------|------------|
| | £'000 | £'000 |
| Loss before taxation | 538 | 543 |
| Loss multiplied by the standard UK rate of tax 19% (2020: 19%) | 102 | 103 |
| Effects of: | | |
| Transfer pricing adjustments | (30) | - |
| Adjustments in respect of previous periods | (29) | - |
| Tax credit for the year | 43 | 103 |

An increase to the UK corporation tax rate to 25% with effect from 1 April 2023 was announced on 3 March 2021 and included in Finance Bill 2021. As at the Balance Sheet date this increase was not substantively enacted and deferred taxes at the balance sheet date have been measured at 19%, being the enacted tax rate at the year end.

9 Tangible assets

| | Fixtures, fittings & equipment | Total |
|--|-----------------------------------|----------|
| | £'000 | £'000 |
| Cost at 1 April 2020 and 31 March 2021 | 4 | 4 |
| Accumulated depreciation at 1 April 2020 and 31 March 2021 | (4) | (4) |
| Net book value at 31 March 2020 and 31 March 2021 | - | - |

M Group Telecoms Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

10 Investments

| | |
|--|---------------|
| | £'000 |
| Cost as at 1 April 2020 and 31 March 2021 | 37,844 |

The Company holds 100% of the share capital of the following companies at 31 March 2021:

| Company | Registered country | Company's equity shareholding at 31 March 2021 | Principal business |
|--|--------------------|--|------------------------------------|
| Magdalene Limited | England (1) | 100% | Telecommunications and consultancy |
| Magdalene Telecom Limited | England (1) | 100% * | Dormant |
| Avonline Network Services Holdings Limited | England (1) | 100% | Holding company |
| Avonline Network Services Limited | England (1) | 100% * | Network Services |
| Morrison Telecom Services Limited | England (1) | 100% | Telecommunications |

* denotes indirectly held.

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

11 Loans to group undertakings

| | <i>Restated</i> | |
|------------------------------------|---------------------|---------------------|
| | At 31 March 2021 | At 31 March 2020 |
| | £'000 | £'000 |
| Loans to group undertakings | 7,817 | 8,157 |

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

The company's loans to group undertakings have been reclassified from debtors to fixed assets (note 16).

M Group Telecoms Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

12 Debtors

| | 2021 | <i>Restated</i> 2020 |
|---|------------|-------------------------|
| | £'000 | £'000 |
| Amounts falling due within one year: | | |
| Amounts owed by group undertakings | 146 | 103 |
| | 146 | 103 |

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

13 Creditors: amounts falling due within one year

| | 2021 | 2020 |
|------------------------------------|---------------|--------|
| | £'000 | £'000 |
| Amounts owed to group undertakings | 40,200 | 40,003 |
| Accruals and deferred income | 75 | 74 |
| | 40,275 | 40,077 |

Amounts owed to group undertakings of £31,865,000 (2020: £31,668,000) are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Amounts owed to group undertakings of £8,335,000 (2020: £8,335,000) are unsecured and repayable on demand and bear interest at 6.5%.

14 Called up share capital

| | 2021 | 2020 |
|---|-----------|-------|
| | £'000 | £'000 |
| Allotted and fully paid share capital can be split as follows: | | |
| 101,312 (2020: 101,312) ordinary shares of £0.10 each | 10 | 10 |
| | 10 | 10 |

The share capital consists of one class of share – ordinary. Each share has equal voting rights, equal dividend rights and equal rights to capital.

M Group Telecoms Limited

Notes to the financial statements for the year ended 31 March 2021 (continued)

15 Related party transactions

The company 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.

There were no other related party transactions in the year.

16 Prior year adjustment

The company's loans to group undertakings of £8,157,000 have been reclassified from debtors to fixed assets. This represents the fact that these amounts are intended for the continuing use of the borrowing companies as part of the capital structure of those companies. As such they represent fixed assets of M Group Telecoms Limited. The prior year ended 31 March 2020 has been restated to reflect the above.

| | As originally presented At 31 March 2020 | Restated At 31 March 2020 |
|--------------|---|---------------------------------|
| | £'000 | £'000 |
| Fixed Assets | 37,844 | 46,001 |
| Debtors | 8,260 | 103 |

17 Controlling parties

At 31 March 2021, the company's immediate parent undertaking was M Group Services 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 PAI Partners a private equity firm registered in France.

M Group Services Limited is the parent undertaking of the smallest group to consolidate these financial statements. Minerva Equity Limited is the parent undertaking of the largest group to consolidate these financial statements.

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

18 Post balance sheet events

On 15 July 2021, M Group Telecoms completed the acquisition of Waldon Telecom Limited. Waldon Telecom works across the wider mobile telecom market and provides leading Acquisition, Design and Construction (ADC) services.