Minerva Equity Limited

Annual report and financial statements

for the year ended 31 March 2021

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Group information

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Company secretary	W J Cooper
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Registered number	11279452
Independent auditors	Deloitte LLP 1 New Street Square London EC4A 3HQ
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Minerva Equity Limited

Chief Executive's review

Introduction

I am pleased to present the annual report for Minerva Equity Limited, the ultimate holding company of the M Group Services Limited Group ("M Group Services"), which provides specialist services to essential infrastructure markets in the UK and Ireland across the Energy (Infrastructure and Retail), Water (Clean and Waste), Telecoms (Fixed, Mobile and Networks) and Transport (Rail, Aviation and Highways) markets.

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

COVID-19

The year has been dominated by the impact of the COVID-19 pandemic. Throughout the period the group has continued to deliver essential services across the UK and Ireland from its four divisions (Energy, Water, Telecoms and Transport) within the limitations set by the government. The impact on operational activity varied by division and our operational responses reflected the discussions with our clients and our overriding objective to protect the safety of our people and the members of public with whom we come into contact.

Much of our activities have remained resilient to the impacts of COVID-19 reflecting the essential services we support. However, our consumer facing activities, principally in the Energy and Transport divisions were impacted as these services were suspended in the initial stages of the pandemic. The Group has shown significant resilience and returned to near normal levels of activity, despite further national lockdowns, in the second half of the financial year. This is testament to our ability to work with and effectively support our clients to ensure that activities could continue.

Strategic Development

The Group operates across four divisions Energy, Water, Telecoms and Transport. During the financial year the management separation of the Utilities business into Energy (Infrastructure) and Water was effected and on 1 April 2021 the legal separation into two entities was completed.

The strategy of seeking accretive bolt-on acquisitions to augment existing organic opportunities has continued during the year, enabling us to continue to broaden the markets in which we operate, and diversify our service offering. The Group completed the acquisition of IDS Holdings Limited and its subsidiaries ("IDS") on 14 October 2020.

IDS operates in the MEICAT ("Mechanical, Electrical, Instrumentation, Control, Automation and Telemetry") sector and provides design, project management, commissioning, repair and maintenance services to water infrastructure and other markets. IDS forms part of the Water division.

Subsequent to the end of the financial year the Group completed the acquisition of Skanska UK's infrastructure services business (renamed Milestone Infrastructure Limited) on 30 April 2021. Milestone Infrastructure Limited ("Milestone") will contribute c. £320 million of revenue on an annualised basis to the Group. Milestone is a successful infrastructure maintenance business that serves the transport sector including highways maintenance, street lighting, rail and highways projects. The acquisition will form part of the Transport division, broadening our capability and adding further momentum to our ongoing growth plans.

In addition, the Group made good progress in securing new framework contracts and extending existing contracts. The Group had an order book (including extensions) of £3.9 billion at 31 March 2021 compared with £3.5 billion at 31 March 2020. Of this total, the secured element of work, i.e. excluding extensions, increased from £2.5 billion at 31 March 2020 to £2.6 billion at 31 March 2021. The increase in the secured element reflects the significant contract wins during the year across the divisions. With the addition of Milestone, the order book increases to c. £5.9bn.

Chief Executive's review (continued)

Financial performance

The COVID-19 pandemic that resulted in a UK lockdown beginning in March 2020 had a significant impact on parts of the Group during the financial year. As a provider of essential services, much of our operations continued uninterrupted, with some adjustments to keep our people and members of the public with whom we come into contact safe. However, our consumer facing activities (in meter reading, meter installation, gas mains replacement) and work in the aviation sector were impacted. During the first quarter of our financial year we learned, with our clients, how we could adapt our services to accommodate the pandemic. During the second quarter, we delivered those adaptations such that in the second half of the year we had returned to our targeted run rate activity levels, despite ongoing restrictions.

Inevitably, this impacted our full year results. Despite the disruption, turnover for the year was only 3% lower than the previous year at £1.3 billion, illustrating the resilience of our group businesses. EBITDA (earnings before interest, tax, depreciation and amortisation) before exceptional items was £53.3 million, a decrease of 25%, reflecting the operating inefficiencies suffered in the first half of the year as we maintained our investment in our people, our supply chain, our client relationships, our new ERP system and our plant and equipment in order that we could maintain services to our clients and regain full delivery capability in the second half of the year.

Our focus on cash remained consistent throughout the year and the group maintained a high level of liquidity and delivered strong operating cash flows.

The financial review on pages 10 to 13 summarises our financial performance in more detail.

Operational performance and business development

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

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

Energy

The division provides essential services within the gas, electricity and renewable sectors, from asset replacement, installation services and maintenance in the infrastructure sector to data collection, management and installation services in the energy retail sector.

Divisional turnover declined by c. £70 million from £448 million in the year ended 31 March 2020 to £378 million in 2021, predominantly driven by the impact of COVID-19 on the consumer facing activities in Gas, Data Collection and Smart metering.

During the year the division continued to grow its portfolio of works with renewal of existing contracts and a number of new contract wins in the energy retail market with British Gas, E.ON and OVO. Within the energy infrastructure market, new contracts were secured with Cadent to manage gas mains replacement (replacing the JV with Cadent and Skanska (tRIIO) which reached maturity on 31 March 2021 after eight years) and with National Grid for substation build and maintenance.

The division is well positioned to benefit from strong growth driven by decarbonisation objectives which is resulting in additional network investment arising from renewable generation, distributed generation, smart meter installation and EV charging.

Water

The water division provides services across the water sector from asset surveys, reactive maintenance, refurbishment and renewal associated with water and wastewater infrastructure markets. The recent acquisition of IDS enhances our capability in specialist MEICAT services. Clients include utility asset owners such as Thames Water, Welsh Water, Yorkshire Water and Scottish Water.

Chief Executive's review (continued)

Operational performance and business development (continued)

Water (continued)

Divisional turnover grew by c. £22m from £422 million in the year ended 31 March 2020 to £443 million in 2021, predominantly due to additional works for Thames Water and Welsh Water.

The division secured new frameworks with a number of key clients including a major contract to deliver water infrastructure projects in support of Thames Water's infrastructure capital programme and a new contract to provide wastewater network maintenance for Severn Trent Water.

We were also very pleased to have extended one of our long term client relationships after being awarded a place on Yorkshire Waters AMP7 clean water network repair and maintenance framework.

The division continues to maintain a leading position in clean water network services with multiple clients whilst targeting an increase in market share in wastewater services.

Telecoms

The division consists of three operating entities, each have distinctive areas of market focus in line with their individual capabilities and strategies. Our core service offering includes design, build, operation and maintenance work streams across the fixed, mobile and private network sectors.

Divisional turnover grew by c. £20 million in the year, from £238 million in the year ended 31 March 2020 to £259 million in 2021, reflecting enlarged contracts for fibre roll-out principally with Openreach and Virgin Media.

Additionally, the division secured our first contract for private telecom network management with Scottish Power Energy Networks ('SPEN') – an existing client of the group but a new client to our Telecoms division. The contract provides reactive and preventative maintenance and capital management for its in-house telecoms network which supports the management of its electricity distribution networks.

The division continues to maintain and enhance its leading position in telecoms networks services whilst building on existing Mobile telecoms offering to support the roll out of 5G services across the UK.

Transport

The transport division consists of four operating entities, each business uses their individual capabilities to focus on different aspects of the transport network, that together provide essential infrastructure services to the sector.

Divisional turnover declined by c. £12 million in the year, from £193 million in the year ended 31 March 2020 to £181 million in 2021, reflecting a decrease in revenue in Aviation resulting from the pandemic partially offset by additional work in Rail.

The market for services in the Transport sectors remains buoyant, driven by the need to invest in national transport infrastructure to increase capacity and improve services. This is reflective in the activity in the year with a number of new contracts awarded within Rail with clients such as Network Rail, Abellio and TfL.

Highways saw a number of contract wins, including Highways England which awarded a national framework for delivering small-medium civils works for the next six years.

The Aviation sector has been disproportionately impacted by the COVID-19 pandemic and unfortunately we had to implement a redundancy programme during the year to react to the lower demand from our clients. Nevertheless, we secured a place on the Gatwick airport maintenance framework contract and we continue to invest in our people and in maintaining strong client relationships in order that we are able to effectively support our clients when demand improves.

The division continues to build on its position in the Local Authority Highways maintenance market with its existing skills and the acquisition of Milestone, along with growing share in the Rail market.

Chief Executive's review (continued)

ESG: Environmental, Social and Governance

We are committed to our communities, promoting inclusion, diversity and social equality and protecting the environment.

The increasing focus and interest in ESG and Innovation by our clients, people, and stakeholders represents a considerable opportunity across the Group. While current core indices include monitoring and controlling greenhouse gas emissions, key social indicators, and good governance practices; the growing scale and scope of expertise offered by the Group means we are well placed to accelerate our ESG & Innovation ambition. The stage is now set for a systematic enhancement of our ESG & Innovation position which will support our own and our client's ESG trajectories, inspire our people and supply chain, and satisfy emerging non-financial disclosure requirements.

Building upon some of the core indicators set out in this report, further work will be undertaken during the next reporting period to capitalise on the wider indices as described by bodies such as TCFD (Task Force on Climate related Financial Disclosure). We will under pin our ESG & Innovation ambition with quantitative targets using leading methodologies such as Achilles CEMARS, and SBTi (Science Based Targets).

Our approach will further augment the positive steps we have already undertaken on key ESG & Innovation topics such as community engagement, developing our people, and equality & diversity set out below.

Environmental

Promoting good environmental practise across all our operations, we continually look to develop and introduce sustainable processes and behaviours across each of our businesses, as well as with our clients and supply chains. The Group is developing specific business decarbonisation policies as part of a carbon reduction plan.

Page 22 to 25 details our Greenhouse Gas emission and energy usage, including our ongoing energy efficiency actions across the Group. In addition, our operational activity in, for example, smart metering, district heating and electricity networks is supporting the UK's commitment to carbon reduction.

Health and Safety

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

As at 31 March 2021, the low Accident Frequency Rate (AFR i.e. No. of RIDDOR incidents and accidents x 100,000hrs / No. of hours worked) demonstrates that we are maintaining good safety performance across the Group:

Accident Frequency Rate (AFR)									
2020/21					2019/20				
Group	**Energy**	**Water**	**Telecoms**	**Transport**	Group	Energy	Water	Telecoms	Transport
0.08	0.25	0.07	0.03	0.11	0.07	0.24	0.04	0.01	0.23

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

Chief Executive's review (continued)

ESG: Environmental, Social and Governance (continued)

Health and Safety (continued)

As testament to our core values our consistent safety performance resulted in the following RoSPA awards across the Group:

- Morrison Water Services Limited (formerly Morrison Utility Services Limited) - Sir George Earle Trophy (highest accolade in the RoSPA Health and Safety Awards Scheme.
- Dyer and Butler Limited – Order of Distinction (fifteenth consecutive Gold Award)
- M Group Services Plant & Fleet Solutions Limited – Gold Medal Award for Fleet Safety
- Morrison Data Services Limited – Gold Award
- Morrison Telecom Services Limited – Silver Award

Community Engagement

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

For example, encouraging an interest in STEM (science, technology, engineering and maths) subjects among school students helps us to raise awareness of careers in our sector. Across the Group we have over 50 STEM Ambassadors who in the last year have been limited as to the number of face to face school visits that could be conducted as a result of the COVID-19 pandemic. As social distancing and restrictions start to be lifted across the UK, their work in schools will continue to be critical to bringing the world of work to life.

As a Group our people have also supported numerous charities with various endeavours and have raised over £100,000 for charitable causes (this includes company matched funding, individuals and team donations).

Developing our People

M Group Services Limited is a trusted employer to over 8,600 skilled people, working from over 100 locations across the UK and Ireland.

As a Group we recognise that engaging and empowering our people to deliver and grow is pivotal to driving our business and achieving continued success. We are committed to creating an environment in which our people feel valued, supported and fulfilled. We endeavour to listen to our people, to provide feedback and keep them engaged and informed.

Across each of our operating divisions, a broad range of recognition and reward schemes are designed to highlight the achievements and successes of our people and to thank them for their hard work and dedication.

Equally important is the development of a resilient and sustainable workforce that is equipped to deliver on our promise to clients. Attracting, developing and retaining the next generation of highly skilled forward-thinking, customer-focused and technically competent people who can help us to continually develop the scope of our core capabilities is imperative.

We continue to develop strategies which support exceptional career and training opportunities across the Group and which facilitate our long-term growth. Innovative and targeted recruitment solutions create opportunities for individuals to join our business and make our business an inclusive and exciting place to develop careers. Apprenticeships and graduate programmes offer a targeted and tailored way to do this. Across the Group we now have over 150 apprentices in training covering various operating sectors.

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

Chief Executive's review (continued)

ESG: Environmental, Social and Governance (continued)

Developing our People (continued)

As a Group, an example of our targeted recruitment solutions with service leavers resulted in the gold award from the Defence Employer Recognition Scheme, ("ERS") in April 2021. The ERS recognises commitment and support from UK employers for current and former defence personnel and has been developed by the Ministry of Defence. Awards are given to employer organisations that pledge, demonstrate or advocate support to the defence and Armed Forces community.

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. In order to increase people engagement our people are encouraged to participate in the confidential annual Group People Opinion survey. We have also introduced a Group wide employee engagement tool and intranet system called Stay Connected to continue to encourage our people to share best practice and create two-way dialogue.

Equality and Diversity

The following table sets out our Group gender diversity position at 31 March 2021.

	31 March 2021			31 March 2020		
	Female	Male	**Total**	Female	Male	**Total**
Director	10	117	**127**	2	85	**87**
Senior Managers	175	452	**627**	153	500	**653**
Employees	1,183	6,673	**7,856**	1,262	7,071	**8,333**
Total	**1,368**	**7,242**	**8,610**	**1,417**	**7,656**	**9,073**

The Group recognises that harnessing diversity and applying the experiences, abilities and unique qualities of all our people will enhance our business. We are committed to promoting equal opportunities and inclusivity as part of creating a diverse working environment that attracts, develops and retains the best people.

Governance and compliance

The Group has a business code of conduct which is aligned with our vision and values (page 14) which all employees must adhere to. We are committed to complying with all legal requirements applicable to operations within our industry and sectors. All our people must undertake online training courses in regard to: Anti-bribery and Corruption, Inclusion and Diversity, Modern Slavery, Information Security and GDPR.

The board meets regularly and leads the strategic direction of the Group (page 20 details board experience). Regular Executive, Operational Board and Divisional Board meetings are scheduled throughout the year in which financial, commercial and strategic initiatives are reviewed at every meeting, supported by reports and presentations from the divisional Managing Directors. Through the ongoing review of suitably detailed management information the Board ensures that risks are appropriately monitored and managed.

The Board has formally established Audit and Remuneration Committees. The key responsibilities of each committee is set out below.

Audit Committee

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

Chief Executive's review (continued)

ESG: Environmental, Social and Governance (continued)

Governance and compliance (continued)

Remuneration Committee

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

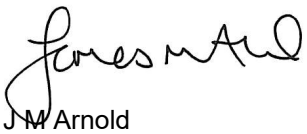
Tax Strategy

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

Outlook

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

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



J M Arnold
Chief Executive Officer
16 September 2021

Minerva Equity Limited

Financial review

Introduction

In a year of almost unprecedented economic turmoil due to the ongoing COVID-19 pandemic the Group continued to provide essential services. The group continued to trade profitably, generated cash and continued its strategy of making acquisitions that improve the capability and scale of the group.

Demand for the group's services remained resilient throughout the year, although consumer facing activities were impacted, particularly in the first half of the year. Operating efficiency in other areas of the business was also temporarily impacted whilst we adapted, with our clients, to revised ways of working.

The Group utilised the COVID-19 Job Retention Scheme ('CJRS') during the year, receiving government grants of £23.6 million and accessed the VAT deferral arrangements, deferring VAT of c. £29 million to support the group's liquidity.

The Group's trading results to 31 March 2021 reflect the circumstances experienced during the year and are set out below.

Trading performance

Consolidated profit and loss account	**Year ended 31 March 2021**	**Year ended 31 March 2020**
	£ million	**£ million**
Turnover	**1,260.5**	**1,301.3**
Cost of sales & other operating income and expenses	(1,207.2)	(1,229.9)
EBITDA before exceptional items	**53.3**	**71.4**
Depreciation & amortisation of software	(13.3)	(12.4)
Operating profit (before exceptional items, goodwill and other intangible amortisation)	**40.0**	**59.0**
Exceptional items	(3.6)	(2.5)
Amortisation of other intangible assets and goodwill arising on consolidation	(48.6)	(44.1)
Operating (loss)/profit	**(12.2)**	**12.4**
EBITDA margin	**4.2%**	**5.5%**

Turnover

The Group delivered turnover of £1.26 billion in the year, marginally behind the prior year of £1.30 billion.

Activity across the group remained very resilient and the group recorded turnover growth in both the Water and Telecoms divisions. The Transport division recorded turnover only slightly behind the prior year – this reflected good growth in Rail activity offset by a larger reduction in Aviation work. The Energy division was most impacted by the pandemic as it's activity contained the most consumer facing work, i.e. gas mains replacement activity (which also involves the replacement of domestic supply pipes), smart meter installation and meter reading activities.

Financial review (continued)

Turnover (continued)

The principal impact in these areas related to the first half of the year. As the year progressed and the group adapted, with its clients, to the changed circumstances, activity in the second half of the year recovered to targeted run rates. The only exception to this was in the Aviation sector, where activity is expected to remain lower for some time. Aviation accounted for c. 3% of group turnover in the year compared with 4% in the prior year.

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

Profitability

During the first half of the year we continued to invest in and maintain our delivery capability, via our people, our supply chain, our plant and equipment, and our systems such that we could maintain service to our clients and regain full delivery capability as soon as practicable. Only in the Aviation sector, where we don't see any material recovery in the short term did we need to make some redundancies. The actions taken in the first half of the year enabled the group to recover strongly in the second half of the year.

Accordingly, EBITDA before exceptional items reduced to £53.3 million compared to £71.4 million in the prior year, reflecting the impact of the pandemic. Exceptional costs are detailed in note 9.

Similarly, EBITDA before exceptional items margin of 4.2% (2020: 5.5%) declined compared to the prior year due to the impact of reduced turnover, temporary operating inefficiency and under-absorbed overhead costs (largely during the first half of the year), mitigated by cost management activities undertaken by the group and CJRS grants received in relation to furloughed staff.

EBITDA before exceptional items for 31 March 2021 has been stated after charging stranded costs relating to the COVID-19 pandemic totalling £8.1 million, largely reflecting furlough top-up costs and stranded asset costs. After adjusting for these items normalised EBITDA before exceptional items was £61.4 million.

Bank financing and interest

The Group is financed by equity, shareholder loan notes and bank debt (senior debt). Details of maturity dates can be found in note 20. The only financial covenant associated with the senior debt is a gearing covenant which is monitored closely to ensure there is adequate covenant headroom over the life of the facilities. Interest on the senior debt is settled in cash.

During the year the revolving facility, which was drawn in March 2020 was repaid. The group had previously drawn the majority of the revolving facility to ensure maximum liquidity for the group due to the uncertainty of COVID-19 in relation to the financial markets.

The Group had cash of £115.4 million (2020: £125.5 million) and undrawn revolving facilities of £69.4 million (2020: £4.4 million) at the end of the financial year, providing substantial liquidity for the group.

The total bank loans at the year-end were £360.0 million (2020: £425.0 million). Combined with the cash at bank at 31 March 2021 of £115.4 million (2020: £125.5 million) and finance leases of £9.4 million (2020: £14.5 million) gave net third party debt (i.e. gross debt less cash) at £254.0 million (2020: £314 million), or c. 4.1 times normalised EBITDA (2020: c.4.3 times EBITDA).

The net interest cost in the year amounted to £48.8 million (2020: £49.6 million) of which £20.0 million (2020: £22.3 million) relates to senior debt interest. Interest cover, that is the number of times the senior debt interest can be paid from normalised EBITDA, was c. 3.3 times (2020: c. 3.2 times EBITDA).

The London Inter-Bank Offered Rates (LIBOR) will be discontinued towards the end of December 2021 and replaced with Sterling Overnight Index Average (SONIA). We are working with our relationship banks and advisors to complete a smooth transition.

Financial review (continued)

Financial instruments

The Group is exposed to interest rates based on LIBOR. Interest on approximately 54% of the outstanding bank debt is fixed via interest rate swap agreements that fix LIBOR at c. 1.081% to 26 July 2021. The fair value of these swaps at the year-end was a liability of approximately (£1.0) million (2020: liability (£1.9) million). The group has no plans to renew these swaps when they expire.

Taxation

The tax credit is £3.3 million on loss before taxation of £61.0 million. The analysis of the tax charge and tax reconciliation is set out in note 12 to the financial statements.

Cash flows

Consolidated cash flow	**Year ended 31 March 2021** £ million	**Year ended 31 March 2020** £ million
Net cash inflow from operating activities (see note 27)	**96.7**	**77.5**
Tax paid	(0.8)	(10.4)
Net capital expenditure	(12.4)	(9.8)
Net cash flow before acquisitions and financing	**83.5**	**57.3**
Net interest paid	(17.9)	(23.5)
Net cash expended on acquisitions	(5.5)	(28.2)
Net cash (outflow)/inflow from financing activities	(70.2)	63.6
Net (decrease)/increase in cash	**(10.1)**	**69.2**
Cash at beginning of year	125.5	56.3
Cash at end of year	**115.4**	**125.5**

The Group has a strong track record of converting EBITDA before exceptional items to operating cash flow and this has continued in the current year with cash conversion of 181% (2020: 108%). Operating cash flow has benefited from the Government led VAT deferral scheme created to support business liquidity through the pandemic. The group had c. £29 million of deferred VAT outstanding at the end of the financial year which will be repaid during the year ending 31 March 2022. Adjusting for this item, operating cash flow conversion would have been 127%, a strong result reflecting our continued focus on working capital throughout the Group.

Corporation tax paid in the year totalled £0.8 million (2020: £10.4 million), reflecting the tax due on the Group's profits and the recovery of overpayments made in prior years.

Net interest paid amounted to £17.9 million (2020: £23.5 million). This was lower than the comparative period reflecting the group's selection of interest periods during the year linked to the repayment of the revolving facility.

The purchase of IDS during the year was from the company's cash reserves, details of which are summarised in note 33. In addition, contingent consideration of £4.8 million was paid in respect of previous acquisitions where profit thresholds have been achieved.

Company Performance

The result of the Company for the year was a loss of £2.4 million (2020: loss £2.3 million).

Financial review (continued)

Pensions

The Group operates defined benefit and defined contribution schemes. The only material defined benefit scheme is operated by Morrison Utility Services Limited. This defined benefit scheme ('MCARE') is closed to future accrual. The most recent triennial valuation of the MCARE scheme took place at 31 March 2020. The accounting deficit at 31 March 2021 in relation to the MCARE scheme was £0.3 million (2020: £0.9 million) net of deferred tax. The group also operates some other limited defined benefit arrangements for staff who have transferred to the group with protected rights. Further details on pension arrangements are provided in note 21 to the financial statements.

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 group. During the height of the disruption the group was trading at approximately 80% of normal levels of activity, proving the resilient nature of our markets and the quality of our blue-chip clients. Cash flow has been and continues to be robust, in line with management's expectations, as the group continues to collect cash from clients and pay our suppliers and sub-contractors normally. Demand in our resilient markets remains strong and the group has significant levels of liquidity available.

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

Acquisition of Milestone Infrastructure Limited

On 30 April 2021, the Group completed the purchase of Skanska UK's Infrastructure Services business, a £320m revenue business unit of Skanska UK Ltd. The purchase was financed using the existing cash resources of the Group, no external funding was required.

Skanska UK's infrastructure services business is a successful and resilient infrastructure maintenance business unit that serves the transport sector; including highways maintenance, street lighting, rail and highways projects.

Outlook

The Group has made good progress in the year to 31 March 2021. The impact of the COVID-19 pandemic was disruptive but, following continued investment in our people, systems and processes, and working closely with our clients, the group has exited the year in a good position. The group traded normally in the second half of the year and the directors are confident in the resilience and future prospects for the group. Its cash generation, substantial order book (providing good visibility of future revenue and earnings), diversifying customer base, and sound underlying trading margins provide a robust set of financial indicators and give the group a strong platform for further growth.

M G Beesley
Chief Financial Officer
16 September 2021

Strategic Report
for the year ended 31 March 2021

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

Review of the Business

Details of the operational performance is summarised in the Chief Executive's review on pages 3-9, and the Financial review on pages 10-13 summarises our financial performance for the year ended 31 March 2021. Additional information has been provided in accordance with the Walker Guidelines, which sets out best practice disclosures for large Portfolio Companies owned by private equity investors.

As at the year end the company had net liabilities of £4.7 million (2020 restated: £2.3 million).

Principal activities

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

Strategy

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

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

Business model

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

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

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

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

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

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

Strategic Report
for the year ended 31 March 2021 (continued)

Business model (continued)

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

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

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

Excellent People
A skilled and dedicated workforce in excess of 8,600 people with significant expertise within their respective markets.

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

Key performance indicators (KPIs)

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

Principal business risks

Economic conditions

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

Business interruption

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

Throughout the COVID-19 pandemic the group has continued to deliver essential services across the UK from its four divisions within the limitations set by the government. The group works in resilient markets where demand remains strong. The impact on operational activity has varied by division and our operational responses reflect the discussions with our clients and our overriding objective to protect the safety of our people and all those with whom we come into contact.

Strategic Report
for the year ended 31 March 2021 (continued)

Principal business risks (continued)

Economic regulation

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

Contract renewals

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

Skills shortages

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

Reliance on supply chain

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

Health and safety

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

New Business

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

Strategic Report
for the year ended 31 March 2021 (continued)

Stakeholder engagement

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

Our success depends on forging positive relationships with the people, communities and organisations that have an interest in our business and may be impacted by the decisions we make. We actively engage with our stakeholders to understand their views. The views of our stakeholders assist in shaping our strategy and business model set out on pages 14-15. We set out below how we engage with our main stakeholders and our impact.

People

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

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

Clients

Each division is dedicated to an individual market. We have long-term relationships with our clients across multiple contracts. We aim to meet the specific need of each of our clients to deliver best in class solutions.

Suppliers and subcontractors

Dialogue with suppliers and subcontractors is important to mitigate supply chain risk and to ensure we have access to the most cost effective and reliable products and services. 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 our supply chain. Having key account support and face-to-face meetings helps to build trust and long term relationships which is beneficial to both parties.

Communities and the environment

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.

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

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

As set out on page 6, we are committed to minimising our environmental impact, promoting good environmental practise across all our operations.

Strategic Report
for the year ended 31 March 2021 (continued)

Stakeholder engagement (continued)

Shareholders

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

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

Lenders

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

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

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

On behalf of the board,

M G Beesley
Director
16 September 2021

Registered Number: 11279452

Abel Smith House
Gunnels Wood Road
Stevenage
Hertfordshire
SG1 2ST

Directors' report
for the year ended 31 March 2021

The directors present their report together with the audited financial statements of the Group and Company for the year 31 March 2021.

Ownership

Minerva Equity Limited is a United Kingdom incorporated company which is owned by management and Blueprint Investments Sarl (Luxembourg). Blueprint Investments Sarl (Luxembourg) is indirectly controlled by PAI Europe VI, a private equity fund which is ultimately controlled by PAI Partners. PAI Partners is a leading pan-European private equity investment firm with over £12.5 billion (€14.7 billion) of assets under management.

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

Development of the business

The performance, development and outlook for the business is summarised in the Chief Executive's review and the Financial review on pages 3 to 13.

Financial risk

Financial risks faced by the Group include funding, interest rate and contractual risks. The Group regularly reviews these risks on an ongoing basis. Financing and financial risks are discussed in the Financial review and note 20 to the financial statements.

Dividends

No dividends were paid in the year (2020: none). The directors do not recommend the payment of a dividend (2020: none).

Political donations

The Group made no donations to a registered political party during the year (2020: none).

Directors

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

Chairman	I E Fraser	
Chief Executive Officer	J M Arnold	
Chief Financial Officer	M G Beesley	
Chief Financial Officer (designate)	A R Findlay	(appointed 1 August 2021)
Director	C M Afors	(resigned 30 June 2020)
Non-Executive Director	E J Ellul	
Director	F Fouletier	(resigned 9 November 2020)
Director	M Harrington	
Director	N A McIlroy	(appointed 9 November 2020)
Director	C P O'Sullivan	

Auditors

Deloitte LLP were appointed as auditor to the Group and in accordance with section 485 of the Companies Act 2006, a resolution proposing they be re-appointed will be put at a general meeting.

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

Directors

Ian Fraser (Chairman)

Ian is a Member of the Institute of Chartered Accountants of Scotland, he qualified with Deloitte in 1981. Ian has held senior executive roles in Esmark, Schlumberger and ADT. Ian has served as a Director of Kwik-Fit (GB) Limited and R&R Ice Cream. Ian has held various Non-Executive Director roles including Punch Taverns PLC.

Jim Arnold (Chief Executive Officer)

Jim was appointed as Chief Executive Officer of M Group Services Limited in 2016 and Minerva Equity Limited on 30 July 2018. As Chief Executive Officer of M Group Services, Jim has overall responsibility for the operation and performance of the Group and its four divisions, Water, Transport, Energy and Telecoms. He has worked in the utility and infrastructure sector for 30 years. Jim is a Chartered Director and Fellow of the Institute of Civil Engineers.

Martin Beesley (Chief Financial Officer)

Martin was appointed Chief Financial Officer of M Group Services Limited in 2016 and Minerva Equity Limited on 30 July 2018, having previously been Chief Financial Officer for Morrison Utility Services Limited since 2008. Prior to 2008, Martin spent 12 years with United Utilities in a number of senior finance and strategy roles. Martin trained and qualified as a Chartered Accountant with KPMG where he worked with clients across audit, tax, corporate finance and advisory services.

Andrew Findlay (Chief Financial Officer – Designate)

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

Eric Ellul (Non-Executive Director)

Eric was appointed to the board as a non-executive director on 20 February 2020 and is Chair of the Audit Committee. Eric was a Senior Partner and Managing Director in the London office of The Boston Consulting Group. He was also Chair of the BCG Global Audit and Risk Committee, as well as the former Global Head of BCG Private Equity Business.

Maximilian Harrington (Director, PAI representative)

Maximillian joined PAI in 2016 as a member of the UK Team. He started his career at Goldman Sachs in the Consumer and Retail M&A advisory team where he spent five years. Maximilian graduated from the University of Sydney with first class Honours in Econometrics and a specialisation in Finance.

Neil McIlroy (Director, PAI representative)

Neil joined PAI in 2019 as a member of the UK Team. He joined PAI from H.I.G. Capital where he spent nine years covering growth equity and leveraged buy-out investments in Europe completing many successful investments. He started his career at Morgan Stanley in the Investment Banking Division concentrating on European and UK mergers and acquisitions. Neil graduated from Queens University Belfast with a M.SC. with Distinction in Finance and the University of Ulster with a B.A Hons first class in Business Studies.

Colm O'Sullivan (Director, PAI representative)

Colm is the Chair of the Remuneration Committee. Colm joined PAI in 2006 and heads PAI's UK Team. He started his career at Hambros Bank in London and New York working on various debt capital market and advisory transactions. He then moved to Deutsche Bank where he spent eight years in the Financial Sponsors Group working on a number of advisory and financing transactions for European Private Equity Firms. Colm graduated with a Bachelor of Science Degree (Hons) in Economics from the University of Ulster and has an MBA from the Erasmus University in Rotterdam and Wharton Business School in Philadelphia.

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

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 signing the financial statements.

Post balance sheet events

On 30 April 2021, the Group completed the purchase of Skanska UK's Infrastructure Services business, a £320m revenue business unit of Skanska UK Ltd.

Skanska UK's infrastructure services business is a successful and resilient infrastructure maintenance business unit that serves the transport sector; including highways maintenance, street lighting, rail and highways projects. The Highway and Street lighting works now trade through Milestone Limited, with the rail works being novated into Dyer and Butler Limited.

On 4 May 2021, the Group sold M Assessment Services Limited for £0.25m.

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

Employee Engagement

Our statement describing how the Board has had regard to the matters set out in section 172 (1) (a) to (f) of the Companies Act 2006 when performing its duty under section 172 is set out on pages 17 to 18. Employees are kept informed on matters affecting them. The Group communicates through regular briefings, presentations, electronic mailings and the wide circulation of magazines, to achieve awareness of all employees in relation to the financial and economic factors that affect the performance of the Group. Reward and recognition schemes are in place to encourage participation in the Group's performance, highlight the achievements and successes of our people and to thank them for their hard work and dedication. Employees are encouraged to participate in a confidential opinion survey carried out annually.

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

Modern Slavery and Human Rights

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

Stakeholders engagement – Other stakeholders

Based on our engagement with and feedback from stakeholders, we factor their views into the decision making of the Board. Our statement describing how the Board has had regard to the matters set out in section 172 (1) (a) to (f) of the Companies Act 2006 when performing its duty under section 172 is set out on pages 17 to 18.

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

Environmental performance

Our people work in every environment from the busiest towns and cities through to the remotest areas. In all that we do, we aim to minimise our environmental impact. It is our responsibility to share good environmental practice while continuing to develop sustainable processes and behaviours across our business and to our clients' and supply chain. Page 25 details energy efficiency actions undertaken by the Group.

GHG emissions and energy use data for year 1 April 2020 to 31 March 2021

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

Greenhouse Gas Emissions and Energy Use

The Group consolidated energy consumption and associated greenhouse gas emissions are summarised by activity and Greenhouse Gas Protocol Scope in the tables below. The reduction in energy consumption and associated greenhouse gas emissions is mainly due to lower transport emissions, as a result of reduced travel due to the impact of COVID-19.

Consolidated Energy Consumption

Energy Consumption	**2020/2021**	**2019/2020**
	kWh	**kWh**
Sites (gas and electricity)	3,795,355	4,289,557
Mobile Plant (gas oil and LPG)	24,348,213	23,451,048
Transport (diesel and petrol)	160,889,454	224,846,592
TOTAL energy use / kWh	**189,033,022**	**252,587,197**

Consolidated Greenhouse Gas Emissions

Greenhouse Gas Emissions	**2020/2021**	**2019/2020**
	tCO_2e	**tCO_2e**
Scope 1 Emission Sources		
Sites, combustion of gas	221.13	191.68
Fuel use for mobile plant	6,207.07	6,034.88
Emissions from fuel use for travel and transport	37,980.87	52,228.70
Scope 2 Emission Sources		
Purchased electricity	631.81	856.57
Scope 3 Emission Sources		
Employee owned vehicles used for business travel	2,940.94	5,967.81
Total GHG emissions / tCO_2e	**47,981.82**	**65,279.64**

Consolidated Emissions Intensity

GHG emission intensity / tCO_2e/£ million of turnover	37.98	50.20

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

Greenhouse Gas Emissions and Energy Use (continued)

Energy Use and Greenhouse Gas Emissions for Group Companies

Energy use, greenhouse gas emissions and emissions intensities for the four largest Group companies are summarised in the tables below.

a) Morrison Utility Services Limited (Company Registration Number: 04530602)

Energy Consumption	**2020/2021**	**2019/2020**
Total energy use for sites / kWh	1,388,920	1,528,761
Total energy use for mobile plant / kWh	14,193,876	14,377,506
Total energy use for transport / kWh	99,596,767	150,792,143
TOTAL energy consumption used to calculate GHG emissions / kWh	**115,179,563**	**166,698,410**

GHG Emissions

Emissions from combustion of gas / tCO_2e	63	96
Emissions from purchased electricity / tCO_2e	251.16	271.08
Emissions from mobile plant / tCO_2e	3,621.01	3,677.92
Emissions from combustion of fuel for transport / tCO_2e	22,681.39	33,682.83
Emissions from employee owned vehicles used for business travel / tCO_2e	2,757.26	5,522.97
TOTAL Reported GHG emissions / tCO_2e	**29,373.82**	**43,250.80**

Emissions Intensity

GHG emissions / tCO_2e/£m turnover	**43.8**	60.6

b) Morrison Telecom Services Limited (Company Registration Number: 07563201)

Energy Consumption	**2020/2021**	**2019/2020**
Total energy use for sites / kWh	69,065	189,581
Total energy use for mobile plant / kWh	412,411	106,594
Total energy use for transport / kWh	8,713,753	7,370,835
TOTAL energy consumption used to calculate GHG emissions / kWh	**9,195,229**	**7,667,010**

GHG Emissions

Emissions from combustion of gas / tCO_2e	2	12
Emissions from purchased electricity / tCO_2e	14	33
Emissions from mobile plant / tCO_2e	96.93	25.45
Emissions from combustion of fuel for transport / tCO_2e	2,217.00	1,850.62
Emissions from employee owned vehicles used for business travel / tCO_2e	6.07	64.50
TOTAL Reported GHG emissions / tCO_2e	**2,336.00**	**1,985.57**

Emissions Intensity

GHG emissions / tCO_2e/£m turnover	**13.5**	11.1

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

Greenhouse Gas Emissions and Energy Use (continued)

Energy Use and Greenhouse Gas Emissions for Group Companies (continued)

c) Dyer and Butler Limited (Company Registration Number: 01450372)

Energy Consumption	**2020/2021**	**2019/2020**
Total energy use for sites / kWh	249,417	681,395
Total energy use for mobile plant / kWh	8,690,450	8,853,348
Total energy use for transport / kWh	7,349,695	6,705,427
TOTAL energy consumption used to calculate GHG emissions / kWh	**16,289,562**	**16,240,170**

GHG Emissions

Emissions from combustion of gas / tCO_2e	3	13
Emissions from purchased electricity / tCO_2e	55	158
Emissions from mobile plant / tCO_2e	2,221.85	2,302.35
Emissions from combustion of fuel for transport / tCO_2e	1,876.95	1,743.53
Emissions from employee owned vehicles used for business travel / tCO_2e	0.00	0.00
TOTAL Reported GHG emissions / tCO_2e	**4,156.80**	**4,216.88**

Emissions Intensity

GHG emissions / tCO_2e/£m turnover	**24.8**	24.6

d) Morrison Data Services Limited (Company Registration Number: 03076187)

Energy Consumption	**2020/2021**	**2019/2020**
Total energy use for sites / kWh	353,253	681,792
Total energy use for mobile plant / kWh	2,408	3,484
Total energy use for transport / kWh	17,467,811	27,344,473
TOTAL energy consumption used to calculate GHG emissions / kWh	**17,823,472**	**28,029,749**

GHG Emissions

Emissions from combustion of gas / tCO_2e	15	15
Emissions from purchased electricity / tCO_2e	65	155
Emissions from mobile plant / tCO_2e	0.55	0.83
Emissions from combustion of fuel for transport / tCO_2e	4,210.89	6,583.92
Emissions from employee owned vehicles used for business travel / tCO_2e	80.54	261.34
TOTAL Reported GHG emissions / tCO_2e	**4,371.98**	**7,016.09**

Emissions Intensity

GHG emissions / tCO_2e/£m turnover	**60.3**	65.5

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

Greenhouse Gas Emissions and Energy Use (continued)

Methodology and Scope of Reporting

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

ii) Reporting of energy use and greenhouse gas emissions is based on operational control, with the exception of tRIIO a 50:50 joint venture with Skanska, which is reported on the basis of a 50:50 share.

iii) Reported activity and greenhouse gas emissions are for the 12 months, 1 April 2020 to 31 March 2021.

iv) Greenhouse gas emissions are calculated and presented in accordance with the GHG Reporting Protocol – Corporate Standard and the UK Government's Environmental Reporting Guidelines, including streamlined energy and carbon reporting guidance, March 2019.

v) Greenhouse gas emissions are calculated using UK Government's 2020 conversion factors for carbon dioxide, methane and nitrous oxide, rather than just carbon dioxide and reported as tonnes of carbon dioxide equivalent (tCO_2e).

vi) Scope 1 greenhouse gas emissions sources are: energy used for buildings (gas), vehicles (white diesel and petrol) and mobile plant (gas oil and LPG). Scope 2 emissions are emissions associated with electricity used in MGS' offices. Business travel by employee car is reported under Scope 3.

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

viii) The Group's consolidated energy use and associated greenhouse gas emissions, has been calculated internally (2020: externally) and has not been independently verified.

Energy Efficiency Actions undertaken by the Group during 2020/2021

There has been a number of on-going activities across the Group to improve energy efficiency associated with travel and transport, our main area of energy use. A 'Green Fleet' Strategy was developed and implemented in 2012 which applies to a transport fleet of 6,700 (2020: 6,750) vehicles and which is reviewed and updated annually. Key actions undertaken during 2020 include:

- Reduction of setting for speed limiters from 70 mph to 62 mph on additional vehicles over and above the large panel van where already installed at 62 mph.
- Use of telematics to monitor driver behaviour and other key factors affecting fuel efficiency across the Group fleet (non-short term hire fleet) with additional training of 'less efficient' drivers to help improve efficiency.
- Operation of a cash allowance scheme in lieu of providing company cars for eligible employees and a launch of a new company car list with significant shift towards low carbon vehicles that include hybrid and electric vehicles.
- Maintaining a watching brief of emerging technology in Commercial Vehicles. Electric and hybrid vehicles are introduced based on practicality and cost effectiveness.
- Introduction of electric and solar powered equipment.

The continued energy efficiency actions as well as the impact of COVID-19 have resulted in a significant reduction in Energy Consumption and Greenhouse Gas Emissions. In summary the Energy Consumption has fallen from 252.6 GWh in 2019/20 to 189.03GWh in 2020/21; the Greenhouse Gas Emissions have reduced from 65,280 tCO2e to 47,982 tCO2e in the same period.

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

Statement of directors' responsibilities

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

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

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

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

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

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

Statement of disclosure of information to 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 Group and parent 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 Group and parent company's auditors are aware of that information.

On behalf of the board,

M G Beesley
Director
16 September 2021

Registered Number: 11279452

Abel Smith House
Gunnels Wood Road
Stevenage
Hertfordshire
SG1 2ST

Independent auditor's report to the members of Minerva Equity Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Minerva Equity Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:
- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 34.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Independent auditor's report to the members of Minerva Equity Limited (continued)

Other information

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

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

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

Independent auditor's report to the members of Minerva Equity Limited (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

- 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 group's ability to operate or to avoid a material penalty. These include the Bribery Act, employee laws, carbon reduction regulations as well as health, safety and environmental matters.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, valuations, pensions, IT and industry specialists 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 judgements and estimates involved in accounting for different aspects of revenue contracts, as relevant to each part of the business, such as pain/gain mechanisms, foreseeable losses, penalty provisions and provisions for remedial work. The procedures performed to address this risk included:
    - Documenting our understanding of the design of the key controls surrounding revenue recognition in the year;
    - Understanding the basis of revenue recognition for each type of contractual arrangement, including by reference to contractual documentation;
    - Challenging the judgements made on the key contracts;
    - Recalculating the revenue recognised in the year on a substantive sample of contracts;
    - Performing a reconciliation of cash collections to revenue within the financial year; and
    - Testing the cut-off of revenue by ensuring that a sample of costs incurred in the pre- and post- year end period have been correctly allocated in the corresponding period.
- The recoverability and valuation of contract work in progress and amounts receivable on contracts. The procedures performed to address this risk included:
    - Documenting our understanding of the design of the key controls surrounding WIP valuation and recoverability;
    - Obtaining an understanding from the commercial teams as to the composition of the WIP, and challenging judgements that they have taken in terms of recoverability on a sample of contracts; and
    - Obtaining evidence of post year end cash collection or ongoing negotiations in relation to the recoverability of WIP 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;

Independent auditor's report to the members of Minerva Equity Limited (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and 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 group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

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

Tobias Wright, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK
16 September 2021

Minerva Equity Limited

Consolidated profit and loss account for the year ended 31 March 2021

	Notes	**Year ended 31 March 2021 £m**	Year ended 31 March 2020 £m
Turnover	5, 6	**1,260.5**	1,301.3
Cost of sales		**(1,178.4)**	(1,182.8)
Gross profit		**82.1**	118.5
Administrative expenses		**(117.9)**	(106.1)
Other operating income	7	**23.6**	-
EBITDA (excluding exceptional items)		**53.3**	71.4
Exceptional items	8, 9	**(3.6)**	(2.5)
Depreciation	8, 14	**(11.1)**	(10.4)
Amortisation	8, 13	**(50.8)**	(46.1)
Operating (loss)/profit	8	**(12.2)**	12.4
Interest receivable and similar income	11	**0.1**	0.1
Interest payable and similar expenses	11	**(48.9)**	(49.7)
Net interest payable and similar expenses	11	**(48.8)**	(49.6)
Loss before taxation		**(61.0)**	(37.2)
Tax credit/(charge) on loss	12	**3.3**	(5.9)
Loss for the financial year		**(57.7)**	(43.1)
Loss attributable to:			
- Owners of the parent		**(57.7)**	(43.1)

The accompanying notes on pages 39 to 76 form part of these financial statements.

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

The above results all relate to continuing operations.

Minerva Equity Limited

Consolidated statement of comprehensive income for the year ended 31 March 2021

	Note	**Year ended 31 March 2021 £m**	Year ended 31 March 2020 £m
Loss for the financial year		**(57.7)**	(43.1)
Other comprehensive income:			
Remeasurements of net defined benefit obligation	21	**0.1**	0.3
Total tax income on components of other comprehensive income		**-**	-
Other comprehensive income for the year, net of tax		**0.1**	0.3
Total comprehensive expense for the year		**(57.6)**	(42.8)
Total comprehensive expense attributable to:			
- Owners of the parent		**(57.6)**	(42.8)

Minerva Equity Limited

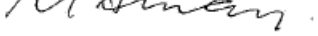
Consolidated balance sheet as at 31 March 2021

	Note	**Group At 31 March 2021 £m**	*Restated* Group At 31 March 2020 £m
Fixed assets			
Intangible assets	13	**471.9**	510.2
Tangible assets	14	**38.3**	42.6
		510.2	552.8
Current assets			
Inventories	16	**2.3**	2.4
Debtors	17	**267.2**	248.4
Cash at bank and in hand		**115.4**	125.5
		384.9	376.3
Creditors: amounts falling due within one year	18	**(344.7)**	(338.3)
Net current assets		**40.2**	38.0
Total assets less current liabilities		**550.4**	590.8
Creditors: amounts falling due after more than one year	19	**(613.5)**	(589.3)
Provisions for liabilities			
Pensions and similar obligations	21	**(0.5)**	(1.1)
Provisions for other liabilities	22	**(56.4)**	(62.8)
		(56.9)	(63.9)
Net liabilities		**(120.0)**	(62.4)
Capital and reserves			
Called up share capital	24	**-**	-
Share premium account	25	**1.2**	1.2
Profit and loss account		**(121.2)**	(63.6)
Total equity		**(120.0)**	(62.4)

The notes on pages 39 to 76 are an integral part of these financial statements. Note 26 details the prior year restatement.

The financial statements on pages 32 to 76 were approved and authorised for issue by the board of directors on 16 September 2021 and were signed on its behalf by:

J M Arnold
Director



M G Beesley
Director

Registered Number: 11279452

Minerva Equity Limited

Company balance sheet
as at 31 March 2021

	Note	**Company At 31 March 2021 £m**	*Restated* Company At 31 March 2020 £m
Fixed assets			
Investments	15	**20.7**	20.7
		20.7	20.7
Current assets			
Debtors	17	**5.4**	5.0
		5.4	5.0
Creditors: amounts falling due within one year	18	**(0.2)**	-
Net current assets		**5.2**	5.0
Total assets less current liabilities		**25.9**	25.7
Creditors: amounts falling due after more than one year	19	**(30.6)**	(28.0)
Net liabilities		**(4.7)**	(2.3)
Capital and reserves			
Called up share capital	24	**-**	-
Share premium account	25	**1.2**	1.2
Profit and loss account		**(5.9)**	(3.5)
Total equity		**(4.7)**	(2.3)

The result for the Company for the year was a £2.4 million loss (2020: £2.3 million loss). Note 26 details the prior year restatement.

The notes on pages 39 to 76 are an integral part of these financial statements.

The financial statements on pages 32 to 76 were approved and authorised for issue by the board of directors on 16 September 2021 and were signed on its behalf by:

J M Arnold
Director

M G Beesley
Director

Registered Number: 11279452

Minerva Equity Limited

Consolidated statement of changes in equity for the year ended 31 March 2021

	Share capital	*Restated* Share premium account	Profit and loss account	*Restated* Total equity
	£m	£m	£m	£m
Balance at 31 March 2019 as originally presented		22.3	(20.8)	1.5
Prior year restatement (note 26)		(24.0)	-	(24.0)
Restated balance at 31 March 2019	-	(1.7)	(20.8)	(22.5)
Loss for the financial year	-	-	(43.1)	(43.1)
Other comprehensive expense for the financial year	-	-	0.3	0.3
Total comprehensive expense for the year	-	-	(42.8)	(42.8)
Shares issued in the year	-	2.9	-	2.9
Restated balance as at 31 March 2020	**-**	**1.2**	**(63.6)**	**(62.4)**
Loss for the financial year	-	-	(57.7)	(57.7)
Other comprehensive income for the financial year	-	-	0.1	0.1
Total comprehensive expense for the year	-	-	(57.6)	(57.6)
Balance at 31 March 2021	**-**	**1.2**	**(121.2)**	**(120.0)**

Minerva Equity Limited

Company statement of changes in equity for the year ended 31 March 2021

	Share capital	*Restated* Share premium account	Profit and loss account	*Restated* Total equity
	£m	£m	£m	£m
Balance at 31 March 2019 as originally presented	-	22.3	(1.2)	21.1
Prior year restatement (note 26)		(24.0)	-	(24.0)
Restated balance as at 31 March 2019		(1.7)	(1.2)	(2.9)
Loss and total comprehensive expense for the financial year	-	-	(2.3)	(2.3)
Shares issued in the year	-	2.9	-	2.9
Restated balance as at 31 March 2020	**-**	**1.2**	**(3.5)**	**(2.3)**
Loss and total comprehensive expense for the financial year	**-**	**-**	**(2.4)**	**(2.4)**
Balance at 31 March 2021	**-**	**1.2**	**(5.9)**	**(4.7)**

Minerva Equity Limited

Consolidated statement of cash flows for the year ended 31 March 2021

	Note	**Year ended 31 March 2021**	Year ended 31 March 2020
		£m	£m
Net cash inflow from operating activities	27	**96.7**	77.5
Taxation paid		**(0.8)**	(10.4)
Net cash generated from operating activities		**95.9**	67.1
Cash flow from investing activities			
Payments to acquire fixed assets		**(13.9)**	(12.2)
Proceeds on disposal of fixed assets		**1.5**	2.4
Investments- equity purchases	33	**(5.5)**	(28.2)
Net cash used in investing activities		**(17.9)**	(38.0)
Cash flows from financing activities			
Repayment of finance lease		**(6.5)**	(6.5)
New finance lease		**1.3**	0.7
Repayment of bank borrowings		**(65.0)**	-
New bank borrowings		**-**	69.4
Interest paid		**(17.9)**	(23.5)
Net cash (used in)/ generated from financing activities		**(88.1)**	40.1
Net increase in cash and cash equivalents		**(10.1)**	69.2
Cash and cash equivalents at the beginning of the year		**125.5**	56.3
Cash and cash equivalents at the end of year		**115.4**	125.5

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

1 General Information

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

The Company is a private company limited by shares, incorporated in England and domiciled in the UK. The address of its registered office is Abel Smith House, Gunnels Wood Road, Stevenage, Hertfordshire, SG1 2ST.

2 Statement of compliance

The Group and company financial statements of Minerva Equity 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).

The Group has applied the following amendments to FRS 102 issued by the FRC for the first time during the year:

Amendments issued by the FRC in December 2019. The amendments enable the Group to take advantage of the temporary amendments to specific hedge accounting requirements in FRS 102 paragraphs 12.25C to 12.25F to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms. The Group is exposed to LIBOR within its hedge accounting relationships, which is subject to interest rate benchmark reform.

The amendments issued by the FRC in October 2020. The amendments apply to temporary rent concessions occurring as a direct consequence of the COVID-19 pandemic, when any reduction in lease payments affects only payments originally due on or before 30 June 2021.

3 Summary of significant accounting policies

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

Basis of preparation

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

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

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

Going concern

The directors have taken into account the impact of the COVID-19 pandemic in preparing financial projections and assessing the future prospects for the group. During the height of the disruption the group was trading at approximately 80% of normal levels of activity, proving the resilient nature of our markets and the quality of our blue-chip clients. Cash flow has been and continues to be robust, in line with management's expectations, as the group continues to collect cash from clients and pay our

3 Summary of significant accounting policies (continued)

Going concern (continued)

suppliers and sub-contractors normally. Demand in our resilient markets 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 Group's financial projections and the current expectations of the directors about the prospects of the Group. Based on these projections, the directors consider that both the Company and the Group 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.

Exemptions for qualifying entities under FRS 102

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

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

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

The Group has taken advantage of the exemption under FRS 102.33.7A, and has not disclosed key management personnel remuneration.

The Company has taken exemption from disclosing share based payment arrangements, required under FRS102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23, concerning its own equity instruments.

Consolidated financial statements

The Group financial statements comprise a consolidation of the financial statements of the Company and all its subsidiary undertakings as at 31 March 2021. The accounting policies are uniformly applied across the Group. The results of companies acquired or disposed of are consolidated from the effective date of acquisition or to the effective date of disposal. Intra-group sales and profit are eliminated on consolidation.

The result of the Company for the financial year was a £2.4m loss (year ended 31 March 2020: £2.3 million loss).

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 Group and Company's functional and presentation currency is the pound sterling.

Revenue recognition

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

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

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

3 Summary of significant accounting policies (continued)

Revenue recognition (continued)

Contract income

The activities of the Group are largely undertaken through long-term framework contracts. Under these contracts revenue is recognised in line with each separate supply of goods and services completed. Where losses are foreseeable in respect of future supplies committed under these framework contracts, appropriate provisions are made. In addition, an accrual is maintained for future remedial works that may be required in respect of supplies already made.

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

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

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

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

On target cost contracts with a pain/gain mechanism the gain is recognised when there is a higher degree of confidence it will be received and the pain is recognised to the extent incurred on activities to date and as soon as that pain is foreseeable.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value where there is reasonable assurance that the grant will be received. Amounts received are recognised over the period in which the related costs are recognised. In the current year, grant accounting has only been applied to the amounts received under the Job Retention Scheme launched as part of HM Governments response to the COVID-19 pandemic and are shown within Other Operating Income.

Exceptional items

Where it is considered that items of income or expense are material and are considered ‘one off’ or because they are material and of a scale such that separate presentation is helpful for the reader of the financial statements to understand the financial performance of the entity, their nature and amount is disclosed separately on the face of the profit and loss account where this enhances the understanding of the Group’s financial performance.

Employee Benefits

Short-term benefits

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

Defined contribution pension plans

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

3 Summary of significant accounting policies (continued)

Employee Benefits (continued)

Defined benefit pension plan

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

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

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

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

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

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

(a) The increase in pension benefit liability arising from the employee service during the year; and

(b) The cost of the plan introductions, benefit changes, curtailments and settlements.

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

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

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

Current tax

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

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

Deferred tax

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

3 Summary of significant accounting policies (continued)

Taxation (continued)

Deferred tax (continued)

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

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

Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

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

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

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

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

Goodwill is amortised over its expected useful life, which is estimated to be ten years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. No reversals of impairment are recognised.

Intangible assets

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

Software	-	3 - 8 years
Client relationships	-	5 - 15 years
Brands	-	5 - 20 years

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

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

3 Summary of significant accounting policies (continued)

Intangible assets (continued)

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

Tangible assets

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

Vehicles, plant, fixtures, fittings, and equipment

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

Depreciation and residual values

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

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

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

Derecognition

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

Leased assets

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

Finance leased assets

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

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

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

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

3 Summary of significant accounting policies (continued)

Leased assets (continued)

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.

Investments

Investment in a subsidiary company is stated at historical cost less accumulated impairment losses.

Inventories

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

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.

Provisions and contingencies

Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The increase in the provision due to passage of time is recognised as a finance cost.

Contingencies

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

Financial instruments

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

Financial assets

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

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

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

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

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

Financial liabilities

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

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period to which it relates. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Interest on preference shares is accrued within interest costs and included in amounts due after one year.

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

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

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

Offsetting

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

3 Summary of significant accounting policies (continued)

Joint ventures

Jointly controlled assets

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

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

Share capital

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

Distributions to equity holders

Dividends and other distributions to Group's shareholders are recognised as a liability in the financial statements in the 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 Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

4 Critical accounting judgements and estimation uncertainty

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

Critical judgements in applying the entity's accounting policies

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

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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 contract

The Company provides support services to blue-chip clients in the infrastructure sectors in the UK and typically via framework contracts. Consistent with its revenue recognition policy, the Company makes an estimate of the recoverable value and makes a provision for any known or anticipated losses. See note 16 for the net carrying amount of amounts recoverable on contracts.

Revenue recognition

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

5 Turnover

At 31 March 2021, the Group has four classes of business – Energy, Water, Telecoms and Transport. The Group provides repair and maintenance, refurbishment, enhancement and data retrieval and management services to blue-chip clients in essential infrastructure sectors.

By geographical origin

Turnover related to activities in the United Kingdom £1,258.0 million, Ireland £2.2 million, Rest of world £0.2 million, Europe £0.1 million (2020: United Kingdom £1,298.9 million, Ireland £2.4 million and Europe £nil).

6 Segmental information

By category

	Turnover Year ended 31 March 2021	Turnover Year ended 31 March 2020
	£m	£m
Energy	**377.6**	448.4
Water	**443.3**	421.7
Telecoms	**258.6**	238.1
Transport	**181.0**	193.1
Total turnover	**1,260.5**	1,301.3

7 Other operating income

	Year ended 31 March 2021	Year ended 31 March 2020
	£m	£m
Grants received under COVID-19 Job Retention Scheme	**23.6**	-

8 Operating profit

	Year ended 31 March 2021 £m	Year ended 31 March 2020 £m
Operating profit is stated after (charging)/crediting:		
Wages and salaries	**(322.3)**	(311.7)
Social security costs	**(32.2)**	(28.7)
Other pension costs	**(10.9)**	(11.4)
Staff costs	**(365.4)**	(351.8)
Depreciation – owned assets (see note 14)	**(9.4)**	(7.6)
Depreciation – leased assets (see note 14)	**(1.7)**	(2.8)
Amortisation (see note 13)	**(50.8)**	(46.1)
Hire of plant and machinery	**(45.8)**	(42.4)
Operating lease rentals – plant and machinery	**(21.2)**	(20.0)
Operating lease rentals – other	**(6.1)**	(5.5)
Stranded costs related to COVID-19	**(8.1)**	(1.2)
Exceptional items (see note 9)	**(3.6)**	(2.5)
Profit on sale of tangible assets	**0.7**	0.4
Fees payable to the Company's auditors for the audit of the parent company and consolidated financial statements	**(0.1)**	(0.1)
Fees payable to the Company's auditors and their associates for other services:		
- The audit of the Company's subsidiaries pursuant to legislation	**(0.8)**	(0.5)
- Other advisory services (principally due diligence)	**-**	(0.4)
- Tax compliance and tax advisory services	**-**	(0.2)
Total amount payable to the Company's auditors and their associates	**(0.9)**	(1.2)

9 Exceptional items

Group	**Year ended 31 March 2021 £m**	Year ended 31 March 2020 £m
COVID-19 costs	**(1.1)**	(1.3)
Restructuring	**(1.0)**	(1.0)
Costs associated with acquisitions	**(0.2)**	(0.2)
Redundancy	**(1.3)**	-
	(3.6)	(2.5)

COVID-19 incremental costs include demobilisation and remobilisation costs, personal protective equipment and other related costs. The restructuring costs are non-recurring associated with the refinement of the group organisation.

10 Employees and directors

Group	**Year ended 31 March 2021 Number**	Year ended 31 March 2020 Number
Average monthly number of full time equivalent management and supervisory staff employed (including executive directors) were as follows:	**3,799**	3,832
Average monthly number of full time equivalent operational persons employed (including executive directors) were as follows:	**4,765**	5,159
	8,564	8,991

Directors' remuneration

Company	**Year ended 31 March 2021 £m**	Year ended 31 March 2020 £m
Aggregate emoluments	**1.4**	1.5

Highest paid director		
Emoluments	**0.7**	0.8

The Company has no employees. The directors and key management are remunerated for services to the Group as a whole and the cost is borne by all subsidiary undertakings by a recharge.

No directors participated in a defined benefit pension scheme during the year (2020: none).

11 Net interest payable

	Year ended 31 March 2021 £m	Year ended 31 March 2020 £m
Interest receivable and similar income		
Bank interest received	**0.1**	0.1
Total interest receivable and similar income	**0.1**	0.1
Interest payable and similar expenses		
Interest payable on overdrafts and bank loans	**(1.9)**	(2.2)
Interest payable on other bank loans	**(18.1)**	(20.1)
Interest payable on shareholder loan notes	**(23.4)**	(21.1)
Finance lease interest	**(0.6)**	(1.0)
Amortisation of issue costs	**(1.9)**	(1.8)
Interest on preference shares	**(2.6)**	(2.5)
Fair value movements on interest rate swap	**(0.4)**	(1.0)
Total interest payable and similar expenses	**(48.9)**	(49.7)
Net interest payable	**(48.8)**	(49.6)

12 Tax on loss

Tax expense included in profit or loss	**Year ended 31 March 2021 £m**	Year ended 31 March 2020 £m
Current tax:		
UK Corporation tax on losses for the year	**2.6**	5.7
Adjustment in respect of previous year	**0.3**	(1.5)
Total current tax	**2.9**	4.2
Deferred tax:		
Origination and reversal of timing differences	**(6.2)**	(4.9)
Adjustment in respect of previous year	**-**	(0.2)
Change in tax rate	**-**	6.8
Total deferred tax	**(6.2)**	1.7
Tax on loss	**(3.3)**	5.9

12 Tax on loss (continued)

Reconciliation of tax (credit)/charge:

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

	Year ended 31 March 2021 £m	Year ended 31 March 2020 £m
Loss before taxation	**(61.0)**	(37.3)
Loss multiplied by the standard UK rate of tax 19% (2020: 19%)	**(11.6)**	(7.1)
Effects of:		
Expenses not deductible for tax	**8.8**	7.9
Income not taxable	**(0.2)**	-
Adjustment in respect of previous year	**0.3**	(1.7)
Movement in deferred tax not recognised	**(0.6)**	-
Change in tax rate	**-**	6.8
Tax (credit)/charge for the year	**(3.3)**	5.9

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. If the announced increased in the corporation tax rate had been substantively enacted at the balance sheet date the impact on the deferred tax charge is estimated to be a charge of £14.4m.

13 Intangible assets

Group	Client relation-ships £m	Brands £m	Goodwill £m	Other including software £m	Total £m
Cost at 1 April 2020	316.9	67.5	189.4	8.5	582.3
Acquisitions (note 33)	-	-	5.9	0.4	6.3
Additions	-	-	-	6.2	6.2
Cost at 31 March 2021	**316.9**	**67.5**	**195.3**	**15.1**	**594.8**
Accumulated amortisation at 1 April 2020	(38.2)	(6.5)	(25.8)	(1.6)	(72.1)
Charge for the year	(23.6)	(4.0)	(21.0)	(2.2)	(50.8)
Accumulated amortisation at 31 March 2021	**(61.8)**	**(10.5)**	**(46.8)**	**(3.8)**	**(122.9)**
Net book value at 31 March 2021	**255.1**	**57.0**	**148.5**	**11.3**	**471.9**
Net book value at 31 March 2020	278.7	61.0	163.6	6.9	510.2

14 Tangible assets

Group	Vehicles, Plant and Equipment, fixtures and fittings £m
Cost at 1 April 2020 *(restated)*	**47.9**
Additions	**7.6**
Disposals	**(4.0)**
At 31 March 2021	**51.5**
Accumulated depreciation at 1 April 2020 *(restated)*	**(5.3)**
Charge for the year	**(11.1)**
On disposals	**3.2**
At 31 March 2021	**(13.2)**
Net book value at 31 March 2021	**38.3**
Net book value at 31 March 2020	**42.6**

The net book value of the Group's tangible fixed assets held under finance leases at 31 March 2021 is £8.9 million (2020: £11.0 million). Depreciation charged on assets held under finance leases during the year ended 31 March 2021 amounted to £1.7 million (year to 31 March 2020: £2.8 million).

15 Investments

Company	£m
Cost and net book value at 1 April 2020 and 31 March 2021	**20.7**

See note 32 for additional narrative regarding Company investments in subsidiaries.

16 Inventories

Group	**At 31 March 2021** **£m**	At 31 March 2020 £m
Raw materials and consumables	**2.3**	2.4

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

The Company had no (2020: no) inventories during the year.

17 Debtors

	Group **At 31 March 2021** **£m**	Group At 31 March 2020 £m	**Company** **At 31 March 2021** **£m**	Company At 31 March 2020 £m
Amounts falling due within one year:				
Trade debtors	**45.2**	54.3	**-**	-
Amounts owed by group undertakings	**-**	-	**5.4**	5.0
Amounts recoverable on contracts	**177.1**	158.5	**-**	-
Corporation tax	**2.1**	4.3	**-**	-
Other debtors	**5.6**	4.9	**-**	-
Amounts owed by joint ventures	**3.2**	-	**-**	-
Prepayments and accrued income	**34.0**	26.4	**-**	-
	267.2	248.4	**5.4**	5.0

Group trade debtors are stated after provisions for impairment of £1.7 million (2020: £0.8 million).

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

18 Creditors: amounts falling due within one year

	Group	Group	**Company**	Company
	At 31 March 2021	At 31 March 2020	**At 31 March 2021**	At 31 March 2020
	£m	£m	**£m**	£m
Bank loans and overdrafts	**-**	(65.0)	**-**	-
Obligations under finance leases	**(4.4)**	(5.2)	**-**	-
Debt issue costs	**1.9**	1.8	**-**	-
Short-term borrowings (note 20)	**(2.5)**	(68.4)	**-**	-
Payments received on account	**(0.3)**	(1.1)	**-**	-
Trade creditors	**(118.7)**	(80.0)	**-**	-
Amounts owed to group undertakings	**-**	-	**(0.2)**	-
Other taxation and social security	**(9.5)**	(10.4)	**-**	-
Other creditors	**(87.5)**	(63.2)	**-**	-
Amounts owed to joint ventures	**(18.1)**	(7.8)	**-**	-
Contingent consideration	**(1.1)**	(3.5)	**-**	-
Accruals and deferred income	**(107.0)**	(103.9)	**-**	-
	(344.7)	(338.3)	**(0.2)**	-

As at 31 March 2021 there was an outstanding liability of £1.3 million (2020: £0.7 million) in respect of pension contributions. Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

19 Creditors: amounts falling due after more than one year

		Restated		Restated
	Group	Group	**Company**	Company
	At 31 March 2021	At 31 March 2020	**At 31 March 2021**	At 31 March 2020
	£m	£m	**£m**	£m
Bank loans and overdrafts	**(360.0)**	(360.0)	**-**	-
Shareholder loan notes	**(221.7)**	(199.9)	**-**	-
Debt issue costs	**6.2**	7.9	**-**	-
Obligations under finance leases	**(5.0)**	(9.3)	**-**	-
Long-term borrowings (note 20)	**(580.5)**	(561.3)	**-**	-
Contingent consideration (note 33)	**(2.4)**	-	**-**	-
Preference shares (notes 24 & 26)	**(30.6)**	(28.0)	**(30.6)**	(28.0)
	(613.5)	(589.3)	**(30.6)**	(28.0)

Included within the balance of £30.6 million (2020 restated: £28.0 million) is accrued interest of £6.6 million (2020 restated: £4.0 million).

20 Loans and other borrowings

	At 31 March 2021			At 31 March 2020		
	Gross out-standing £m	**Un-amortised issue costs £m**	**2021 Total £m**	Gross out-standing £m	Un-amortised issue costs £m	2020 Total £m
Loans and other borrowings						
Senior loan B	**(360.0)**	**8.1**	**(351.9)**	(360.0)	9.7	(350.3)
Revolving Facility	**-**	**-**	**-**	(65.0)	-	(65.0)
	(360.0)	**8.1**	**(351.9)**	(425.00)	9.7	(415.3)
Shareholder loan notes	**(221.7)**	**-**	**(221.7)**	(199.9)	-	(199.9)
Finance leases	**(9.4)**	**-**	**(9.4)**	(14.5)	-	(14.5)
Total loans and other borrowings	**(591.1)**	**8.1**	**(583.0)**	(639.4)	9.7	(629.7)
Less: amounts included in creditors falling due within one year	**4.4**	**(1.9)**	**2.5**	70.2	(1.8)	68.4
Loans and other borrowing due after more than one year	**(586.7)**	**6.2**	**(580.5)**	(569.2)	7.9	(561.3)

The senior loan facility was entered into in July 2018.

The outstanding loans, maturity dates and interest rates are shown below:

(a) Senior facility loan B – repayable in full on 30 July 2025. The loan bears interest at LIBOR plus a margin of 4.5% to 5%. The margin is determined by calculation of the Consolidated Net Senior Secured Leverage Ratio.

(b) Revolving facility – repayable in full on 30 January 2025. The loan bears interest at LIBOR plus a margin of 2.25% to 3.25%. The margin is determined by calculation of the Consolidated Net Senior Secured Leverage Ratio.

(c) There are floating to fixed interest rate hedges in place covering £195.0 million of principal. These hedges expire on 26 July 2021. The fair value of the interest rate hedges at 31 March 2021 is £(1.0) million (2020: £(1.9) million).

(d) Shareholder loan notes are payable in full on 26 July 2028. The loan notes bear interest at 8 – 11%. Interest is accrued and will be paid on redemption.

LIBOR is the London Inter Bank Offer Rate.

The London Inter-Bank Offered Rates (LIBOR) will be discontinued towards the end of 2021 and replaced with Sterling Overnight Index Average (SONIA). We are working with our relationship banks and advisors to complete a smooth transition.

20 Loans and other borrowings (continued)

Maturity analysis of financial liabilities

The maturity profile of the carrying amount of the Group's liabilities was as follows:

	At 31 March 2021				At 31 March 2020			
	Senior loans	**Finance leases and other loans**	**Shareholder loan notes**	**Total**	Senior loans	Finance leases and other loans	Shareholder loan notes	Total
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
Less than one year	**-**	**(4.8)**	**-**	**(4.8)**	(65.0)	(5.8)	-	(70.8)
Between one and two years	**-**	**(2.9)**	**-**	**(2.9)**	-	(4.8)	-	(4.8)
Between two and five years	**(360.0)**	**(2.5)**	**-**	**(362.5)**	-	(5.4)	-	(5.4)
After five years	**-**	**-**	**(221.7)**	**(221.7)**	(360.0)	(0.1)	(199.9)	(560.0)
Total gross payments	**(360.0)**	**(10.2)**	**(221.7)**	**(591.9)**	(425.0)	(16.1)	(199.9)	(641.0)
Deferred issue costs – less than one year	**1.9**	**-**	**-**	**1.9**	1.8	-	-	1.8
Deferred issue costs – between one and two years	**1.8**	**-**	**-**	**1.8**	1.8	-	-	1.8
Deferred issue costs – between two and five years	**4.4**	**-**	**-**	**4.4**	5.5	-	-	5.5
Deferred issue costs – after five years	**-**	**-**	**-**	**-**	0.6	-	-	0.6
Interest charge on finance lease – less than one year	**-**	**0.4**	**-**	**0.4**	-	0.6	-	0.6
Interest charge on finance lease – between one and two years	**-**	**0.2**	**-**	**0.2**	-	0.4	-	0.4
Interest charge on finance lease – between two and five years	**-**	**0.2**	**-**	**0.2**	-	0.5	-	0.5
Interest charge on finance lease – after five years	**-**	**-**	**-**	**-**	-	0.1	-	0.1
Total net borrowings	**(351.9)**	**(9.4)**	**(221.7)**	**(583.0)**	(415.3)	(14.5)	(199.9)	(629.7)

Interest of £16.2m (2020: £14.5m) on the shareholder loan notes is accrued and included within accruals.

20 Loans and other borrowings (continued)

For the Group, the current and long term borrowings can be analysed as follows:

	At 31 March 2021			At 31 March 2020		
	Creditors: amounts falling due within one year £m	**Creditors: amounts falling due after more than one year £m**	**Total £m**	Creditors: amounts falling due within one year £m	Creditors: amounts falling due after more than one year £m	Total £m
Amounts owed on bank loans and shareholder loan notes	**-**	**(581.7)**	**(581.7)**	(65.0)	(559.9)	(624.9)
Debt issue costs	**1.9**	**6.2**	**8.1**	1.8	7.9	9.7
Obligations under finance leases	**(4.4)**	**(5.0)**	**(9.4)**	(5.2)	(9.3)	(14.5)
	(2.5)	**(580.5)**	**(583.0)**	(68.4)	(561.3)	(629.7)

Management of financial risk

Financial risks faced by the Group include funding, interest rate and contractual risks. The Group reviews these risks on an ongoing basis. Interest rate hedges have been entered into as discussed on page 57.

Borrowing covenants

The Group monitors compliance against all financial obligations and against the covenant restrictions in place, all of these have been complied with during the year. The only covenant is a gearing covenant.

Security

The borrowings are secured by a floating charge over the assets of the Group.

Finance leases

The future minimum finance lease payments are as follows:

	At 31 March 2021 £m	At 31 March 2020 £m
Less than one year	**(4.4)**	(5.2)
Between two and five years	**(2.7)**	(9.2)
After five years	**(2.3)**	(0.1)
Carrying amount of liability	**(9.4)**	(14.5)

The finance leases relate to plant and machinery primarily used in waste water contracts. They are secured by fixed charges on the assets concerned.

21 Pensions and similar obligations

Defined benefit schemes

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

Additionally, the group operates a smaller defined benefit scheme within Morrison Data Services Limited ('MDS'). In previous years the obligation was disclosed in other creditors.

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

A full actuarial valuation of the MUS scheme, was carried out at 31 March 2020 by an independent actuary. A full actuarial valuation of the MDS scheme, was carried out at 5 April 2019 and updated to 31 March 2021 by an independent actuary.

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

	2021		2020
	% pa		% pa
	MDS	**MUS**	MUS
Discount rate	**2.10**	**2.00**	2.40
Inflation rate	**3.40**	**3.25**	2.80
Increase to deferred benefits during deferment	**3.40**	**3.25**	2.80
Increases to inflation related pension in payment	**3.40**	**3.15**	2.70

21 Pensions and similar obligations (continued)

At 31 March 2021, the deficit recognised in the balance sheet was as follows:

Amounts recognised in the balance sheet	**As at 31 March 2021**			As at 31 March 2020
	MDS	**MUS**	**Total**	MUS
	£m	**£m**	**£m**	£m
Present value of funded obligations	**(0.8)**	**(14.0)**	**(14.8)**	(11.7)
Fair value of scheme assets	**0.6**	**13.7**	**14.3**	10.6
Net liability at the end of the year excluding deferred tax	**(0.2)**	**(0.3)**	**(0.5)**	(1.1)
Related deferred tax asset (note 22)	**-**	**-**	**-**	0.2
Net pension liability	**(0.2)**	**(0.3)**	**(0.5)**	(0.9)

Changes in scheme assets	**Year ended 31 March 2021**			Year ended 31 March 2020
	MDS	**MUS**	**Total**	MUS
	£m	**£m**	**£m**	£m
Balance as at 1 April 2020 / 1 April 2019	**0.5**	**10.6**	**11.1**	11.4
Expected return on scheme assets	**-**	**0.3**	**0.3**	0.3
Employer contributions	**0.1**	**0.8**	**0.9**	0.5
Benefits paid	**(0.1)**	**(0.2)**	**(0.3)**	(0.4)
Administration cost	**-**	**(0.1)**	**(0.1)**	(0.1)
Actuarial gain/(loss)	**0.1**	**2.3**	**2.4**	(1.1)
Balance as at 31 March 2021 / 31 March 2020	**0.6**	**13.7**	**14.3**	10.6
Actual return on scheme assets	**0.1**	**2.6**	**2.7**	(0.8)

21 Pensions and similar obligations (continued)

Changes in scheme liabilities

	Year ended 31 March 2021			Year ended 31 March 2020
	MDS	**MUS**	**Total**	MUS
	£m	**£m**	**£m**	£m
Balance as at 1 April 2020 / 1 April 2019	**(0.6)**	**(11.7)**	**(12.3)**	(13.2)
Interest cost	**-**	**(0.3)**	**(0.3)**	(0.3)
Administration cost	**(0.2)**	**-**	**(0.2)**	-
Benefits paid	**0.1**	**0.2**	**0.3**	0.4
Actuarial (loss)/gain	**(0.1)**	**(2.2)**	**(2.3)**	1.4
Balance as at 31 March 2021 / 31 March 2020	**(0.8)**	**(14.0)**	**(14.8)**	(11.7)

The overall deficit movement may be summarised as follows:

Movements in balance sheet net liability	Year ended 31 March 2021			Year ended 31 March 2020
	MDS	**MUS**	**Total**	MUS
	£m	**£m**	**£m**	£m
Balance as at 1 April 2020 / 1 April 2019	**(0.1)**	**(1.1)**	**(1.2)**	(1.8)
Administration cost	**(0.2)**	**(0.1)**	**(0.3)**	(0.1)
Contributions	**0.1**	**0.8**	**0.9**	0.5
Actuarial gain	**-**	**0.1**	**0.1**	0.3
Balance as at 31 March 2021 / 31 March 2020 (excluding deferred tax)	**(0.2)**	**(0.3)**	**(0.5)**	(1.1)

21 Pensions and similar obligations (continued)

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

Expense recognised in the profit and loss account	**Year ended 31 March 2021**			Year ended 31 March 2020
	MDS	**MUS**	**Total**	MUS
	£m	**£m**	**£m**	£m
Administration cost – scheme expenses	**(0.2)**	**(0.1)**	**(0.3)**	(0.1)
Charge to operating profit	**(0.2)**	**(0.1)**	**(0.3)**	(0.1)
Expected return on pension scheme assets	**-**	**0.3**	**0.3**	0.3
Interest on pension scheme liabilities	**-**	**(0.3)**	**(0.3)**	(0.3)
Amount charged to other finance expense	**-**	**-**	**-**	-
Expense recognised in the profit and loss account	**(0.2)**	**(0.1)**	**(0.3)**	(0.1)

Analysis of amounts recognised in the Statement of Comprehensive income	**Year ended 31 March 2021**			Year ended 31 March 2020
	MDS	**MUS**	**Total**	MUS
	£m	**£m**	**£m**	£m
Difference between expected and actual returns on scheme assets	**0.1**	**2.3**	**2.4**	(1.1)
Changes in assumptions underlying the present value of the schemes' liabilities	**(0.1)**	**(2.2)**	**(2.3)**	1.4
Actuarial gains in schemes	**-**	**0.1**	**0.1**	0.3

21 Pensions and similar obligations (continued)

Details of experience gains and losses	Year ended 31 March 2021			Year ended 31 March 2020
	MDS	**MUS**	**Total**	MUS
	£m	**£m**	**£m**	£m
Defined benefit obligation	**(0.8)**	**(14.0)**	**(14.8)**	(11.7)
Plan assets	**0.6**	**13.7**	**14.3**	10.6
Deficit	**(0.2)**	**(0.3)**	**(0.5)**	(1.1)
Experience adjustment on plan assets	**0.1**	**2.3**	**2.4**	(1.1)
Experience adjustment on plan liabilities	**(0.1)**	**(2.2)**	**(2.3)**	1.4
Total amount recognised in the Statement of comprehensive income	**-**	**0.1**	**0.1**	0.3

The fair value of the plan assets was:

	At 31 March 2021			At 31 March 2020
	MDS	**MUS**	**Total**	MUS
	£m	**£m**	**£m**	£m
Equities	**0.1**	**6.6**	**6.7**	5.0
Other	**0.5**	**7.1**	**7.6**	5.6
Total assets	**0.6**	**13.7**	**14.3**	10.6

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

The group operates a number of defined contribution schemes for its employees. The amount recognised as an expense for the defined contribution schemes was £10.6 million (2020: £11.4 million).

22 Provisions for other liabilities

Group	**2021**	2020
	Deferred tax	Deferred tax
	£m	£m
Brought forward as at 1 April 2020/31 March 2019	**62.8**	60.9
Acquisitions (note 33)	**(0.2)**	0.2
Adjustment in respect of prior years	**-**	(0.2)
(Credit)/charge for the year (note 12)	**(6.2)**	1.9
Carried forward at 31 March 2021/2020	**56.4**	62.8

Deferred tax

The provision for deferred tax consists of the following deferred tax liabilities/(assets):

	At 31 March 2021	At 31 March 2020
	£m	£m
Fixed asset timing differences	**(0.5)**	(0.4)
Short term timing differences	**(2.3)**	(1.5)
Pensions	**(0.1)**	(0.2)
Intangible assets	**59.3**	64.9
Total deferred tax provision	**56.4**	62.8

The amount of deferred tax expected to be reversed in the next 12 months is the deferred tax asset of £0.7 million (2020: £1.1 million) and deferred tax liability of £5.3 million (2020: £5.2 million).

23 Financial instruments

Group	Note	At 31 March 2021 £m	Restated At 31 March 2020 £m
The Group has the following financial instruments:			
Financial assets at fair value through profit or loss		**-**	-
Financial assets that are debt instruments measured at amortised cost			
Trade debtors	17	**45.2**	54.3
Other debtors	17	**5.6**	4.9
Amounts recoverable on contracts	17	**177.1**	158.5
		227.9	217.7
Financial assets that are equity instruments measured at cost less impairment			-
Financial liabilities measured at fair value through profit and loss		**(1.0)**	(1.9)
Financial liabilities measured at amortised cost			
Gross senior loans	20	**(360.0)**	(425.0)
Loan notes	20	**(221.7)**	(199.9)
Finance leases	20	**(9.4)**	(14.5)
Trade creditors	18	**(118.7)**	(80.0)
Accruals	18	**(107.0)**	(103.9)
Payments received on account	18	**(0.3)**	(1.1)
Contingent consideration	18,19	**(3.5)**	(3.5)
Other creditors	18	**(115.1)**	(81.4)
Preference shares	19	**(30.6)**	(28.0)
		(966.3)	(937.3)

23 Financial instruments (continued)

			Restated
		At 31 March 2021	At 31 March 2020
Company	Note	**£m**	£m
The Company has the following financial instruments:			
Financial assets at fair value through profit or loss		**-**	-
Financial assets that are debt instruments measured at amortised cost			
Amounts owed by group undertakings	17	**5.4**	5.0
		5.4	5.0
Financial assets that are equity instruments measured at cost less impairment		**-**	-
Financial liabilities measured at fair value through profit and loss		**-**	-
Financial liabilities measured at amortised cost			
Preference shares	24,26	**(30.6)**	(28.0)
		(30.6)	(28.0)

24 Called up share capital

Group and Company	**At 31 March 2021**	At 31 March 2020
Ordinary shares	**£m**	£m
Allotted and fully paid share capital:		
A Ordinary Shares – 904,247 (2020: 904,247) shares of £0.01 each	-	-
B Ordinary Shares – 108,911 (2020: 108,911) shares of £0.01 each	-	-
C1 Ordinary Shares – 32,156 (2020: 32,156) shares of £0.50 each	-	-
C2 Ordinary Shares – 100,399 (2020: 86,188) shares of £0.001 each	-	-
E Ordinary Shares – 132,555 (2020: 118,344) shares of £0.10 each	-	-
Total	**-**	**-**

The share capital consists of five classes of share which are ordinary and preference shares. The classes of share have varying voting and dividend rights. A shares and C1 shares carry voting rights, B shares, C2 shares, E shares and preference shares have no voting rights. All ordinary shares excluding E shares confer dividend rights. All ordinary shares excluding E shares carry equal rights to capital.

On 22 October 2020, 14,211 ordinary C2 shares with aggregate nominal value of £0.001 were allotted for cash of £1.66 each.

On 22 October 2020, 14,211 ordinary E shares with aggregate nominal value of £0.10 were allotted for cash of £0.16 each.

23,973,938 (2020: 23,973,938) preference shares of £0.00001 each are in issue. The preference shares are allotted, called up and fully paid and are classified as liabilities on the balance sheet (see note 19).

There is an employment condition associated with the preference shares in which the interest rate can reduce below 11% prospectively from the date a preference share holder becomes a leaver at the discretion of the company.

25 Share premium account

Group and Company	**At 31 March 2021**	At 31 March 2020
Ordinary shares	**£m**	£m
Allotted and fully paid share capital can be split as follows:		
A Ordinary Shares – 904,247 (2020: 904,247) shares of £0.01 each	**0.9**	0.9
B Ordinary Shares – 108,911 (2020: 108,911) shares of £0.01 each	**0.1**	0.1
C1 Ordinary Shares – 32,156 (2020: 32,156) shares of £0.50 each	**0.1**	0.1
C2 Ordinary Shares – 100,399 (2020: 86,188) shares of £0.001 each	**0.1**	0.1
E Ordinary Shares – 132,555 (2020: 118,344) shares of £0.10 each	**-**	-
	1.2	1.2

26 Prior year adjustment

The Company's preference share capital of £24 million has been reclassified from equity to a financial liability. There is a contractual obligation to redeem shares on the tenth anniversary of issue or earlier if there is an exit event. As such, the company does not have an unconditional right to avoid settlement which results in the shares being classified as a financial liability from the point of inception which was July 2018. These are now presented in 'Creditors: amounts falling due after more than one year' (note 19). The prior years ending 31 March 2019 and 31 March 2020 have been restated to reflect the above.

Consolidated	As originally presented At 31 March 2020 £m	Restated At 31 March 2020 £m	As originally presented At 31 March 2019 £m	Restated At 31 March 2019 £m
Share capital	-	-	-	-
Share premium	25.2	1.2	25.2	1.2
Creditors: amounts due after more than one year	511.6	535.6	565.3	589.3

Company	As originally presented At 31 March 2020 £m	Restated At 31 March 2020 £m	As originally presented At 31 March 2019 £m	Restated At 31 March 2019 £m
Share capital	-	-	-	-
Share premium	25.2	1.2	25.2	1.2
Creditors: amounts due after more than one year	1.5	25.5	4.0	28.0

There is an employment condition associated with the preference shares in which the interest rate can reduce below 11% prospectively from the date a preference share holder becomes a leaver at the discretion of the company.

27 Note to the cash flow statement

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

	Note	**Year ended 31 March 2021**	Period ended 31 March 2020
		£m	£m
Loss for the year/period		**(57.7)**	(43.1)
Tax on loss		**(3.3)**	5.9
Net interest expense		**48.8**	49.6
Operating (loss)/profit		**(12.2)**	12.4
Profit on disposal of fixed assets	8	**(0.7)**	(0.4)
Depreciation	8,14	**11.1**	10.4
Amortisation	8,13	**50.8**	46.1
Decrease in working capital including pensions		**47.7**	9.0
Net cash inflow from operating activities		**96.7**	77.5

Analysis of changes in net debt

	Restated At 1 April 2020	Cash flows	Acquired	Non-cash changes	**At 31 March 2021**
	£m	£m	£m	£m	**£m**
Cash at bank	125.5	(10.4)	0.3	-	**115.4**
Finance leases	(14.5)	5.1	-	-	**(9.4)**
Senior loan	(360.0)	-	-	-	**(360.0)**
RCF	(65.0)	65.0	-	-	**-**
Preference shares	(28.0)	-	-	(2.6)	**(30.6)**
Shareholder loan notes	(199.9)	-	-	(21.8)	**(221.7)**
Total	(541.9)	59.7	0.3	(24.4)	**(506.3)**

Interest of £16.1 million (2020: £14.6 million) on the shareholder loan notes is included within accruals.

28 Contingent liabilities

Group

There exist cross guarantees under a group banking arrangement whereby certain group companies have guaranteed the liabilities of other group companies to their clearing banks.

Group and company

There are contingent liabilities in respect of performance bonds, guarantees and claims under contracting and other agreements, entered into in the normal course of business. The value of the performance bonds in issue at 31 March 2021 was £5.6 million (2020: £5.6 million).

29 Capital commitments

As at 31 March 2021, the Group had placed contracts for the purchase of assets to the value of £2.1 million (2020: £0.4 million), which were not provided for in the financial statements.

As at 31 March 2021, the Group had the following future minimum lease payments under non-cancellable operating leases for each of the following years:

	At 31 March 2021			At 31 March 2020		
	Buildings	**Plant & Machinery**	**Total**	Buildings	Plant & Machinery	Total
Payments due	**£m**	**£m**	**£m**	£m	£m	£m
Within one year	**3.7**	**14.8**	**18.5**	2.3	14.7	17.0
Between one and five years	**8.2**	**22.9**	**31.1**	5.6	22.9	28.5
After five years	**3.9**	**-**	**3.9**	3.2	0.2	3.4
	15.8	**37.7**	**53.5**	11.1	37.8	48.9

The Company had no other off-balance sheet arrangements.

30 Related party transactions

The Group has taken advantage of the exemption under FRS 102.33.1A, and has not disclosed transactions with entities that are part of the Minerva Equity Limited Group, where 100% of the voting rights of these entities are controlled within the Group. During the year the Company did not have any transactions with entities that are part of the Minerva Equity Limited Group.

31 Ultimate parent undertaking and controlling party

At 31 March 2021, Minerva Equity Limited, a company registered in England and Wales, is the ultimate parent undertaking of the Group and its ultimate controlling party is a private equity firm registered in France, PAI Partners.

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

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

32 Subsidiary undertakings

The Group's subsidiary undertakings at 31 March 2021 (set out below) are wholly owned subsidiaries, with an accounting year end of 31 March, unless indicated otherwise. These undertakings principally operate in their country of incorporation.

Company	Registered country	Company's equity shareholding at 31 March 2021	Principal business
Minerva Holdco Limited	England (1)	100%	Holding company
Minerva Debtco Limited	England (1)	100%*	Holding company
Minerva Parent Limited	England (1)	100%*	Holding company
Minerva Bidco Limited	England (1)	100%*	Holding company
Thor Topco Limited	England (1)	100%*	Holding company
Thor Midco Limited	England (1)	100%*	Holding company
Thor Holdco Limited	England (1)	100%*	Holding company
M Group Services Limited	England (1)	100%*	Holding company
M Assessment Services Limited	England (1)	100%*	Assessment services
Protect My Property Services Limited	England (1)	100%*	Security repair and installation
Morrison Data Services Limited	England (1)	100%*	Data handling and processing
Morrison Data Services (Water) Limited	England (1)	100% *	Data handling and processing
Callisto Data Limited	England (1)	100% *	Data handling and processing
M Group Utilities Limited	England (1)	100% *	Holding company

32 Subsidiary undertakings (continued)

Company	Registered country	Company's equity shareholding at 31 March 2021	Principal business
Morrison Utility Services Limited	England (1)	100% *	Utility contracting
M Group Services Plant & Fleet Solutions Limited	England (1)	100% *	Renting and leasing of machinery and equipment
Morrison Energy Services Limited	England (1)	100% *	Holding company
Morrison Utility Technologies Limited	England (1)	100% *	Dormant
Pipe Restoration Services Limited	England (1)	50% *	Pipe restoration services
Dyer & Butler 2014 Limited	England (1)	100%*	Holding company
M Group Transport Limited	England (1)	100% *	Holding company
Dyer and Butler Limited	England (1)	100% *	Civil engineering
Dyer & Butler Electrical Ltd	England (1)	100% *	Electrical engineering
Antagrade Holdings Limited	England (1)	100% *	Electrical engineering
Antagrade Electrical Limited	England (1)	100% *	Electrical engineering
KH Engineering Holdings Limited	England (1)	100% *	Holding company
KH Engineering Services Ltd	England (1)	100% *	Civil engineering
M Group Telecoms Limited	England (1)	100%*	Holding company
Milestone Infrastructure Limited (formerly Twenty Bidco Limited)	England (1)	100%*	Civil engineering
Morrison Telecom Services Limited	England (1)	100% *	Telecom services
Magdalene Limited	England (1)	100% *	Telecommunications services 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% *	Telecommunications network build and installation services
PMP Utilities Limited	England (1)	100% *	Holding company

32 Subsidiary undertakings (continued)

Company	Registered country	Company's equity shareholding at 31 March 2021	Principal business
Planned Maintenance (Pennine) Limited	England (1)	100% *	Pipeline leakage, engineering and rescue services
PMP Support Services Limited	England (1)	100% *	Pipeline leakage, engineering and rescue services
Industrial Water Jetting Systems Group Limited	England (1)	100% *	Waste water network services
Industrial Water Jetting Systems Limited	England (1)	100% *	Waste water network services
Industrial Water Training Services Limited	England (1)	100% *	Waste water network services
IWJS Specialist Services Limited	England (1)	100% *	Waste water network services
IDS Holdings Limited	Scotland (2)	100%*	Holding company
I&C Process Solutions Limited	Scotland (2)	100%*	Technical testing & analysis
ID Systems UK Limited	Scotland (2)	100%*	Electrical installations
A1ba Control Solutions Ltd	Scotland (2)	50%*	Dormant
IDS (Integration) Ltd.	Scotland (2)	100%*	Dormant
IDS (Special Projects) Ltd.	Scotland (2)	100%*	Dormant

* denotes indirectly held.

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

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

33 Business combinations

Group

Acquisition of IDS Holdings Limited

On 14 October 2020, M Group Utilities Limited acquired control of IDS Holdings Limited and its subsidiaries through the purchase of 100% of the share capital for total consideration of £4.5 million. IDS Holdings Limited and its subsidiaries is an integrated mechanical, electrical, instrumentation, control, automation and telemetry (MEICAT) specialist business that provides design, project management, commissioning, repair and maintenance services to water infrastructure and other markets.

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

Consideration at 14 October 2020

	£m
Cash	**0.5**
Loan acquired	**1.1**
Contingent consideration	**2.4**
Directly attributable costs	**0.5**
Total consideration	**4.5**

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

	£m
Cash consideration paid	**0.5**
Directly attributable costs	**0.5**
Cash outflow on acquisition	**1.0**
Add: cash acquired	**(0.3)**
Net cash outflow	**0.7**

33 Business combinations (continued)

Acquisition of IDS Holdings Limited (continued)

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

	Book values	Adjustments	Fair value
	£m	£m	£m
Intangible assets	0.4	-	0.4
Cash and cash equivalents	0.3	-	0.3
Inventories	0.1	-	0.1
Trade and other receivables	4.1	-	4.1
Trade and other payables	(3.9)	-	(3.9)
Total identifiable net assets	1.0	-	1.0
Goodwill			3.5
Total			**4.5**

The revenue from IDS Holdings Limited and its subsidiaries included in the consolidated profit and loss account for the year ended 31 March 2021 was £4.7 million. IDS Holdings Limited and its subsidiaries also contributed profit of £0.2 million over the same period.

A contingent consideration agreement was entered into as part of the acquisition which is based on the performance of the company over the 3-year period post acquisition.

Contingent consideration

During the year contingent consideration was paid on acquisitions that had occurred in prior years as the acquired entities had met the performance obligations for the consideration to be paid. This resulted in an adjustment to Goodwill of £2.4 million.

Consideration of £1.0 million was paid for the acquisition of PMP Utilities Limited which was acquired on 12 March 2018.

Consideration of £3.8 million was paid for the acquisition of KH engineering Holdings Limited which was acquired on 13 August 2019, of this £2.4 million had been accrued for resulting in a net adjustment to goodwill of £1.4 million.

34 Post balance sheet events

On 30 April 2021, the Group completed the purchase of Skanska UK's Infrastructure Services business, a £320m revenue business unit of Skanska UK Ltd.

Skanska UK's infrastructure services business is a successful and resilient infrastructure maintenance business unit that serves the transport sector; including highways maintenance, street lighting, rail and highways projects.

Additionally, on 4 May 2021, the Group sold M Assessment Services Limited for £0.25m.

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