Registered number: SC612941

ENVOY & PARTNERS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021

ENVOY & PARTNERS LIMITED

COMPANY INFORMATION

Directors	I R MacGregor J A MacGregor A C Matheson H Takani (appointed 1 April 2020)
Company secretary	*Stronachs Secretaries Limited*
Registered number	SC612941
Registered office	First Floor Aurora House 8 Inverness Campus Inverness IV2 5NA

ENVOY & PARTNERS LIMITED

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ENVOY & PARTNERS LIMITED

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 JANUARY 2021

Introduction

Envoy is an investor and growth development partner in small and medium sized enterprises (SME's), targeting engineering, manufacturing and service companies with growth potential. The group supports multiple organisations consolidated into five portfolio brands. Each portfolio is being developed to address critical needs within the utility, energy and environmental engineering markets, with a specific bias towards carbon reducing solutions.

The twelve-month period to 31 January 2021 was the group's second full year of trading, following the buyout of various subsidiaries in early 2019 from GEG (Holdings) Ltd.

Business activities

During the 12-month accounting period, the portfolio produced the following results (£'000):

Turnover - £120,561
Operating Profit - £1,949
EBITDA - £5,259

The portfolio is invested in market leading engineering and industrial brands (RSE, Langfields, Modutec, GQS and Avantis), headquartered in the UK, UAE and Australia.

RSE attracted sustained investment during the financial year, which included the bolt-on acquisitions of Aciem Group, WES and M-Tech. These UK-based acquisitions are part of a strategy to develop RSE's market leading water treatment technologies in the UK market. The growth of RSE, despite market conditions, has increased the groups exposure to critical infrastructure in regulated UK markets. The RSE solution is tailored to support carbon reduction in the water sector and is expected to face significant demand pressure.

Langfields are a specialist welding and pressure equipment company, traditionally serving the UK chemical sector. Langfields sustained its position during the financial year with notable diversification into clean energy, hydrogen and recycling technology sectors.

Through Modutec and GQS, the portfolio has a significant international reach in its support of the gas production, chemical and marine sectors. From its bases in the Middle East and Caspian, Modutec is involved in HVAC Engineering and specialist outfitting of technical buildings designed for hazardous offshore areas. GQS supports natural gas developers in Australia and West Africa with a suite of Quality Assurance services.

During the year, Envoy acquired a majority stake in Avantis Marine; a UK headquartered engineering group that provide environmental and energy optimisation services to international marine markets. On a similar theme to other Envoy investments, Avantis is enjoying sustained growth supported by worldwide pressure to reduce carbon from industrial activities.

Envoy made two divestments during the year, as part of a re-positioning of the portfolio. This included the divestment of majority owned oilfield-crewing business Global Resources, and the minority interest in Australian inspection group Vertech – which also served the oilfield and gas markets. These divestments supported Envoy's strategy to reduce exposure to oilfield activities.

The full year revenue equates to a 10% downgrade on the prior year. This was heavily influenced by the Covid-19 pandemic, where revenues dropped 40% during the first quarter of the financial year. The group saw a gradual recovery in the remainder of the year but have suffered ongoing disruption due to travel restrictions to international operations.

Principal risks and uncertainties

It has been a strategy of the group since inception to place key emphasis on expanding its client base to reduce the risk of over reliance on any one customer or market. Furthermore, the group continues to work both domestically and overseas to hedge its risk against geographical overreliance or economics.

The impact of the worldwide Covid-19 pandemic which occurred during Q1 of the financial period and lasted for the remainder of the year had a material impact on all aspects of the business, as the group reacted to the very short-term implications of lockdown, then worked to manage the well being of all our workforce, combined with reacting to fast moving business and wider global implications of the virus. Key to the groups reaction and management of the pandemic, was working fast to ensure sufficient liquidity to manage both the immediate post event reaction, and the difficult months that followed, whilst creating a safe working environment for all stakeholders of the group. This has been a uniquely challenging event which we continue to monitor very closely, working with all relevant bodies to maintain compliance, foster a safe working environment and ensuring a commercially robust business model that we are confident will endure for the long term despite the impact seen during the period to January 2021.

Key performance indicators

The Group continues to monitor its working capital closely, to ensure that all portfolio companies subject to our group banking facilities have sufficient cash to both execute projects and invest in key growth and maintenance CAPEX and strategic acquisitions, vital for the continued growth and development of the group. This is a key KPI for all senior management, along with a suite of financial and commercial metrics established to ensure the group maintains both a Profit & Loss account and balance sheet.

Management are also targeted on the ongoing development of staff across the group, working to create a framework for opportunity at all levels of the business.

In addition to these KPI's, the health, safety and wellbeing of all personnel associated with the group is paramount in all activities, with a range of KPI's designated to this field.

Directors' statement of compliance with duty to promote the success of the Group

The Group directors consider, both individually and collectively, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole in the decisions taken during the current year.

When making these decisions the directors have given regard to:

- The likely consequences of any decisions on the long-term;
- The interests of the Group's employees
- The need to foster the Group's business relationships with suppliers, customers and others
- The impact of the Group's operations on the community and environment
- The desirability of the Group maintaining a reputation for high standards of business conduct and
- The need to act fairly between shareholders of the Group

The vast majority of stakeholder engagement is carried out by the Board.

The Board considers and discusses information from across the organisation to help it understand the impact of the company's operations, and the interests and views of our key stakeholders. It also reviews strategy, financial and operational performance as well as information covering areas such as key risks, and legal and regulatory compliance.

As a result of these activities, the Board has an overview of engagement with stakeholders, and other relevant factors, which enables the directors to comply with their legal duty under section 172 of the Companies Act 2006.

ENVOY & PARTNERS LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

This report was approved by the board and signed on its behalf.

I R MacGregor
Director

Date: 28 OCTOBER 2021

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JANUARY 2021

The directors present their report and the financial statements for the year ended 31 January 2021.

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £2,961,000 (2020 - £4,766,000).

Dividends of £5m were paid during the year (2020 - £nil). Dividends were classified as £4m dividend in specie in relation to the disposal of non-core entities and £1m dividend in cash.

Directors

The directors who served during the year were:

I R MacGregor
J A MacGregor
A C Matheson
M Murase (resigned 1 April 2020)
H Takani (appointed 1 April 2020)

Future developments

The directors believe that secured workflows and diversification will continue to drive progress and opportunities. We remain vigilant to the risks now present as a result of both the immediate impact of Covid-19, but also the wider economic environment that now exists as the world looks to shape the economy in the post pandemic phase. We approach this environment with cautious optimism, aware that business conditions could change at short notice, but optimistic that the group is shaped in a way to manage risk and continue on a growth trajectory. Our comprehensive design expertise, ongoing product development and focus upon smart, modular solutions complement our traditional presence and specialisation in the power and utility sectors.

The Company and Group continue to demonstrate an appetite for managed and controlled growth, with nine strategic acquisitions since inception in February 2019 and further acquisitions planned for the period post year end.

Engagement with employees

The Company and Group adopts a policy of employee engagement, with management providing staff with updates on the Company and also the wider Envoy & Partners Group, via interactive feedback sessions. Management are also pioneering in providing projects personnel with detailed project financial metrics to drive project accountability and encourage feedback on delivery methods.

Furthermore, the group continues to run a number of diverse employee development courses, aimed at building leadership capacity from within the group, to provide the infrastructure and capacity needed to support the growth ambitions of the group.

Engagement with suppliers, customers and others

The supply chain within the wider Envoy & Partners group and company has been audited and verified against important criteria such as financial stability, anti-bribery, modern slavery and exploitation, safety, fair employment practices and environmental compliance. In addition, we are constantly reviewing our supply chain for compliance and will continue to support businesses local to each of the groups worldwide locations that encourage the fair employment of the disadvantaged and those that adopt fair ethical trading initiatives within the goods and service they supply to the group.

We strive to pay our suppliers on time, and maintain close relationships with them, providing support where it may be required.

The Envoy & Partners Group enjoy a strong relationship with our customer base built up through our close working relationship over many years. We actively engage with our customers, not only to ensure the services and products we offer are in line with their requirements, but also to ensure high levels of Health and Safety are maintained for our people and to promote solutions which are innovate and environmentally friendly.

Disabled employees

The Group, as part of its employment and ongoing practices has always and wishes to continue, to promote an environment of equality and fairness and therefore recognises and complies with the Disability Discrimination Act 1995 (DDA).

The Disability Discrimination Act defines 'disability' as a physical or mental impairment which has a substantial and long-term adverse effect on a person's ability to carry out their normal day-to-day activities. The act makes it unlawful for employers to discriminate against current or prospective workers who have a disability or who have had a disability in the past. When an employer treats a person with a disability less favourably than he treats other people and this treatment cannot be justified then discrimination has taken place. The employer also has a duty to make a 'reasonable adjustment' in relation to the disabled person and failure to do so is again discrimination, if it cannot be justified.

Greenhouse gas emissions, energy consumption and energy efficiency action

We fully recognise our responsibility to protect the environment and we have a strong environmental policy, objectives and guidelines in place which we review and update regularly. The Group complies with all regulations covering the processing and disposal of toxic & non-toxic waste, and uses qualified licensed contractors for the collection and disposal of waste where appropriate. We make every effort to keep our neighbours in the local community safe from any potential harm caused by our activities by closely managing our emissions and waste.

1.0 Introduction

The following disclosures only cover Ross-shire Engineering Limited (RSE) as a standalone company as it is the only entity within the group above the reporting thresholds. The data published covers the financial period from 1st April 2020 to 31st March 2021 since this is the financial year for RSE. The figures would not materially differ to those for the year to 31st January 2021.

A carbon footprint can be defined as 'the total set of GHG emissions caused by an organisation, event, product or person'. For RSE this report covers the corporate footprint where emissions are generated from activities across the organisation including buildings' energy use and company vehicles.

2.0 Methodology

The methodology applied to the GHG assessment is based on the GHG Protocol Corporate Accounting and Reporting Standard, using the government conversion factors for 2020, the documents are available from https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2020. The results are represented in tonnes of carbon dioxide equivalent, tCO_2e.

3.0 Organisational Boundary

There are two types of organisational boundary that a company can chose when calculating the carbon footprint: the equity share approach or the operational control approach. The Group have chosen the operational control approach as it enables greater responsibility to be claimed for the emissions sources where the Group controls and influences the operational procedures.

4.0 Operational Boundary

A carbon footprint consists of three types of emissions; Scopes 1, 2 and 3, which make up the operational boundary. These scopes are defined as follows:

- **Scope 1** – Direct emissions from sources that are owned or controlled by the Group, such as onsite fuel use and the fuel used in the Group owned vehicles.
- **Scope 2** – Indirect emissions include emissions from purchased electricity, heat and steam. They are in a special category of their own, as the Group are responsible for how much electricity or heat and steam it consumes, however, the emissions occur elsewhere, for example at the power station.
- **Scope 3** – Other Indirect emissions are a consequence of the activities of the Group but occur from sources not owned or controlled by the company. Scope 3 emissions. For the Group, include those from water consumption, waste disposal, losses of the transmission and distribution, T&D, of electricity and well-to- tank, WTT, activities which refers to the fuel extraction, refining and transportation of fuels.

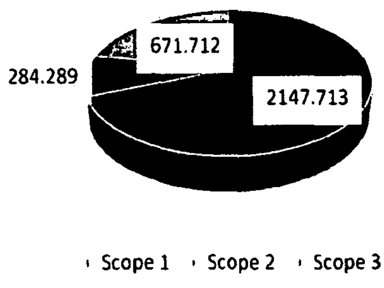
5.0 Key Statistics

5.1 Total Emissions, All Scopes, tC02e

The table and chart below represent the GHG assessment results for scope 1, 2 and 3 for the Group's operational activities for the period April 2020 to March 2021. The total emissions figure is calculated using the location-based method for scope 2 emissions. This is due to the unavailability of data. Currently 11 locations have switched over to a fully certified green supply, with more switching during the next Financial Year.

Emission Scope	tCO_2e
Scope 1	2147.713
Scope 2	284.289
Scope 3	671.712
Total	3103.714

Scope Emissions tC e



The chart illustrates the GHG emissions from Scope1, Scope 2 and calculated Scope 3 in tonnes of CO_2e. The total carbon footprint figure calculated is 3103.714 t CO_2e.

Note: The GHG Protocol requires two sets of Scope 2 emissions to be reported: location-based and market-based.
– Location-based method; this reflects the average emissions intensity of electricity grids where energy consumption occurs. In the UK, the UK Government electricity conversion factor is used.
– Market-based method; this reflects the emissions from the electricity that a company have chosen in the market (or their lack of choice). Energy suppliers in the EU are already required, by law, to disclose to consumers the fuel mix and GHG emissions associated with their portfolio or tariffs.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

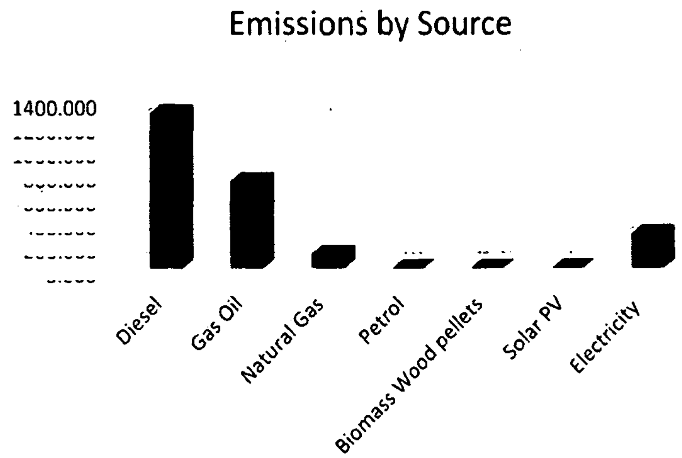
Note: The Group have been working towards transitioning to 100% green electricity and at the time of writing 10 locations are powered by 100% certified green electricity supplies, with more locations transitioning to green supplies during the next year. Because some of these locations transitioned to green energy during this reporting period, we have elected to report location based emissions.

Note: Scope 3 emissions are emissions based on the data available at the time of writing, this includes business mileage, but not rail, bus or commuting.

5.2 Key Stats Scope 1 & 2 Emissions

The table below shows Scope 1 and Scope 2 emissions by energy source for the April 2020 to March 2021 reporting period.

Scope 1 and 2 Emissions by Source	
Scope 1	**tCO_2e**
Diesel	1295.016
Gas Oil	728.602
Natural Gas	119.49
Petrol	2.59
Biomass Wood Pellets	2.02
Solar PV	0
Scope 2	**tCO_2e**
Electricity	284.289



The above chart illustrates the Scope 1 and Scope 2 emissions by energy source. The results confirmed that the main contributors to Scope 1 emissions are the combustion of diesel 1295.02 t CO2e by the vehicle fleet and gas oil 728.6 t CO2e, mainly used for heating and re-fuelling machinery on-site and remotely. Natural gas 119.5 t CO2e is used for office and workshop heating and petrol 2.6 t CO2e used for the vehicle fleet or machinery.

The Group is transitioning into a low carbon energy sources and this analysis demonstrates that biomass generated around 1,175,431kWh for heating purposes having a low 2.02 t CO2e carbon impact and photovoltaic solar panel generated 68,000 kWh, demonstrating that more than 2.5% of the energy consumed is coming from internal renewable sources.

5.3 Key Stats Scope 3

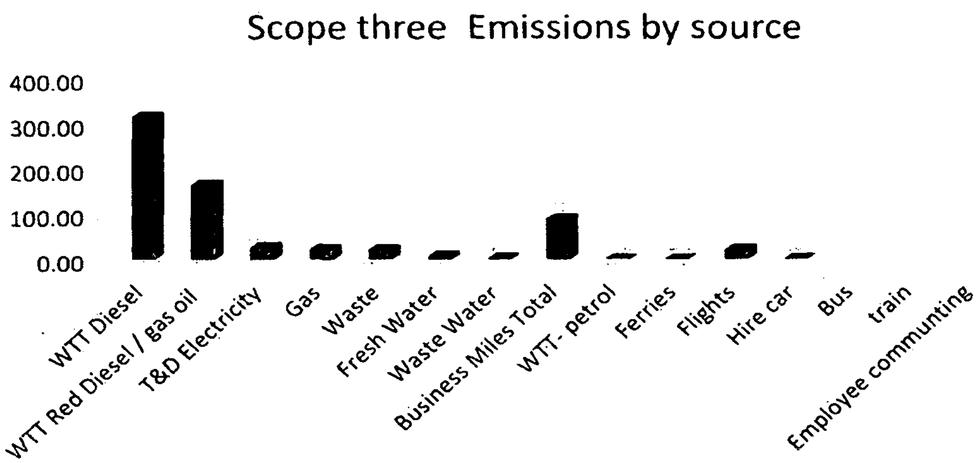
Scope 3 is a voluntary reporting category that allows for the accounting of all other indirect emissions associated with the company activities. The Group's Scope 3 GHG emissions assessment has considered emissions associated with:

- Water consumption
- Water treatment
- Waste disposal
- Losses in the Transition & Distribution, T&D, electricity network
- Well to tank, WTT activities which refers to the fuel extraction, refining and transportation of the fuels used by the Group.
- Business miles - from staff expenses
- Air and ferry travel
- Hire car use (averaged at 100 miles per hire)

We have not yet calculated emissions relating to employee commuting or those included in our products or supply chain.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

Scope 3	T CO_2e
WTT Diesel	314.34
WTT Red Diesel / gas oil	164.52
T&D Electricity	26.46
Gas	22.99
Waste	21.42
Fresh Water	7.18
Waste-water	2.78
Business Miles Small Diesel	15.33
Business Miles, Medium Diesel	28.33
Business Miles, Large Diesel	20.25
Business Miles Small Petrol	12.31
Business Miles, Medium Petrol	10.85
Business Miles, Large Petrol	1.43
Business Miles LPG	0.65
Business Miles Total	89.14
WTT- petrol	0.71
Ferries	0.20
Flights	20.93
Hire cars	1.03
Bus	Not Calculated
train	Not Calculated
Employee commuting	Not Calculated
Supply chain	Not Calculated
Total	**671.71**



The above chart illustrates the Scope 3 emissions. The results show that the main contributors to Scope 3 emissions are coming from the fuels well-to-tank activities, 478.86 t CO2e. This demonstrates that the Group carbon reduction plan needs to target its efforts in reducing diesel and gas oil consumption.

Business miles account for 89.14 t CO2e. This is a significant portion of our scope three emissions, despite the Covid19 Pandemic and the reductions in travel made possible through the advancement of video conferencing solutions. The requirement to send people to site in separate vehicles means that the impact of technology has not yet fully impacted out overall emissions.

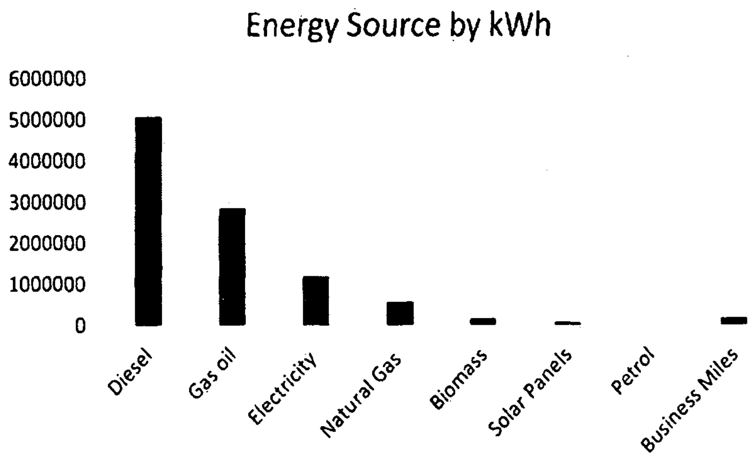
The emissions coming from waste disposal, 21.42 t CO2e are low compared to 493 tonnes of waste disposed of during the year. This figure demonstrates a good environmental performance where the Group is making efforts to recycle and divert its waste from landfill.

The analysis also shows that materials such metals and plastics are being recycled and over 80% of general waste is estimated to be recovered, with additional waste diverted from land fill and used for energy from waste

5.4 Key Stats – Energy Data

The following chart illustrates the proportion of energy source by fuel type in kWh.

2020-2021	
Energy Source	**kWh**
Diesel	5,086,413
Gas oil	2,853,533
Electricity	1,205,024
Natural Gas	586,491
Biomass	175,431
Solar Panels	83,070
Petrol	10,641
Business Miles (scope 3)	180,783
Total	10,000,602



The largest source of energy is diesel and gas oil, used for transport, powering plant, heating workshops and on site for generation of electricity and operating plant. External factors influence these figures, include site location, weather, size and duration of site.

6.0 Intensity Ratio

Due to the diversity of the work conducted by the Group across many areas, emissions intensity rations have been calculated based on three areas, turnover (per £1m), labour-hours worked and number of employees. Based on scope 1 &2 emissions.

t CO_2e Scope 1 & 2	Turnover £m	t CO_2e Scope 1 & 2 per £1m	Period
2432.01	66,955,634	36.32	2020-2021 (Current Year)
2358.39	66,284,917	35.57	2019-2020 (Previous Year)

t CO_2e Scope 1 & 2	Manhours	t CO_2e Scope 1 & 2 Manhour Worked	Period
2432.01	905,530	0.0026	2020-2021 (Current Year)
2358.89	982,000	0.0024	2019-2020 (Previous Year)

t CO_2e Scope 1 & 2	No. of Employees	t CO_2e Scope 1 & 2 per Employees	Period
2432.01	537	5.52	2020-2021 (Current Year)
2358.89	408	5.78	2019-2020 (Previous Year)

Depending on the intensity matrix used to compare the 2020 to 2021 reporting period with the period for 2019-2020 there has been a slight increase in emissions per £1m, and per labour hour and a small decrease per employee.

These increases are not unexpected given that the Group is expanding and added new locations to the business as well as the Covid 19 impact resulting in many employees being Furloughed for a period of time and impact that Covid had on turnover.

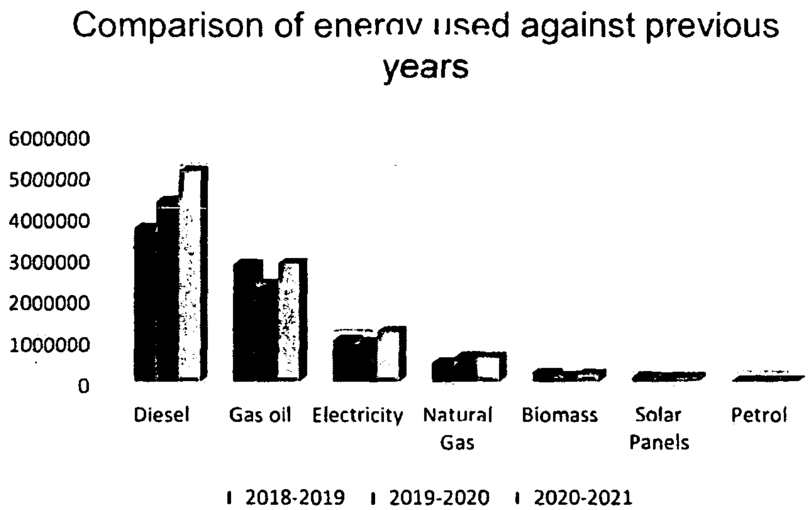
The requirements for social distancing have led to increases in fuel consumption as a result of one person to a vehicle, reductions in car sharing and increases in site accommodation requirements to implement the CV19 protection measures.

As work returns to the pre Covid 19 pandemic levels and carbon reduction measures are adopted the intensity ratio figures for the company are expected to reduce.

7.0 Comparison to 2018 to 2019 & 2019-2020 reporting periods.

Energy consumption and emissions between 2018-2019 period, 2019-2020 and 2020-2021 show increases in some areas and scopes.

	2018-2019		2019-2020		2020-2021	
Energy Source	**kWh**	**%**	**kWh**	**%**	**kWh**	**%**
Diesel	3,704,801	45%	4,360,326	52%	5,086,413	49.96%
Gas oil	2,832,170	34%	2,342,822	28%	2,853,533	28.03%
Electricity	991,525	12%	942,381	11%	1,205,024	11.84%
Natural Gas	455,446	5%	572,796	7%	586,491	5.76%
Biomass	211,410	3%	117,842	1%	175,431	1.72%
Solar Panels	95660	1%	84076	1%	83070	0.82%
Petrol	11643	0%	9541	0%	10641	0.10%
Business Miles	Not recorded	Not recorded	Not recorded	Not recorded	180,784	1.78%
Total	**8,302,655**	**100%**	**8,429,784**	**100%**	**10,181,386**	**100%**



The Group added new premises in Grays, Reading and Barking during the year, increasing the operational strength in the south of England. New buildings in Muir of Ord were acquired and the use of some buildings reconfigured. These increases have impacted the energy consumption and emissions across the company.

Due the growth plans of the Group, anticipated future growth increases in overall emissions are to be expected.

External influences relating to the quantity of projects, site location – distance from the Group's operating bases and weather have a large impact of emissions due to increases diesel, gas oil, electricity and gas usage.

8.0 Energy Efficiency Actions Taken

The Group are committed to reducing their carbon emissions, during the last financial year we have developed our Carbon Reduction Plan for the business.

Ongoing improvements conducted during 2020-2021 financial year include:

- Replacing fluorescent lights with LEDs have been ongoing across all sites.
- New more fuel-efficient transport fleet is replacing older vehicles leading to improvement is fuel consumption and subsequent reductions in emissions.
- Building improvements including rainwater harvesting and air source heating.
- Installation of Electric Vehicle charge points at locations across the group.

An ongoing program or switching to green energy suppliers for electricity is in place and by 2023 all the Group electricity is anticipated to be obtained from 100% carbon neutral suppliers. This will bring reductions in overall t CO_2e. Currently 11 supplies have switched to a green supply which if reporting under market based figures, would have removed 284 t CO_2e from our emissions.

Net Zero Activities

The Group are committed to meeting the Net Zero targets set by the Government and our clients. The Group have made a commitment to our key clients that we are working towards a 2030 target date for achieving Net Zero. A Net Zero road map has been produced by Ricardo Energy and Environment; key focus points are:

- Decarbonisation of the transport fleet
- Decarbonisation of our heating, (oil and gas)
- Switch to 100% certified green electricity providers.

During the next few years the Group will begin to implement these measures.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post balance sheet events

The directors continue to carefully monitor the events surrounding the Covid-19 pandemic, but believe that there have been no significant events affecting the Group since the year end that impacts the Company or Group Balance sheets presented in these financial statements.

Post year end, the group entered into a new corporate banking facility with HSBC. By doing so, all obligations due at the balance sheet date were repaid in full to the group's previous bankers at the balance sheet date, with all new debt secured by a cross corporate guarantee, which includes fixed and floating charges across the assets of the group's trading subsidiaries.

In March 2021 the Group completed the acquisition of Sheers Ltd, followed by the acquisitions of Technical Control Systems Ltd and the Blackburn Starling group of companies in July 2021, in line with the Group's strategic aim to grow and diversify through M&A.

A decision was taken post year end to increase the shareholding in Saftronics Group Ltd to 85% and MTD South West Ltd to 100%. Both transactions have now been executed and all Option liabilities adjusted accordingly.

ENVOY & PARTNERS LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

Auditors

The auditors, Anderson Anderson & Brown Audit LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

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I R MacGregor
Director

Date: 28 OCTOBER 2021

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 JANUARY 2021

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENVOY & PARTNERS LIMITED

Opinion

We have audited the financial statements of Envoy & Partners Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 January 2021, which comprise the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 January 2021 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 or the 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 AUDITORS' REPORT TO THE MEMBERS OF ENVOY & PARTNERS LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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.

Opinion 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 Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 14, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENVOY & PARTNERS LIMITED (CONTINUED)

Auditors' 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 Auditors' 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 Group financial statements.

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 opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: timing of recognition of commercial income, posting of unusual journals along with complex transactions and manipulating the Company and Group's key performance indicators to meet targets. We discussed these risks with client management, designed audit procedures to test the timing of commercial revenue, tested a sample of journals to confirm they were appropriate and reviewed areas of judgement for indicators of management bias to address these risks.

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

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 Auditors' 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.

Anderson Anderson & Brown Audit LLP

Derek Mair (Senior statutory auditor)

for and on behalf of
Anderson Anderson & Brown Audit LLP

Kingshill View
Prime Four Business Park
Kingswells
AB15 8PU
Date: 28 October 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JANUARY 2021

	Note	2021 £000	2020 £000
Turnover	4	120,561	137,222
Cost of sales		(91,157)	(109,331)
Gross profit		29,404	27,891
Administrative expenses		(30,067)	(21,805)
Other operating income	5	2,612	208
Operating profit	6	1,949	6,294
Income from participating interests		-	126
Gain on disposal of investments		2,352	341
Interest payable and expenses	10	(332)	(596)
Profit before taxation		3,969	6,165
Tax on profit	11	(780)	(1,369)
Profit for the financial year		3,189	4,796
Currency translation differences		(649)	194
Other comprehensive income for the year		(649)	194
Total comprehensive income for the year		2,540	4,990
Profit for the year attributable to:			
Non-controlling interests		228	30
Owners of the parent Company		2,961	4,766
		3,189	4,796
Total comprehensive income for the year attributable to:			
Non-controlling interest		228	30
Owners of the parent Company		2,312	4,960
		2,540	4,990

The notes on pages 27 to 55 form part of these financial statements.

ENVOY & PARTNERS LIMITED
REGISTERED NUMBER:SC612941

CONSOLIDATED BALANCE SHEET
AS AT 31 JANUARY 2021

	Note		2021 £000		2020 £000
Fixed assets					
Intangible assets	14		23,633		21,866
Tangible assets	15		12,036		10,019
Investments	16		-		757
			35,669		32,642
Current assets					
Stocks	17	1,725		1,875	
Debtors: amounts falling due within one year	18	35,771		36,964	
Cash at bank and in hand	19	20,093		13,845	
		57,589		52,684	
Creditors: amounts falling due within one year	20	(42,071)		(34,367)	
Net current assets			15,518		18,317
Total assets less current liabilities			51,187		50,959
Creditors: amounts falling due after more than one year	21		(20,776)		(18,089)
Provisions for liabilities					
Deferred taxation	25	(588)		(491)	
Other provisions	26	(24)		(39)	
			(612)		(530)
Net assets			29,799		32,340
Capital and reserves					
Called up share capital	27		2		2
Share premium account			75		75
Foreign exchange reserve			(455)		194
Other reserves			15,273		27,273
Profit and loss account			14,645		4,766
Equity attributable to owners of the parent Company			29,540		32,310
Non-controlling interests			259		30
			29,799		32,340

ENVOY & PARTNERS LIMITED
REGISTERED NUMBER:SC612941

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 JANUARY 2021

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

I R MacGregor
Director

Date: 28 OCTOBER 2021

The notes on pages 27 to 55 form part of these financial statements.

ENVOY & PARTNERS LIMITED
REGISTERED NUMBER:SC612941

COMPANY BALANCE SHEET
AS AT 31 JANUARY 2021

	Note		2021 £000		2020 £000
Fixed assets					
Tangible assets	15		112		73
Investments	16		31,941		22,751
			32,053		22,824
Current assets					
Debtors: amounts falling due within one year	18	14,614		28,427	
Cash at bank and in hand	19	714		-	
		15,328		28,427	
Creditors: amounts falling due within one year	20	(12,567)		(13,130)	
Net current assets			2,761		15,297
Total assets less current liabilities			34,814		38,121
Creditors: amounts falling due after more than one year	21		(10,821)		(11,083)
Net assets			23,993		27,038
Capital and reserves					
Called up share capital	27		2		2
Share premium account			75		75
Other Reserves			15,273		27,273
Profit and loss account			8,643		(312)
			23,993		27,038

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

I R MacGregor
Director

Date: 28 OCTOBER 2021

The notes on pages 27 to 55 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2021

	Called up share capital	Share premium account	Foreign exchange reserve	Other reserves	Profit and loss account	Equity attributable to owners of parent Company	Non-controlling interests	Total equity
	£000	£000	£000	£000	£000	£000	£000	£000
On incorporation	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	4,766	4,766	30	4,796
Currency translation differences	-	-	194	-	-	194	-	194
Shares issued during the year	2	75	-	-	-	77	-	77
Movement in year - acquisitions	-	-	-	27,273	-	27,273	-	27,273
At 1 February 2020	2	75	194	27,273	4,766	32,310	30	32,340
Profit for the year	-	-	-	-	2,961	2,961	229	3,190
Currency translation differences	-	-	(649)	-	-	(649)	-	(649)
Dividends: Equity capital	-	-	-	-	(5,082)	(5,082)	-	(5,082)
Share issue	12,000	-	-	(12,000)	-	-	-	-
Share transfer	(12,000)	-	-	-	12,000	-	-	-
At 31 January 2021	2	75	(455)	15,273	14,645	29,540	259	29,799

The notes on pages 27 to 55 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2021

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
On incorporation	-	-	-	-	-
Loss for the year	-	-	-	(312)	(312)
Contributions by and distributions to owners					
Shares issued during the year	2	75	-	-	77
Movement in year - acquisitions	-	-	27,273	-	27,273
At 1 February 2020	2	75	27,273	(312)	27,038
Profit for the year	-	-	-	2,037	2,037
Dividends: Equity capital	-	-	-	(5,082)	(5,082)
Share issue	12,000	-	(12,000)	-	-
Share transfer	(12,000)	-	-	12,000	-
At 31 January 2021	2	75	15,273	8,643	23,993

The notes on pages 27 to 55 form part of these financial statements.

ENVOY & PARTNERS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JANUARY 2021

	2021 £000	2020 £000
Cash flows from operating activities		
Profit for the financial year	3,189	4,796
Adjustments for:		
Amortisation of intangible assets	1,881	1,169
Depreciation of tangible assets	1,444	1,155
Interest paid	332	596
Taxation charge	780	1,369
Decrease/(increase) in stocks	531	(1,057)
Decrease/(increase) in debtors	10,193	(11,809)
(Decrease) in creditors	(4,222)	(11,567)
(Decrease)/increase in provisions	(15)	39
Share of operating profit/(loss)) in joint ventures	-	(126)
Corporation tax (paid)	(670)	(312)
Gain on disposal of fixed asset investments	(2,352)	-
Gain on disposal of subsidiary	-	(341)
Other reserve movement on group reorganisation	-	4,598
Effect of foreign exchange rates	(480)	188
Net cash generated from operating activities	10,611	(11,302)
Cash flows from investing activities		
Purchase of tangible fixed assets	(2,565)	(1,991)
Sale of tangible fixed assets	256	204
HP interest paid	(21)	(15)
Net of new and repaid capital element of finance lease rentals	272	477
Gain on disposal of fixed asset investments	-	126
Net proceeds on disposal of fixed asset investments	3,163	341
Acquisition of subsidiaries	(4,213)	(1,281)
Net of bank and cash acquired on acquisition	1,715	4,174
Net cash from investing activities	(1,393)	2,035

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

	2021 £000	2020 £000
Cash flows from financing activities		
Issue of ordinary shares	-	77
New secured loans	91	12,916
Dividends paid	(1,000)	-
Interest paid	(311)	(581)
Net cash used in financing activities	(1,220)	12,412
Net increase in cash and cash equivalents	7,998	3,145
Cash and cash equivalents at beginning of year	3,145	-
Cash and cash equivalents at the end of year	11,143	3,145
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	20,093	13,845
Bank overdrafts	(8,950)	(10,700)
	11,143	3,145

The notes on pages 27 to 55 form part of these financial statements.

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 JANUARY 2021

	At 1 February 2020 £000	Cash flows £000	Acquisition and disposal of subsidiaries £000	New finance leases £000	At 31 January 2021 £000
Cash at bank and in hand	13,845	8,746	(2,498)	-	20,093
Bank overdrafts	(10,700)	1,750	-	-	(8,950)
Debt due after 1 year	(11,083)	262	-	-	(10,821)
Debt due within 1 year	(1,833)	(351)	-	-	(2,184)
Finance leases	(477)	-	-	(272)	(749)
	(10,248)	10,407	(2,498)	(272)	(2,611)

The notes on pages 27 to 55 form part of these financial statements.

1. General information

The company is a private company limited by shares and is incorporated in the United Kingdom. The address of the registered office is Aurora House, 8 Inverness Campus, Inverness, IV2 5NA. The principal activity of the group is to provide mechanical, electrical, instrumentation, controls and automation (MEICA) services to the UK utilities industry, in addition to fabrication, engineering, outfitting and inspection solutions to the International energy and chemical sectors, with a key focus on energy transition to carbon neutral. The principal activity of the company is as an investor and growth partner providing strategic and financial support to our portfolio companies.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

All amounts included in the financial statements have been rounded to the nearest £'000.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The directors, having made due and careful enquiry, are of the opinion that the Group and Company have adequate working capital to execute their operations over the next 12 months. The directors, therefore, have made an informed judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

As a result, the directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.7 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2. Accounting policies (continued)

2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated statement of comprehensive income in the same period as the related expenditure.

2.9 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.11 Pensions

The Group contributes to a defined contribution plan 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 in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2. Accounting policies (continued)

2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.13 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2. Accounting policies (continued)

2.14 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Development expenditure	-	10 years
Goodwill	-	10 -20 years
Trademarks	-	10 years

2.15 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, either on the straight line method or reducing balance basis.

Depreciation is provided on the following basis:

Freehold property	- 2% straight line
Tenant's improvements	- Straight line over the lease term
Plant and machinery	- 10%-25% Reducing balance
Motor vehicles	- 20% Straight line or 25% reducing balance
Fixtures and fittings	- 10%-20% Straight line or 25% reducing balance
Computer equipment	- 25%-33% Straight line or 25%-33% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2. Accounting policies (continued)

2.16 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.17 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated balance sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2.18 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.19 Long term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer or there is a reasonable degree of certainty that they will be accepted. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account. The excess of payments on accounts over the value of the work done on individual contracts is included in creditors.

2.20 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2. Accounting policies (continued)

2.21 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.22 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.23 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.24 Financial instruments

The Company and Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, and loans to and from related parties. These are measured at amortised cost and are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

2.25 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in compliance with FRS 102, requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance Sheet date and the amounts reported during the year for revenue and costs. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following is the Company and Group's key sources of estimation uncertainty:

Long term contracts

Profit on long term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for the contract. Revenues derived from variations on contracts are recognised only when they are first foreseen.

4. Turnover

The whole of the turnover is attributable to the principle activities of the Group.

Analysis of turnover by country of destination:

	2021 £000	2020 £000
United Kingdom	97,820	116,167
Rest of the world	22,741	21,055
	120,561	137,222

5. Other operating income

	2021 £000	2020 £000
Government grants receivable	2,612	-
Sundry income	-	208

6. Operating profit

The operating profit is stated after charging:

	2021 £000	2020 £000
Amortisation of intangibles	1,881	1,169
Amortisation of government grants	(15)	(15)
Depreciation - owned	1,284	1,056
Depreciation - financed	160	99
Operating leases - land and buildings	1,611	221
Exchange differences	(27)	(26)

7. Auditors' remuneration

	2021 £000	2020 £000
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	90	80

Fees payable to the Group's auditor and its associates in respect of:

	2021 £000	2020 £000
Taxation compliance services	5	5
All other services	20	-
	25	5

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2021 £000	Group 2020 £000
Wages and salaries	41,169	38,679
Social security costs	4,020	3,287
Cost of defined contribution scheme	1,499	1,365
	46,688	43,331

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Management	207	195
Production	1,188	1,131
Administration	136	164
	1,531	1,490

9. Directors' remuneration

	2021 £000	2020 £000
Directors' emoluments	117	141

10. Interest payable and similar expenses

	2021 £000	2020 £000
Bank interest payable	311	581
Finance leases and hire purchase contracts	21	15
	332	596

11. Taxation

	2021 £000	2020 £000
Corporation tax		
Current tax on profits for the year	1,177	999
Adjustments in respect of previous periods	(641)	(212)
	536	787
Foreign tax		
Foreign tax on income for the year	218	340
Foreign tax in respect of prior periods	33	128
	251	468
Total current tax	787	1,255
Deferred tax		
Origination and reversal of timing differences	(7)	102
Adjustments in respect of previous periods	-	12
Total deferred tax	(7)	114
Taxation on profit on ordinary activities	780	1,369

11. Taxation (continued)

Factors affecting tax charge for the year

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

	2021 £000	2020 £000
Profit on ordinary activities before tax	3,969	6,165
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	754	1,171
Effects of:		
Expenses not deductible for tax purposes including amortisation	516	287
Capital allowances for year in excess of depreciation	-	49
Adjustments to tax charge in respect of prior periods	(641)	(212)
Overseas taxes, net of relief and difference in rates	(247)	86
Adjust opening/closing deferred tax to avg rate	-	(11)
Adjustments in respect of prior periods - deferred tax	-	12
R&D expenditure credits	-	(95)
Deferred tax not recognised	215	2
Other differences leading to an increase (decrease) in the tax charge	183	80
Total tax charge for the year	780	1,369

Factors that may affect future tax charges

The deferred tax balance reflected has been calculated based on the expected future tax rate, substantively enacted at the balance sheet date, of 19%. Since the balance sheet date it has been announced that the corporation tax rate in the UK will increase to 25% from April 2023.

12. Dividends

	2021 £000	2020 £000
Dividends paid	1,000	-
Dividend in specie	4,082	-
	5,082	-

13. Gain on disposal of investments

	2021 £000	2020 £000
Gain on disposal of fixed asset investments	2,352	-
	2,352	-

14. Intangible assets

Group

	Development expenditure £000	Trademarks £000	Goodwill £000	Total £000
Cost				
At 1 February 2020	3	119	22,913	23,035
Additions	35	-	4,424	4,459
Disposals	-	-	(747)	(747)
Foreign exchange movement	-	-	(248)	(248)
At 31 January 2021	38	119	26,342	26,499
Amortisation				
At 1 February 2020	3	14	1,152	1,169
Charge for the year on owned assets	-	14	1,867	1,881
On disposals	-	-	(184)	(184)
At 31 January 2021	3	28	2,835	2,866
Net book value				
At 31 January 2021	35	91	23,507	23,633
At 31 January 2020	-	105	21,761	21,866

Refer to business combinations note for details of goodwill additions in the year.

15. Tangible fixed assets

Group

	Freehold property £000	Plant and machinery £000	Motor vehicles £000	Fixtures, fittings & computer equipment £000	Tenant's improvements £000	Total £000
Cost or valuation						
At 1 February 2020	5,610	2,730	697	703	834	10,574
Additions	227	1,205	441	435	257	2,565
Acquisition of subsidiary	-	596	90	164	300	1,150
Disposals	-	(118)	(146)	(123)	(77)	(464)
Transfers between classes	436	(394)	(25)	(84)	67	-
Exchange adjustments	(11)	-	-	-	-	(11)
At 31 January 2021	6,262	4,019	1,057	1,095	1,381	13,814
Depreciation						
At 1 February 2020	118	406	(73)	60	44	555
Charge for the year on owned assets	157	520	173	283	151	1,284
Charge for the year on financed assets	-	-	160	-	-	160
Disposals	-	(4)	(107)	(97)	-	(208)
Exchange adjustments	-	-	-	-	(13)	(13)
At 31 January 2021	275	922	153	246	182	1,778
Net book value						
At 31 January 2021	5,987	3,097	904	849	1,199	12,036
At 31 January 2020	5,492	2,324	770	643	790	10,019

15. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2021 £000	2020 £000
Plant and machinery	215	119
Motor vehicles	113	317
	328	436

Company

	Motor vehicles £000	Computer equipment. £000	Tenant's improvements £000	Total £000
Cost or valuation				
At 1 February 2020	27	50	18	95
Additions	75	14	-	89
Disposals	(27)	-	-	(27)
At 31 January 2021	75	64	18	157
Depreciation				
At 1 February 2020	5	14	3	22
Charge for the year on owned assets	9	17	4	30
Disposals	(7)	-	-	(7)
At 31 January 2021	7	31	7	45
Net book value				
At 31 January 2021	68	33	11	112
At 31 January 2020	22	36	15	73

16. Fixed asset investments

Group

	Investment in joint ventures £000
At 1 February 2020	757
Disposals	(757)
At 31 January 2021	-

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 February 2020	22,751
Additions	13,524
Disposals	(4,334)
At 31 January 2021	31,941

16. *Fixed asset investments (continued)*

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Modutec Holdings Limited (formerly Modutec Limited)	First Floor Aurora House, 8 Inverness Campus, Inverness, IV2 5NA	Ordinary	100%
Ross-Shire Engineering Limited (81% owned by Modutec Holdings Limited)	Muir of Ord Industrial Estate, Great North Road, Muir of Ord, Ross-shire, IV6 7UA	Ordinary	81%
RSE Control Systems Limited (Formerly Pipework Systems & Installation Limited (100% owned by Ross-Shire Engineering Limited)	Muir of Ord Industrial Estate, Great North Road, Muir of Ord, Ross-shire, IV6 7UA	Ordinary	81%
Saftronics Group Limited (60% owned by Ross-Shire Engineering Limited)	Pearson Street, Leeds, West Yorks, LS10 1BQ	Ordinary	49%
Saftronics Holdings Limited (100% owned by Saftronics Group Limited)	Pearson Street, Leeds, West Yorks, LS10 1BQ	Ordinary	49%
Saftronics Limited (100% owned by Saftronics Holdings Limited)	Pearson Street, Leeds, West Yorks, LS10 1BQ	Ordinary	49%
Langfields Group Limited (91% owned by Modutec Holdings Limited)	First Floor Aurora House, 8 Inverness Campus, Inverness, IV2 5NA	Ordinary	91%
Langfields Limited (100% owned by Langfields Group Limited)	158 Liverpool Street, Salford, Manchester, M5 4LJ	Ordinary	91%
Prime Pumps Limited (100% owned by Ross-Shire Engineering Limited)	Muir of Ord Industrial Estate, Great North Road, Muir of Ord, Ross-shire, IV6 7UA	Ordinary	81%
C.P.E. (Holdings) Limited (80% owned by Langfields Group Limited)	Apollo Road, Lichfield Road Industrial Estate, Tamworth, Staffordshire, B79 7TA	Ordinary	73%
CPE Pressure Vessels Limited (100% owned by C.P.E. (Holdings) Limited)	Apollo Road, Lichfield Road Industrial Estate, Tamworth, Staffordshire, B79 7TA	Ordinary	73%
Modutec Limited (formerly Rigfit7Seas Limited) (90% owned by Modutec Holdings Limited)	First Floor Aurora House, 8 Inverness Campus, Inverness, IV2 5NA	Ordinary	90%
Rigfit Middle East Ship Maintenance LLC (100% owned by Modutec Limited)	Shop 7, MW4, Plot 130, Musaffah, Abu Dhabi, United Arab Emirates	Ordinary	90%
Seven Sea Services LLC (100% owned by Modutec Limited)	C/o Rigfit7Seas, 31 E02, IRise Towers, Al Thanya First, Barsha Heights, Dubai, PO 48271, United Arab Emirates	Ordinary	90%

16. Fixed asset investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Class of shares	Holding
Seven Seas Decor S.P.C. (100% owned by Modutec Limited)	Flat No. 285, Building No. 2648, Road No. 5720, Block No. 257, Amwaj, Kingdom of Bahrain	Ordinary	90%
Rigfit Seven Seas Interior and Contracting W.I.I. (100% owned by Modutec Limited)	C/o Rigfit7Seas, 31 E02, IRise Towers, Al Thanya First, Barsha Heights, Dubai, PO 48271, United Arab Emirates	Ordinary	90%
Envoy Group Asia Pacific Pty Ltd	Level 3, Suite 16, 30 Hasler Road, Osborne Park, Perth, WA, 6017, Australia	Ordinary	100%
GRN Australasia Pty Ltd (100% owned by Envoy Group Asia Pacific Pty Ltd)	Level 3, Suite 16, 30 Hasler Road, Osborne Park, Perth, WA, 6017, Australia	Ordinary	100%
Cunningham Construction (Australia) Pty Ltd (75% owned by Envoy Group Asia Pacific Pty Ltd)	Level 3, Suite 16, 30 Hasler Road, Osborne Park, Perth, WA, 6017, Australia	Ordinary	75%
GQS (Australia) Pty Ltd (90% owned by Envoy Group Asia Pacific Pty Ltd)	Level 3, Suite 16, 30 Hasler Road, Osborne Park, Perth, WA, 6017, Australia	Ordinary	90%
JTS Asset Support Services Pty Ltd (90% owned by GQS (Australia) Pty Ltd)	Level 3, Suite 16, 30 Hasler Road, Osborne Park, Perth, WA, 6017, Australia	Ordinary	81%
STR Integrity Assurance Pty Ltd (100% owned by JTS Asset Support Services Pty Ltd)	Level 3, Suite 16, 30 Hasler Road, Osborne Park, Perth, WA, 6017, Australia	Ordinary	81%
Rigfit International LLC	C/o Rigfit7Seas, 31 E02, IRise Towers, Al Thanya First, Barsha Heights, Dubai, PO 48271, United Arab Emirates	Ordinary	90%
Rigfit International FZC	C/o Rigfit7Seas, 31 E02, IRise Towers, Al Thanya First, Barsha Heights, Dubai, PO 48271, United Arab Emirates	Ordinary	90%
Avantis Holdco Limited (78.9% owned by Modutec Limited)	First Floor Aurora House, 8 Inverness Campus, Inverness, IV2 5NA	Ordinary	71%

16. Fixed asset investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Class of shares	Holding
Avantis Holdco Inc (100% owned by Avantis Holdco Limited)	Trust Company Complex Ajeltake Road Ajeltake Island Majuro Marshall Islands MH96960	Ordinary	71%
Avantis Marine Inc (100% owned by Avantis Holdco Inc)	Trust Company Complex Ajeltake Road Ajeltake Island Majuro Marshall Islands MH96960	Ordinary	71%
Avantis PTE Limited (100% owned by Avantis Holdco Inc)	9 Raffles Place #06-00 Republic Plaza Singapore 048619	Ordinary	71%
Avantis Marine DMCC (100% owned by Avantis Holdco Inc)	Almas Tower Jumeirah Lakes Towers PO Box 48800 Dubai UAE	Ordinary	71%
Avantis Marine Ltd (100% owned by Avantis Holdco Inc)	First And Second Floor Office Suites, 33 Caroline Street, Bridgend, Wales, CF31 1DW	Ordinary	71%
Aciem Group Limited (100% owned by MTD South West Limited)	One, New Street, Wells, BA5 2LA	Ordinary	61%
MTD South West Ltd (75% owned by Ross-Shire Engineering Limited)	Pows Orchard, Midsomer Norton, United Kingdom, BA3 2HY	Ordinary	61%
Murray Technical Services Ltd (75% owned by Ross-Shire Engineering Limited)	Unit E2 Premier Centre Abbey Park Industrial Estate, Premier Way, Romsey, England, SO51 9DG	Ordinary	61%
W.E.S. Ltd (60% owned by Ross-Shire Engineering Limited)	Precision House, Rankine Road, Basingstoke, Hampshire, RG24 8PP	Ordinary	49%
Weschem Ltd (100% owned by W.E.S. Ltd)	Precision House, Rankine Road, Basingstoke, Hampshire, RG24 8PP	Ordinary	49%
Watermech Services Ltd (100% owned by W.E.S. Ltd)	Precision House, Rankine Road, Basingstoke, Hampshire, RG24 8PP	Ordinary	49%

16. Fixed asset investments (continued)

Subsidiary undertakings (continued)

Name	Registered office	Class of shares	Holding
GQS-UK Ltd	First Floor Aurora House, 8 Inverness Campus, Inverness, IV2 5NA	Ordinary	100%
GQS Senegal SARL (100% owned by GQS (Australia) Pty Ltd)	Level 3, Suite 16, 30 Hasler Road, Osborne Park, Perth, WA, 6017, Australia	Ordinary	90%
Quecons Engineering & Consultants Private Ltd (75% owned by GQS (Australia) Pty Ltd)	Level 3, Suite 16, 30 Hasler Road, Osborne Park, Perth, WA, 6017, Australia	Ordinary	68%
Global SCS (Malaysia) SDN BHD (100% owned by GQS (Australia) Pty Ltd)	11th & 12th Floor, Menara Symphony No, 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia	Ordinary	90%
Global Energy Group Norge AS	Sparebank 1, Regnskapshuset SR A,, Saudagata 2, STAVANGER, 4012, Norge	Ordinary	100%

For their respective years ended 31 March 2021 the following subsidiaries are entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies: RSE Control Systems Limited (Formerly Pipework Systems & Installation Limited) (SC181373); Prime Pumps Limited (SC305190); C.P.E. (Holdings) Limited (11205131); CPE Pressure Vessels Limited (00455384); Langfields Limited (01901403); Modutec Limited (SC229316); Saftronics Group Limited (07121201); Saftronics Holdings Limited (04184814); Saftronics Limited (01935773), GQS-UK Limited (SC369647), Aciem Group Limited (03341154), MTD South West Ltd (10267564), Murray Technical Limited (08468765), W.E.S. Limited (03086750).

17. Stocks

	Group 2021 £000	Group 2020 £000
Finished goods and goods for resale	1,725	1,875

The difference between purchase price or production cost of stocks and their replacement cost is not material.

18. Debtors

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Trade debtors	15,991	23,949	37	51
Amounts owed by group undertakings	-	-	14,119	28,026
Other debtors	977	1,854	154	37
Prepayments and accrued income	1,777	1,468	263	272
Amounts recoverable on long term contracts	17,026	9,693	-	-
Deferred taxation	-	-	41	41
	35,771	36,964	14,614	28,427

19. Cash and cash equivalents

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Cash at bank and in hand	20,093	13,845	714	-
Less: bank overdrafts	(8,950)	(10,700)	(8,950)	(10,700)
	11,143	3,145	(8,236)	(10,700)

20. Creditors: Amounts falling due within one year

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Bank overdrafts	8,950	10,700	8,950	10,700
Bank loans	2,184	1,833	2,184	1,833
Trade creditors	9,809	7,036	106	47
Amounts owed to group undertakings	-	-	958	103
Corporation tax	1,235	904	-	-
Other taxation and social security	5,299	3,073	116	63
Obligations under finance lease and hire purchase contracts	238	208	-	-
Other creditors	524	1,650	-	51
Accruals and deferred income	13,832	8,963	253	333
	42,071	34,367	12,567	13,130

Amounts owed to group undertakings are unsecured and interest free.

Refer to note 33 for change in bank facility post year end.

21. Creditors: Amounts falling due after more than one year

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Bank loans	10,821	11,083	10,821	11,083
Net obligations under finance leases and hire purchase contracts	511	269	-	-
Other creditors	9,444	6,737	-	-
	20,776	18,089	10,821	11,083

Certain companies within the Envoy & Partners Limited Group are included in a corporate cross guarantee. Refer to note 33 for change in bank post facility post year end.

Net obligations under finance leases and hire purchase contracts are secured against the assets to which they relate. The bank loans and overdraft are secured by a cross corporate guarantee which included fixed and floating charges across the assets of the trading subsidiaries.

The other creditors balance is inclusive of amounts payable to acquire certain minority shareholdings of subsidiary companies at future dates. These amounts are subject to contractually agreed Put and Call Option agreements, all in place at the balance sheet date. The Directors view is that the exercise of the these Options is likely in future years, and as such consider it appropriate to recognise the assumed obligations at the balance sheet date.

22. Loans

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Amounts falling due within one year				
Bank loans	2,184	1,833	2,184	1,833
	2,184	1,833	2,184	1,833
Amounts falling due 1-2 years				
Bank loans	2,229	1,948	2,229	1,948
	2,229	1,948	2,229	1,948
Amounts falling due 2-5 years				
Bank loans	8,593	9,134	8,593	9,134
	8,593	9,134	8,593	9,134
	13,006	12,915	13,006	12,915

23. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2021 £000	Group 2020 £000
Within one year	238	208
Between 1-5 years	511	269
	749	477

24. Financial instruments

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Financial assets				
Financial assets measured at fair value through profit or loss	20,093	13,845	714	-

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

25. Deferred taxation

Group

	2021 £000	2020 £000
At beginning of year	(491)	-
Charged to profit or loss	7	(114)
Arising on business combinations	(104)	(377)
At end of year	(588)	(491)

25. Deferred taxation (continued)

Company

	2021 £000	2020 £000
At beginning of year	41	-
Charged to profit or loss	-	41
At end of year	41	41

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Accelerated capital allowances	(656)	(552)	1	1
Tax losses carried forward	39	39	39	39
Short term timing differences	29	22	1	1
	(588)	(491)	41	41

26. Deferred government grants

Group

	HIE Grant £000
At 1 February 2020	39
Charged to profit or loss	(15)
At 31 January 2021	24

The balance above relates to grants received for the construction of buildings and towards the purchase cost of some plant and machinery.

27. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
Nil (2020 - 189,756) Ordinary shares of £0.01 each	-	1,898
166,451 (2020 -) A Ordinary shares of £0.01 each	1,665	-
	1,665	1,898

On 30 June 2020 there was a bonus issue of 1,200,000,000 Ordinary shares of £0.01, totalling £12m. The share capital was subsequently cancelled on the same date, and the retained earnings credited with the same amount, creating distributable reserves.

Also on 30 June 2020, the 189,756 Ordinary shares of £0.01 each were subdivided into 166,451 A Ordinary shares of £0.01 each, and 23,305 B Ordinary shares of £0.01 each. On 17 July 2020, the 23,305 B Ordinary shares of £0.01 each were cancelled.

28. Business combinations

Acquisition of Murray Technical Services Limited, W.E.S. Limited, Weschem Limited, Watermech Limited, Avantis Holdco Inc, MTD South West Limited and Aciem Group Limited.

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £000	Fair value adjustments £000	Fair value £000
Fixed Assets			
Tangible	1,150	-	1,150
Intangible	41	-	41
	1,191	-	1,191
Current Assets			
Stocks	381	-	381
Debtors	8,999	-	8,999
Cash at bank and in hand	1,715	-	1,715
Total Assets	12,286	-	12,286
Creditors			
Due within one year	(8,733)	-	(8,733)
Deferred taxation	(104)	-	(104)
Total Identifiable net assets	3,449	-	3,449
Goodwill			4,424
Total purchase consideration			7,873

Consideration

	£000
Cash	4,213
Debt instruments	2,885
Deferred consideration	758
Directly attributable costs	17
Total purchase consideration	7,873

28. Business combinations (continued)

Cash outflow on acquisition

	£000
Purchase consideration settled in cash, as above	(4,213)
	(4,213)
Less: Cash and cash equivalents acquired	1,715
Net cash outflow on acquisition	(2,498)

29. Discontinued operations

The trading subsidiaries disposed of during the year contributed a pre tax trading profit of £107k (2020 - £687k) and a post tax trading profit of £82k.

30. Pension commitments

The Group contributes to a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £1,483k (2020 - £1,346k). Contributions totalling £242k (2020 - £54k) were payable to the fund at the balance sheet date and are included in creditors.

31. Commitments under operating leases

At 31 January 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Not later than 1 year	1,800	843	33	33
Later than 1 year and not later than 5 years	9,025	1,694	103	103
Later than 5 years	7,306	632	-	-
	18,131	3,169	136	136

32. Related party transactions

During the year the Company had net sales & purchases of £791k (2020 - £1,822k) from subsidiaries that are not 100% owned within the group. The net balance with these companies at the year end is included within the respective debtor and creditor notes.

During the year the Company made sales of £133k (2020 - £38k) and incurred costs of £302k (2020 - £816k) from companies which are controlled by members of the MacGregor family. The net balance with these companies at the year end is a creditor of £39k (2020 - £90k). The Group made sales of £474k (2020 - £1,358k) and incurred costs of £754k (2020 - £1,348k) from companies which are controlled by members of the MacGregor family. The net balance with these companies at the year end is a creditor of £101k (2020 - £28k debtor).

During the year the Company made sales of £NIL (2020 - £NIL) and incurred costs of £NIL (2020 - £42k) from companies which are controlled by directors and other shareholders. The net balance with these companies at the year end is £NIL (2020 - £5k). The Group made sales of £NIL (2020 - £155k) and incurred costs of £NIL (2020 - £42k) from companies which are controlled by directors and other shareholders. The net balance with these companies at the year end is a debtor of £NIL (2020 - £28k).

33. Post balance sheet events

Post year end, the group entered into a new corporate banking facility with HSBC. By doing so, all obligations due at the balance sheet date were repaid in full to the group's previous bankers at the balance sheet date, with all new debt secured by a cross corporate guarantee, which includes fixed and floating charges across the assets of the group's trading subsidiaries.

In March 2021 the Group completed the acquisition of Sheers Ltd, followed by the acquisitions of Technical Control Systems Ltd and the Blackburn Starling group of companies in July 2021, in line with the Group's strategic aim to grow and diversify through M&A.

A decision was taken post year end to increase the shareholding in Saftronics Group Ltd to 85% and MTD South West Ltd to 100%. Both transactions have now been executed and all Option liabilities adjusted accordingly.

34. Controlling party

The controlling party of the group is IR MacGregor.