Planned Maintenance (Pennine) Limited

Annual report and financial statements for the year ended 31 March 2022

Registered number 01709526

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Planned Maintenance (Pennine) Limited

Annual report and financial statements for the year ended 31 March 2022

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Planned Maintenance (Pennine) Limited

Company information

Directors	J M Arnold S D Beard J M Edwards A R Findlay S W Haynes J M Hobson C Keen A H P Loosveld J R Winnicott
Company secretary	I Evans
Registered office	Abel Smith House Gunnels Wood Road Stevenage Hertfordshire SG1 2ST
Registered number	01709526
Independent auditors	Deloitte LLP 1 New Street Square London EC4A 3HQ

Planned Maintenance (Pennine) Limited

Strategic report for the year ended 31 March 2022

The directors present their strategic report together with the audited financial statements of the Company for the year ended 31 March 2022.

Principal activities

The Company specialises in mechanical engineering, asset survey and innovative pipeline leakage repair services. The Company predominantly operates in challenging environments within the water utilities sector.

Review of the business and future developments

Planned Maintenance (Pennine) Limited ('PMP') continued to provide a unique blend of innovative safe access combined with reactive engineering capability. PMP's unique deployment of rope access combined with refurbishment engineering skills offer clients' significant advantages over conventional use of scaffolding or other costly access requirements.

The COVID-19 pandemic has had little impact on orders and turnover of the business to date. The nature of PMP orders are predominantly emergency (reactive) orders within the Utilities sector and have continued, in the majority, unabated.

During the year the Company maintained growth through its diverse client base and by expanding and providing services to other M Group Services businesses. Turnover increased by 10% to £8,783,000 (2021: £7,949,000) and EBITDA (earnings before interest, tax, depreciation and amortisation) increased by 24% to £2,670,000 (2021: £2,145,000).

In the year PMP undertook one large scheme of note, above £1 million in value;

- Seven Sister Road, London. On behalf of Morrison Water Services Limited (MWS) and the Agility Alliance in Thames Water. A section of rehabilitated main required engineering works in confined space to enable the commissioning of the new asset. PMP successfully completed this phase of work through innovative no-dig solutions and confined space entry methods.

PMP continue to strengthen their relationship with key clients, pursuing the opportunity to demonstrate an innovative and value orientated approach in the asset life extension and critical repair solution for our key clients.

The directors are optimistic that future growth is available by continuing to pursue the current strategy of maintaining a diverse client base along with strengthening existing client relationships.

Key performance indicators (KPIs)

The Board monitors progress on the overall Company strategy and trading performance by reference to KPIs, the principal measures being turnover, EBITDA (earnings before interest, tax, depreciation and amortisation), operating profit, Group order book, cash flow and accident frequency rate. Group performance against these can be found in the consolidated financial statements of M Group Services Limited.

Strategic report

for the year ended 31 March 2022 (continued)

Principal risks and uncertainties

Economic conditions

The majority of our business is with Group companies or joint ventures related to the Group (Minerva Equity Limited and all of its subsidiaries ('The Group')). Economic conditions impact the ultimate clients of these companies. In addition, these 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. Our Group companies, engage in regular dialogue with our clients to continually assess these risks and inform us of any risks around the level of our supply.

Business interruption

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

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 is a primary business focus, this is a whole life cycle approach and is a key consideration from specification to ordering, servicing, maintaining, operations and disposal.

The Company is accredited to ISO9001:2015 and Achilles UVDB.

We operate to best practice, look for efficiency and innovation at all stages and continually analyse our approach to ensure that we keep evolving but also ensuring that standards remain high.

We are mindful that our business not only impacts our internal customers but also the general public, therefore every effort is made to ensure that our vision of 'all group businesses have the safe, compliant and fit for purpose tools needed to deliver successful results for their clients and the clients' customers, keeping sites safe, roads in good condition and transport links active' is delivered

Environment

The Company recognises the importance of its environmental responsibilities and designs and implements policies to monitor and reduce damage caused by the Company's activities.

Legislative risks

Changes in the regulatory environment are typically dealt with at a contractual level and the effects and obligations upon the Company are documented and measurable. Other industry specific recognised bodies provide good practice/standards to follow.

Financial risks

Credit risk

Details of the Company's debtors are shown in note 13 to the financial statements. The Company limits individual trade debtor exposures and these limits are reviewed on a continual basis.

Liquidity risk

The Company aims to mitigate liquidity risk by managing cash generation and utilisation by its operations and applying best practice within the credit control function. Whilst most debts are with Group companies, we ensure that accounts are reconciled regularly to ensure issues are resolved quickly and payments made promptly. The Company also manages liquidity risk via agreed credit facilities that the directors review for sufficiency on a periodic basis.

Strategic report
for the year ended 31 March 2022 (continued)

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

On behalf of the board,

S D Beard
Director
14 October 2022

Registered Number: 01709526

Abel Smith House
Gunnels Wood Road
Stevenage
Hertfordshire
SG1 2ST

Planned Maintenance (Pennine) Limited

Directors' report
for the year ended 31 March 2022

The directors present their annual report together with the audited financial statements of the Company for the year ended 31 March 2022.

Business review and future developments

In accordance with section 414c (11) of the Companies Act 2006, the directors have chosen to include the principal activity of the Company; the principal risks and uncertainties; the business review; and future developments in the Strategic Report.

Dividends

No dividends were paid in the year (2021: £nil). The directors do not recommend the payment of a final dividend (2021: £nil).

Directors

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

J M Arnold	
S D Beard	
M G Beesley	(Resigned 22 October 2021)
J M Edwards	
A R Findlay	(Appointed 18 August 2021)
S W Haynes	(Resigned 20 May 2022)
J M Hobson	(Appointed 28 June 2021)
C Keen	(Appointed 15 September 2022)
A H P Loosveld	(Appointed 15 September 2022)
J D Wilson	(Resigned 28 June 2021)
J R Winnicott	

Third party indemnity

The Company maintains qualifying third party indemnity insurance for all directors as allowed by section 234 of the Companies Act 2006. These insurances were in force throughout the year to 31 March 2022 and continue in to the date of approval of the financial statements.

Going concern

The directors have taken into account uncertainties in preparing financial projections and assessing the future prospects of the Company. These included the risk of a significant economic shock impacting the UK essential infrastructure market. However, this is considered a low risk as there were no adverse impacts from the economic environment and challenges created in this COVID-19 environment and the Company was able to generate positive operating cash flows demonstrating the Company's ability to withstand significant external economic shocks. They also considered the impact of the high inflationary environment, however this is also considered low risk given the nature of the Company's framework agreements, the majority of which have indexation mechanisms. Cash flow has been and continues to be robust, in line with management's expectations. Demand in our resilient markets remains strong and the Company has significant levels of liquidity available.

Accordingly, based on the Company's financial projections and the current expectations of the directors about the prospects of the Company, the financial statements have been prepared on the going concern basis.

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.

Directors' report
for the year ended 31 March 2022 (continued)

Post balance sheet events

In May 2022, following a strategic review of the legal structure of the Minerva Equity Limited group, the Company paid a dividend of £2,382,000 to parent company MGS Water Limited.

Additionally, on 20 May 2022 100% of the Company's share capital was sold by PMP Utilities Limited to fellow subsidiary MGS Water Limited.

Employee engagement

Employees are kept informed on matters affecting them. The Company communicates through regular briefings, presentations, electronic mailings and the wide circulation of magazines, to achieve a common awareness among all employees in relation to the financial and economic factors that affect the performance of the Company. Recognition and reward schemes are in place to encourage participation in the Company's performance, highlight the achievements and successes of our people and to thank them for their hard work and dedication.

The Company 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.

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 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 Company and of the profit or loss of the Company for that year.

In preparing the financial statements, the directors are required to:

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

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

Directors' report
for the year ended 31 March 2022 (continued)

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.

Auditors

Deloitte LLP have expressed their willingness to continue as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

The directors' report was approved and authorised for issue by the board of directors.

On behalf of the board,

S D Beard
Director
14 October 2022

Registered Number: 01709526

Abel Smith House
Gunnels Wood Road
Stevenage
Hertfordshire
SG1 2ST

Planned Maintenance (Pennine) Limited

Independent auditor's report to the members of Planned Maintenance (Pennine) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Planned Maintenance (Pennine) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the period 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 statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 22.

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.

Independent auditor's report to the members of Planned Maintenance (Pennine) 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 statement of directors' responsibilities, 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 about their own identification and assessment of the risks of.

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, 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 company's ability to operate or to avoid a material penalty. These included the Bribery Act, employment laws, carbon reduction regulations as well as health, safety and environment matters.

Independent auditor's report to the members of Planned Maintenance (Pennine) Limited (continued)

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 amounts recoverable on contracts. The procedures performed to address this risk included:
  - Documenting our understanding of the design of the key controls surrounding amounts recoverable on contracts valuation and recoverability;
  - Obtaining an understanding from the commercial teams as to the composition of the amounts recoverable on contracts, and challenging judgements that they have taken in terms of recoverability on a sample of contracts; and
  - Obtaining evidence of post period end cash collection or ongoing negotiations in relation to the recoverability of the amounts recoverable on contracts on a sample of contracts.

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 period 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.

Independent auditor's report to the members of Planned Maintenance (Pennine) Limited (continued)

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.

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

14 October 2022

Planned Maintenance (Pennine) Limited

Statement of comprehensive income for the year ended 31 March 2022

	Notes	Year to 31 March 2022 £'000	Year to 31 March 2021 £'000
Turnover	5	**8,783**	7,949
Cost of sales		**(4,045)**	(3,581)
Gross profit		**4,738**	4,368
Administrative expenses		**(2,303)**	(2,396)
EBITDA		**2,670**	2,145
Depreciation	6,10	**(235)**	(173)
Operating profit	6	**2,435**	1,972
Interest payable and similar expenses	8	**(2)**	(1)
Profit before taxation		**2,433**	1,971
Tax on profit	9	**(470)**	(423)
Profit for the financial year		**1,963**	1,548
Other comprehensive income		**-**	-
Total comprehensive income for the year		**1,963**	1,548

The accompanying notes on pages 15 to 29 form part of these financial statements.

The above results relate to continuing operations for both financial years.

Planned Maintenance (Pennine) Limited

Balance sheet
as at 31 March 2022

	Notes	At 31 March 2022 £'000	*Restated* At 31 March 2021 £'000
Fixed assets			
Tangible assets	10	**512**	741
Debtors: amounts falling due after more than one year	11	**4,592**	4,603
		5,104	5,344
Current assets			
Stocks	12	**116**	119
Debtors	13	**2,449**	855
Cash at bank and in hand		**6,003**	4,445
		8,568	5,419
Creditors: amounts falling due within one year	14	**(3,487)**	(2,541)
Net current assets		**5,081**	2,878
Total assets less current liabilities		**10,185**	8,222
Net assets		**10,185**	8,222
Capital and reserves			
Called up share capital	16	**2**	2
Retained earnings		**10,183**	8,220
Total equity		**10,185**	8,222

The notes on pages 15 to 29 are an integral part of these financial statements.

The financial statements on pages 12 to 29 were approved and authorised for issue by the board of directors on 14 October 2022 and were signed on its behalf by:

S D Beard
Director

J M Hobson
Director

Planned Maintenance (Pennine) Limited

Registered Number: 01709526

Planned Maintenance (Pennine) Limited

Statement of changes in equity for the year ended 31 March 2022

	Called up share capital	Retained earnings	Total equity
	£'000	£'000	£'000
Balance as at 1 April 2020	**2**	**6,672**	**6,674**
Profit and total comprehensive income for the financial year	-	1,548	1,548
Balance as at 31 March 2021	**2**	**8,220**	**8,222**
Profit and total comprehensive income for the financial year	-	1,963	1,963
Balance as at 31 March 2022	**2**	**10,183**	**10,185**

The notes on pages 15 to 29 are an integral part of these financial statements.

Planned Maintenance (Pennine) Limited

Notes to the financial statements for the year ended 31 March 2022

1 General information

Planned Maintenance (Pennine) Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England. 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 Planned Maintenance (Pennine) 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.

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.

Basis of preparation

The financial statements are prepared on a going concern basis under the historical cost convention.

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 uncertainties in preparing financial projections and assessing the future prospects of the Company. These included the risk of a significant economic shock impacting the UK essential infrastructure market. However, this is considered a low risk as there were no adverse impacts from the economic environment and challenges created in this COVID-19 environment and the Company was able to generate positive operating cash flows demonstrating the Company's ability to withstand significant external economic shocks. They also considered the impact of the high inflationary environment, however this is also considered low risk given the nature of the Company's framework agreements, the majority of which have indexation mechanisms. Cash flow has been and continues to be robust, in line with management's expectations. Demand in our resilient markets remains strong and the Company has significant levels of liquidity available.

Accordingly, based on the Company's financial projections and the current expectations of the directors about the prospects of the Company, the financial statements have been prepared on the going concern basis.

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.

Notes to the financial statements for the year ended 31 March 2022 (continued)

3 Summary of significant accounting policies (continued)

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. The Company is a qualifying entity as its results are consolidated into the financial statements of Minerva Equity Limited which are publicly available.

As a qualifying entity the Company has taken advantage of the following exemptions

- from preparing a statement of cash flows, as allowed by FRS 102 paragraph 1.12(b)
- from disclosing a table of financial instruments as allowed by FRS 102 paragraph 1.12(c)
- from disclosing 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 required by FRS 102 paragraph 33.1A.
- from disclosing key management personnel compensation, as required by FRS 102 paragraph 33.7.

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 presentation currency is the pound sterling. Monetary amounts in these financial statements are rounded to the nearest thousand.

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 fair value consideration takes into account trade discounts, settlement discounts and volume rebates.

Contract income

The activities of the Company 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. 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.

Notes to the financial statements for the year ended 31 March 2022 (continued)

3 Summary of significant accounting policies (continued)

Employee benefits

Short term benefits

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

Defined contribution pension plans

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company 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.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. 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 or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period 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.

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 period end and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are included at historic 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.

Notes to the financial statements for the year ended 31 March 2022 (continued)

3 Summary of significant accounting policies (continued)

Tangible assets (continued)

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:

Land and buildings	2% straight line
Plant & machinery	15% - 25% straight line

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.

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.

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.

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.

Notes to the financial statements for the year ended 31 March 2022 (continued)

3 Summary of significant accounting policies (continued)

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.

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.

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 profit or loss.

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 profit or loss.

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.

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

Notes to the financial statements for the year ended 31 March 2022 (continued)

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

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.

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 Company's shareholders are recognised as a liability in the financial statements in the period 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 Company discloses transactions with related parties which are not wholly owned by the Minerva Equity Group. It does not disclose transactions with members of the Minerva Equity Group that are wholly owned.

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.

Amounts recoverable on contracts

Consistent with its revenue recognition policy, the Company makes an estimate of the recoverable value and makes a provision for any known or anticipated losses. See note 13 for the net carrying value of amounts recoverable on contracts.

5 Turnover

The Company had one class of business specialising in mechanical engineering, asset survey and innovative pipeline leakage repair services. All turnover relates to activities in the United Kingdom.

6 Operating profit

	Note	**Year to 31 March 2022**	Year to 31 March 2021
		£'000	£'000
Operating profit is stated after charging/(crediting):			
Wages and salaries		**3,209**	3,146
Social security costs		**288**	223
Other pension costs		**108**	79
Staff costs		**3,605**	3,448
Depreciation expense	10	**235**	173
Operating lease rentals – property		**58**	130
Profit on sale of fixed assets		**3**	(1)
Stocks recognised as an expense		**1,229**	1,256
Services provided by the Company's auditors			
Fees payable to the Company's auditors for the audit of the financial statements		**32**	22

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 Minerva Equity Limited.

7 Employees and directors

	Year to 31 March 2022	Year to 31 March 2021
	Number	Number
Average monthly number of management and supervisory staff employed (including executive directors)	**10**	10
Average monthly number of operational staff employed (including executive directors)	**43**	42
	53	52

Directors' remuneration	Year to 31 March 2022	Year to 31 March 2021
	£'000	£'000
Emoluments	**110**	145
Pension contributions	**14**	7
	124	152

Retirement benefits are accruing to one director under a defined contribution scheme (2021: one). None are accruing under a defined benefit scheme (2021: none).

8 Interest payable and similar expenses

	Year to 31 March 2022	Year to 31 March 2021
	£'000	£'000
Interest payable and similar expenses		
Interest payable on overdrafts and bank loans	**2**	1
Total interest payable and similar expenses	**2**	1

9 Tax on profit

Tax charge included in profit or loss	Year to 31 March 2022	Year to 31 March 2021
	£'000	£'000
Current tax:		
UK Corporation tax on profits for the year	**520**	507
Adjustment in respect of previous periods	**(93)**	18
Total current tax charge	**427**	525
Deferred tax:		
Origination and reversal of timing differences	**(29)**	(101)
Adjustment in respect of previous periods	**91**	(1)
Effect of changes in tax rate	**(19)**	-
Total deferred tax charge / (credit)	**43**	(102)
Tax on profit	**470**	423

9 Tax on profit (continued)

Reconciliation of tax charge

The tax assessed for the year is higher (2021: higher) than the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	Year to 31 March 2022	Year to 31 March 2021
	£'000	£'000
Profit before taxation	**2,433**	1,971
Profit before taxation multiplied by the standard UK rate of tax 19% (2021: 19%)	**462**	374
Effects of:		
Expenses not deductible for tax purposes	**(1)**	2
Effect of changes in tax rate	**(19)**	-
Transfer pricing adjustment	**30**	30
Adjustment in respect of prior periods	**(2)**	17
Total tax charge for the year	**470**	423

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

10 Tangible assets

	Land and buildings	Plant and machinery	Total
Cost	**£'000**	**£'000**	**£'000**
At 1 April 2021	464	1,182	1,646
Additions	-	9	9
Disposals	-	(96)	(96)
At 31 March 2022	**464**	**1,095**	**1,559**
Accumulated depreciation			
At 1 April 2021	(29)	(876)	(905)
Charge for the year	(94)	(141)	(235)
Disposals	-	93	93
At 31 March 2022	**(123)**	**(924)**	**(1,047)**
Net book value at 31 March 2022	**341**	**171**	**512**
Net book value at 31 March 2021	435	306	741

11 Debtors: amounts falling due after more than one year

	Note	At 31 March 2022	*Restated* At 31 March 2021
Amounts falling due within one year:		**£'000**	£'000
Amounts owed by group undertakings		**4,592**	4,603

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

Amounts owed by group undertakings 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 Planned Maintenance (Pennine) Limited.

The company's loans to group undertakings have been reclassified from debtors to fixed assets (note 20).

12 Stocks

	At 31 March 2022	At 31 March 2021
	£'000	£'000
Raw materials and consumables	**116**	119

There is no material difference between the balance sheet value of stock and the replacement cost.

13 Debtors

Amounts falling due within one year:	Note	At 31 March 2022	*Restated* At 31 March 2021
		£'000	£'000
Trade debtors		**1,102**	695
Amounts recoverable on contracts		**1,138**	38
Amounts owed by group undertakings		**103**	23
Deferred tax	**15**	**51**	94
Other debtors		**19**	5
Prepayments and accrued income		**36**	-
		2,449	855

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand.

14 Creditors: amounts falling due within one year

	At 31 March 2022	At 31 March 2021
	£'000	£'000
Trade creditors	**435**	440
Amounts owed to group undertakings	**1,274**	871
Other taxation and social security	**197**	298
Corporation tax	**533**	428
Other creditors	**783**	504
Accruals and deferred income	**265**	-
	3,487	2,541

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

15 Deferred taxation

The deferred tax asset consists of the following:

	At 31 March 2022	At 31 March 2021
	£'000	£'000
Fixed asset timing differences	**51**	4
Short term timing differences	**-**	90
Total deferred tax	**51**	94

16 Called up share capital

	At 31 March 2022	At 31 March 2021
	£'000	£'000
Allotted and fully paid share capital		
2,000 (2021: 2,000) ordinary shares of £1 each	**2**	2

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

17 Capital commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

Payments due	At 31 March 2022	At 31 March 2021
	£'000	£'000
Within one year	**4**	4
Between one and five years	**8**	12
	12	16

18 Contingent liabilities

There exist cross guarantees under a group banking arrangement whereby group companies have guaranteed the liabilities of other group companies to their clearing banks. Net indebtedness under this arrangement at 31 March 2022 was £nil (31 March 2021: £nil). Group bank debt is disclosed in the financial statements of Minerva Equity Limited.

Notes to the financial statements for the year ended 31 March 2022 (continued)

19 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.

20 Prior year adjustment

The company's loans to group undertakings of £4,603,000 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 Planned Maintenance (Pennine) Limited.

The prior year ended 31 March 2021 has been restated to correct for the above.

	As originally presented At 31 March 2021 £'000	Restated At 31 March 2021 £'000
Debtors: amounts falling due after more than one year	-	4,603
Debtors	4,626	23

21 Immediate and ultimate parent undertaking and controlling party

At 31 March 2022, the Company's immediate parent undertaking was PMP Utilities 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.

22 Post balance sheet events

In May 2022, following a strategic review of the legal structure of the Minerva Equity Limited group, the Company paid a dividend of £2,382,000 to parent company MGS Water Limited.

Additionally, on 20 May 2022 100% of the Company's share capital was sold by PMP Utilities Limited to fellow subsidiary MGS Water Limited.