Morrison Data Services Limited

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

Registered number 03076187

Morrison Data Services Limited

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

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Morrison Data Services Limited

Company information

Directors	S Best A R Findlay C Keen A Loosveld D Smith J Yarr
Company secretary	I Evans
Registered office	Abel Smith House Gunnels Wood Road Stevenage Hertfordshire SG1 2ST
Registered number	03076187
Independent auditor	Deloitte LLP 2 New Street Square London EC4A 3BZ

Morrison Data Services Limited

Strategic report
for the year ended 31 March 2023

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

Principal activities

Morrison Data Services Limited ('MDS') operates across the UK as the leading provider of energy data collection for UK energy retailers, predominantly in the gas and electricity sectors. Long term contracts with blue-chip clients provide a high degree of revenue predictability. Activity is supplemented by the provision of installation and maintenance services for smart energy meters.

Business review

The net assets of MDS as at 31 March 2023 were £13.7m (2022: £19.0m).

Turnover in the year increased by 13.7% to £117.0m (2022: £102.9m) and EBITDA (earnings before interest, taxation, depreciation, and amortisation) increased from £6.1m to £8.9m. The current year results include that of water meter reading which previously sat in a separate statutory entity, Morrison Data Services (Water) Limited ('MDWS), until 31 July 2022 when the trade and assets were transferred to Morrison Data Services Ltd. Year on year growth in Turnover and EBITDA was as a result of the above integration.

Key performance indicators

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

The following table provides a reconciliation from operating profit to EBITDA and the calculation of EBITDA:

	Year ended 31 March 2023	Year ended 31 March 2022
	£000	£000
Operating profit	**6,588**	4,268
Amortisation on intangible assets (Note 12)	**2,024**	1,438
Depreciation on tangible assets (Note 13)	**272**	362
EBITDA	**8,884**	6,068

Principal risks and uncertainties

Economic conditions

Much of the Company's activities operate within framework agreements which do not provide guaranteed levels of turnover. Funding levels from Central Government to Local Authorities will impact the highways maintenance budgets. We engage in regular dialogue with our clients to continually assess these risks and adjust our resources accordingly.

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

Principal risks and uncertainties (continued)

Business interpretation

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

Economic regulation

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

Skills shortages

The Company 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 Company's ability to deliver its services. The Company 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 Company 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 Company's operational practices and the Company promotes a culture that puts safety first. The Company operates safe and reliable working practices through a policy of honesty, trust and sharing best practices across all business operations.

New Business

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

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

Future developments

We have a plan to consolidate energy and water meter reading and achieved our first step in this as part of a new contract with Thames Water following the year end date. This will provide efficiency benefits and contribute to EBITDA strengthening going forward as we work with other existing and new customers to provide this hybrid service.

There were no material contract losses in the year, with the administration of Bulb creating new opportunities for the division with its buyer, Octopus.

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

Section 172 statement

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

In addition, we also have regard to other factors which we consider relevant to the decisions being made. Those factors for example include the interest and views of our people, clients and their end users, regulatory bodies, our relationship with our lenders and our people. Board meetings are held periodically at which the Directors consider the Company's activities and make decisions.

Sstakeholder 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. 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 Company's core values and feel supported by our culture. We are committed to creating an environment in which our people feel valued, supported and fulfilled. Additional details are set out in the Employee Engagement statement on page 7.

It is key that we continue to engage and listen to all feedback to harness the talent that we already have within the Company and also ensure there exists a working environment that allows people to flourish. During the year, a Company wide People Opinion Survey took place enabling us to address areas for improvement to make the Company a better place to work.

Clients

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

Morrison Data Services Limited

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

Stakeholder engagement (continued)

Suppliers and contractors

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

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

Communities and the environment

We have a partnership with a national charity and support our people to participate in local community events to raise money to support that charity.

The support of the business and our people to raise funds contributes to the work delivered to communities nationally by our charity partner.

Shareholders

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

PAI aim to increase the profitability and long-term strategic value for the businesses they own in partnership with the management teams. We target long term profitable growth and deliver reliable and stable revenue streams, margins and cash flow.

Lenders

Lenders to the M Group Services group provide a significant source of capital to enable the group to be successful and finance its activities. In this process they participate as investors in 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,

S Best
Director
31 July 2023

Registered Number: 03076187

Abel Smith House
Gunnels Wood Road
Stevenage
Hertfordshire
SG1 2ST

Morrison Data Services Limited

Directors' report
for the year ended 31 March 2023

The directors present their Annual report together with the audited financial statements, for the year ended 31 March 2023.

Information disclosed within the Strategic report

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

Dividends

The Company paid a dividend of £2,432k (2022: £nil). The directors do not recommend any final dividend payment is made (2022: £nil). Additionally, the Company received dividends from subsidiary undertakings of £9,648k (2022: £nil).

Directors

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

J M Arnold	(resigned 1 January 2023)
S Best	
A R Findlay	
C Keen	(appointed 15 September 2022)
A Loosveld	(appointed 15 September 2022)
D Smith	
J R Winnicott	(resigned 28 February 2023)
J Yarr	(appointed 26 June 2023)

Third party indemnity

The Company maintains qualifying third party indemnity insurance for all directors as allowed by section 234 of the Companies Act 2006. These insurances were in force throughout the year to 31 March 2023 and up to the date the financial statements were approved and continue to the date of approval of the financial statements.

Going concern

The Directors have undertaken the going concern assessment for the Company for a minimum of 12 months from the date of signing these financial statements. The Directors have taken into account the outlook for the Company including the resilient sectors in which it operates, the nature of the essential services that we provide to critical national infrastructure, and the strong long-term order book with blue-chip clients. The Directors have also taken into account uncertainties in preparing financial projections and assessing the future prospects of the Company. These included the impact of the high inflationary environment, which is considered low risk given the nature of the Company's framework agreements, the majority of which have indexation mechanisms. Cash flow has been and continues to be robust, in line with managements' expectations.

As at 31 March 2023 the Company had net current assets of £25.8m (2022: £10.6m) and net assets of £13.7m (2022: £18.9m). Accordingly, based on the Company's financial projections and the current expectations of the Directors about the prospects of the Company, the financial statements have been prepared on the going concern basis.

The Company has access, if needed, to funding from its ultimate holding company Minerva Equity Limited, which has confirmed its intention to support the business for a period of at least twelve months from the date of approval of the financial statements.

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

Financial risk management objectives and policies

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

Liquidity risk

Liquidity and funding risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities. The Company aims to mitigate liquidity risk by managing cash generation and utilisation by its operations and applying best practice within the credit control function. The Company is focussed on reducing debtor days and also the timeliness of billing customers.

Market risk

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

Credit risk

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

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 4 and 5. Employees are kept informed on matters affecting them. The Company communicates through regular briefings, presentations, electronic mailings, an intranet and the wide circulation of publications, to achieve awareness of all employees in relation to the financial and economic factors that affect the performance of the Company. Reward and recognition schemes are in place to encourage participation in the Company's performance, highlight the achievements and successes of our people and to thank them for their hard work and dedication. Employees are encouraged to participate in a confidential opinion survey carried out annually.

Disabled employees

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

Modern Slavery and Human Rights

The Company supports and carries out its business in a manner compatible with the protection of individuals' human rights. The Company does this through its compliance with relevant legislation and through its insistence on ethical business practices. The Company 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 Company 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/.

Post balance sheet events

There were no post balance sheet events.

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 4 and 5.

Environmental

In the essential infrastructure services sector in which we operate in we continue to promote good environmental practice within the Company. Through our quality and environmental management systems and active ISO accreditation we continually look to develop and introduce sustainable processes and behaviours across each of our businesses, as well as with our clients and supply chains.

Statement of corporate governance

Under the *Companies (Miscellaneous Reporting) Regulations 2018*, the Company is required to provide a statement of corporate governance arrangements in the Directors' report. The Company has adopted the Wates Corporate Governance Principles for Large Private Companies (published by the Financial Reporting Council in December 2018). We set out below how the Principles were applied during the year.

Principle 1 – Purpose and leadership

Our vision is to support the changing needs of our energy customers by providing the most effective data solutions that utilise our unique field capability. Morrison Data Services has become synonymous with 'Delivering what we promise', both to our clients and our people.

As part of this ongoing commitment, we are excited to share our vision and values. Clear, simple and focussed, the aim is to make sure that our people and our clients really understand what is driving us and our common goals.

- People: Engaging and empowering everyone to deliver and grow
- Safety: Putting the safety, health and wellbeing of people first
- Delivery: Helping deliver our clients business needs
- Integrity: Conducting ourselves respectfully, being open, accountable and honest in all our operations
- Embrace Change: Adapting to the ever-changing needs of the industry and our customers

Principle 2 – Board composition

The Board is made up of the directors listed on page 6 who have broad industry experience and therefore all views are considered in the decision-making process.

Although there are no independent directors on the Board, the Directors are highly experienced business leaders and frequently consider the interests of a broad range of stakeholders in their decision-making processes.

Since the Company is an intermediate holding company within the group, the Directors believe that the Board is of an appropriate size given that it works closely with the board of directors of the Company's parent, M Group Services Ltd.

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

Statement of corporate governance (continued)

Principle 3 – Directors' responsibilities

Directors are supported in the discharge of their duties by the Company Secretary. All directors receive guidance on their statutory duties including section 172 and were briefed on the reporting requirements introduced by the Companies (Miscellaneous Reporting) Regulations 2018.

The Directors receive detailed information relating to the operations and performance of the Company through monthly meetings and full Board meetings when required. Guidance on documenting decisions through board minutes has been refreshed to ensure these are recorded in a consistent manner.

Principle 4 – Opportunity and risk

The role of the Board is to promote the long-term sustainable success of the Company.

We seek to capitalise on opportunities, while mitigating risks where possible, by ensuring that the Company has the expertise, industry knowledge and IT solutions to deliver innovative solutions that help our clients manage their customer base and uphold their regulatory obligations.

Principle 5 – Remuneration

One objective of the Company is to attract and retain people with the skills and experience, who can help us to continually develop the scope of our core capabilities and meet our commitments to customers. As part of this, the Company regularly reviews remuneration strategies across all roles including benchmarking against other industry players where appropriate.

Across the business, a range of recognition and reward schemes are designed to incentivise the workforce to deliver sustainable performance based on strategic objectives.

Principle 6 – Stakeholders

The board understands the importance of forging positive relationships with the stakeholders of the business and considers how they are impacted as part of the decision-making process. The Section 172 Statement on pages 3 and 4 sets out how we engage with some of our key stakeholders, including our workforce, clients, suppliers, local communities and shareholders.

Statement of directors' responsibilities in respect of the financial statements

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

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

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

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

Statement of directors' responsibilities in respect of the financial statements (continued)

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

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

Statement of disclosure of information to auditor

In accordance with section 418 of the Companies Act 2006, each person who is a director at the date of approval of this report confirms that:

- So far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

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

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

On behalf of the board,

S Best
Director
31 July 2023

Registered Number: 03076187

Abel Smith House
Gunnels Wood Road
Stevenage
Hertfordshire
SG1 2ST

Morrison Data Services Limited

Independent auditor's report to the members of Morrison Data Services Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Morrison Data Services Limited (the 'Company'):

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

We have audited the financial statements which comprise:
- the profit and loss account and other comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 29.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- our assessment of the assumptions used in the group going concern forecast;
- consideration of the sectors in which the group operates;
- the availability of financing functions;
- the consideration of sensitivities; and
- the availability of parental company support, if required.

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

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

Independent auditor's report to the members of Morrison Data Services Limited (continued)

Other information

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

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

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

Independent auditor's report to the members of Morrison Data Services Limited (continued)

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

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

We discussed among the audit engagement team, including relevant internal specialists such as tax, pensions and IT specialists, 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 below area, and our specific procedures performed to address them are described below:

- The completeness of penalty provisions and the related adjustments to revenue, the contracts that are held with customers include penalty clauses, which may have a significant impact in revenue. As such, given the complexities attached to the determination of these provisions, there is a risk that the revenue may be materially misstated as a result of the penalty provisions not being complete. We have:
  - Evaluated management's assessment on the overall customer contract performance during the period to understand any key issues around the contract and determine the impact on the recoverability of the balance;
  - Assessed the completeness of penalty provisions by;
    - comparing provisions to material revenue contracts;
    - reviewing new contracts for potential penalties;
    - reviewing board minutes and discussing with relevant personnel in the commercial department; and
    - checked post year end results to ensure no significant movement or provisions paid post year end.

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

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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.

Independent auditor's report to the members of Morrison Data Services Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006 (continued)

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

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

Kate Darlison

Kate Darlison, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London,
United Kingdom
31 July 2023

Morrison Data Services Limited

Profit and loss account
for the year ended 31 March 2023

	Note	Year to 31 March 2023 £'000	Year to 31 March 2022 £'000
Turnover	5	**117,024**	102,900
Cost of sales		**(99,234)**	(90,031)
Gross profit		**17,790**	12,869
Administrative expenses		**(11,265)**	(8,679)
Other operating income	6	**63**	78
EBITDA		**8,884**	6,068
Amortisation	7,12	**(2,024)**	(1,438)
Depreciation	7,13	**(272)**	(362)
Operating profit		**6,588**	4,268
Dividend income	11	**9,648**	-
Interest receivable and similar income	9	**-**	2
Interest payable and similar expenses	9	**(1,222)**	(1,606)
Profit before taxation	7	**15,014**	2,664
Tax on profit	10	**(267)**	(757)
Profit for the financial year		**14,747**	1,907

The accompanying notes on pages 19 to 44 form part of these financial statements.

The above results relate to continuing operations for the financial year.

Morrison Data Services Limited

Statement of comprehensive income
for the year ended 31 March 2023

	Note	**Year to 31 March 2023 £'000**	Year to 31 March 2022 £'000
Profit for the financial year		**14,747**	1,907
Other comprehensive income:			
Remeasurements of net defined benefit obligation	21	**615**	80
Total tax (charge)/credit on components of other comprehensive income	10	**(167)**	32
Other comprehensive income for the year		**448**	112
Total comprehensive income for the year		**15,195**	2,019

The accompanying notes on pages 19 to 44 form part of these financial statements.

Morrison Data Services Limited

Balance sheet as at 31 March 2023

	Note	At 31 March 2023 £'000	At 31 March 2022 £'000
Fixed assets			
Intangible assets	12	**4,908**	2,244
Tangible assets	13	**709**	436
Investments	14	**200**	21,685
Debtors: amounts due after more than one year	15	**-**	17,706
		5,817	42,071
Current assets			
Stocks	16	**615**	543
Debtors	17	**31,432**	23,899
Cash at bank and in hand		**16,515**	4,340
		48,562	28,782
Creditors: amounts falling due within one year	18	**(22,715)**	(18,207)
Net current assets		**25,847**	10,575
Total assets less current liabilities		**31,664**	52,646
Creditors: amounts falling due after more than one year	19	**(16,092)**	(30,343)
Provisions for liabilities	20	**(1,881)**	(3,198)
Pensions and similar obligations	21	**-**	(132)
Net assets		**13,691**	18,973
Capital and reserves			
Called up share capital	23	**100**	100
Profit and loss account		**13,591**	18,873
Shareholders' funds		**13,691**	18,973

The notes on pages 19 to 44 are an integral part of these financial statements.

The financial statements on pages 15 to 44 were approved and authorised for issue by the board of directors on 31 July 2023 and were signed on its behalf by:

S Best
Director

D Smith
Director

Morrison Data Services Limited
Registered Number: 03076187

Morrison Data Services Limited

Statement of changes in equity for the year ended 31 March 2023

	Note	Called up share capital £'000	Profit and loss account £'000	Shareholders' funds £'000
Balance as at 1 April 2021		**100**	**16,854**	**16,954**
Profit for the financial year		-	1,907	1,907
Other comprehensive income for the year	10,21	-	112	112
Total comprehensive income for the year		-	*2,019*	*2,019*
Balance as at 31 March 2022		**100**	**18,873**	**18,973**
Adjustment to equity as a result of applying merger accounting principles in relation to hive up	14	-	(18,045)	(18,045)
Profit for the financial year		-	14,747	14,747
Other comprehensive income for the year	10,21	-	448	448
Total comprehensive income for the year		-	*15,195*	*15,195*
Dividends paid		-	(2,432)	(2,432)
Balance as at 31 March 2023		**100**	**13,591**	**13,691**

The notes on pages 19 to 44 are an integral part of these financial statements.

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

1 General information

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

2 Statement of compliance

The individual financial statements of Morrison Data Services Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

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

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

Going concern

The Directors have undertaken the going concern assessment for the Company for a minimum of 12 months from the date of signing these financial statements. The Directors have taken into account the outlook for the Company including the resilient sectors in which it operates, the nature of the essential services that we provide to critical national infrastructure, and the strong long-term order book with blue-chip clients. The Directors have also taken into account uncertainties in preparing financial projections and assessing the future prospects of the Company. These included the impact of the high inflationary environment, which is considered low risk given the nature of the Company's framework agreements, the majority of which have indexation mechanisms. Cash flow has been and continues to be robust, in line with managements' expectations.

As at 31 March 2023 the Company had net current assets of £25.8m (2022: £10.6m) and net assets of £13.7m (2022: £18.9m). Accordingly, based on the Company's financial projections and the current expectations of the Directors about the prospects of the Company, the financial statements have been prepared on the going concern basis.

The Company has access, if needed, to funding from its ultimate holding company Minerva Equity Limited, which has confirmed its intention to support the business for a period of at least twelve months from the date of approval of the financial statements.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemption, subject to certain conditions which have been complied with. The Company is a qualifying entity as its results are consolidated into the financial statements of Minerva Equity Limited which are publicly available.

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

3 Summary of significant accounting policies (continued)

Exemptions for qualifying entities under FRS 102 (continued)

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

- from preparing a statement of cash flows, as allowed by FRS 102 paragraph 1.12(b)
- from disclosing a table of financial instruments as allowed by FRS 102 paragraph 1.12(c)
- from disclosing transactions with entities that are part of the Minerva Equity Limited group where 100% of the voting rights of these entities are controlled within the group as required by FRS 102 paragraph 33.1A.
- from disclosing key management personnel compensation, as required by FRS 102 paragraph 33.7.

Consolidated financial statements

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

Foreign currencies

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

The Company's functional and presentational currency is the pound sterling. Monetary amounts in these financial statements are rounded to the nearest thousand.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and that these benefits can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable for goods and services provided and net of discounts and value added taxes. Revenue is recognised to reflect the period in which the service is provided.

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 previous year, grant accounting has only been applied to the Job Retention Scheme launched as part of HM Governments response to the COVID-19 pandemic.

Other interest receivable and similar income

Interest income is recognised in profit or loss using the effective interest method.

Employee benefits

Short term benefits

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

3 Summary of significant accounting policies (continued)

Employee benefits (continued)

Defined contribution pension plans

Payments to the defined contribution schemes are charged as an expense as they fall due and represent contributions payable to the schemes for the period. Where the Company is a member of a state managed or public sector scheme payments are dealt with as payments to a defined contribution scheme where the Company's obligations under the scheme are equivalent to those arising in a defined retirement benefit scheme.

Defined benefit pension plan

The Company operates defined benefit scheme arrangements for certain employees. The scheme is closed to future accrual. 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 Company in a trustee administered fund.

The liability recognised in the balance sheet in respect of the defined benefit plan arrangements are the present value of the defined benefit obligation 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 liability, net of the related deferred tax, is presented separately on the face of the balance sheet.

The fair value of plan assets is measured in accordance with FRS 102 and in accordance with the Company'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 period; 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 obligation and the fair value of plan assets. This cost is recognised in the profit and loss account as 'Interest payable and similar expenses'.

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 'Remeasurement of net defined benefit obligation' in the statement of comprehensive income.

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

3 Summary of significant accounting policies (continued)

Taxation (continued))

Current tax

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

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

Deferred tax

Deferred tax arises from timing differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions.

Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only when the Company has a right to set off related current tax assets and tax liabilities, which is generally the case for balances within the same taxable entity.

Intangible assets

Software

Development costs and other software have been capitalised in accordance with FRS 102 Section 18 Intangible Assets other than Goodwill and are therefore not treated, for dividend purposes, as a realised loss.

Capitalised computer software relates to is stated at cost, net of accumulated amortisation and any provision for impairment. Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight line method to allocate the amortisable amount of the assets less their residual value over their expected useful lives.

Goodwill

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

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

3 Summary of significant accounting policies (continued)

Intangible assets (continued)

Intangible assets are amortised by equal annual instalments over their expected lives. The directors' review acquired intangible assets on an ongoing basis and, where appropriate provide for any impairment in value.

The estimated useful lives are as follows:

Goodwill – up to a maximum of ten years

Software – up to a maximum of eight years

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

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

Tangible assets

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

Plant and equipment

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

Depreciation and residual values

Depreciation of assets is calculated at rates expected to write off cost less the estimated residual value of the relevant assets over their expected economic lives. The expected useful lives of the assets to the business are reassessed periodically in light of experience. The expected economic lives used are principally as follows:

Land and buildings	40 years
Plant and equipment	1-10 years straight line

Derecognition

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

Impairment of assets

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

Non-financial assets

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

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

3 Summary of significant accounting policies (continued)

Impairment of assets (continued)

Non-financial assets (continued)

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

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.

Finance leased assets (continued)

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

Operating leased assets

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

Lease incentives

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

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

4 Summary of significant accounting policies (continued)

Investments

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

Stocks

Stocks are stated at the lower of historical cost and estimated selling price less costs to complete and sell. Stocks are recognised as an expense in the period in which the related revenue is recognised. Cost is calculated on a first-in-first-out basis.

Provisions and contingencies

Provisions

A provision is recognised when the Company 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 are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

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

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

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

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

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

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities

Basic financial liabilities, including trade and other payables, loans from fellow group companies, 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.

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

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

Offsetting

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

Share capital

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

Distributions to equity holders

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

Related party transactions

The Company discloses transactions with related parties which are not wholly owned by the Minerva Equity Group. It does not disclose transactions with members of the Minerva Equity Group that are wholly owned.

4 Critical accounting judgements and estimation uncertainty

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

Critical judgements in applying the entity's accounting policies

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

Critical accounting estimates and assumptions

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

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

4 Critical accounting judgements and estimation uncertainty

Other areas of judgement and accounting estimates

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

The other areas of judgement and accounting estimates are:

Revenue recognition

The Company delivers certain long-term outsourcing services which may be governed by unique contractual arrangements. In these cases, revenue is recognised in line with the contract at the fair value of the consideration received or receivable. In such contracts, there can be judgments and estimates in relation to variations or claims, including the impact of contractual performance conditions which may give rise to penalties as provided for in provisions as per note 20.

5 Turnover

The Company had one class of business providing energy data collection for UK energy retailers, predominantly in the gas and electricity sectors. All turnover relates to activities in the United Kingdom.

6 Other operating income

	Year to 31 March 2023	Year to 31 March 2022
	£'000	£'000
Grants received under Coronavirus Job Retention Scheme	**-**	78
Research and Development Expenditure Credit	**63**	-
	63	78

7 Profit before taxation

	Year to 31 March 2023	Year to 31 March 2022
	£'000	£'000
(Loss)/profit before taxation is stated after charging:		
Amortisation	**2,024**	1,438
Depreciation	**272**	362
Operating lease rentals – property	**318**	308
Services provided by the Company's auditor		
Fees payable to the Company's auditor for the audit of the financial statements	**137**	64

8 Employees and directors

The aggregate remuneration comprised:	Year to 31 March 2023 £'000	Year to 31 March 2022 £'000
Wages and salaries	**65,215**	58,954
Social security costs	**5,610**	4,475
Other pension costs	**2,248**	1,820
Staff costs	**73,073**	65,249

The average monthly number of employees (including executive directors):

	Year to 31 March 2023 Number	Year to 31 March 2022 Number
Management and supervisory staff	**445**	79
Operational staff	**1,867**	1,748
	2,312	1,827

Directors' remuneration	Year to 31 March 2023 £'000	Year to 31 March 2022 £'000
Emoluments	**526**	469
Pension contributions	**59**	55
	585	524
Highest paid director		
Emoluments	**389**	342
Pension contributions	**25**	24
	414	366

Retirement benefits are accruing to two directors under a defined contribution scheme (2022: two).

Morrison Data Services Limited

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

9 Net Interest payable

	Year to 31 March 2023	Year to 31 March 2022
	£'000	£'000
Interest receivable and similar income		
Other interest	-	2
Total interest receivable and similar income	**-**	2
Interest payable and similar expenses		
Interest payable to group undertakings	**(1,024)**	(1,567)
Finance lease interest and hire purchase contracts	**(195)**	(35)
Net interest expense on post-employment benefits	**(3)**	(4)
Total interest payable and similar expenses	**(1,222)**	(1,606)
Net interest payable	**(1,222)**	(1,604)

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

10 Tax on profit

Tax charge included in profit and loss

	Year to 31 March 2023	Year to 31 March 2022
	£'000	£'000
Current tax:		
UK Corporation tax on profit for the year	**1,143**	346
Adjustments in respect of prior years	**(512)**	331
Overseas tax	**10**	-
Double tax relief	**(10)**	-
Total current tax charge	**631**	677
Deferred tax:		
Origination and reversal of timing differences	**(242)**	142
Impact of change in tax rate	**119**	(189)
Adjustments in respect of prior years	**(241)**	127
Total deferred tax (credit)/charge	**(364)**	80
Tax on profit	**267**	757

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

10 Tax on profit (continued)

Tax credit included in other comprehensive income / (expense)	**Year to 31 March 2023**	Year to 31 March 2022
	£'000	£'000
Deferred tax:		
Movements of deferred tax relating to pension (deficit)/surplus	**(167)**	32
Total deferred tax	**(167)**	32
Total tax (charge)/credit included in other comprehensive income	**(167)**	32

Reconciliation of tax charge

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

	Year to 31 March 2023	Year to 31 March 2022
	£'000	£'000
Profit before taxation	**15,014**	2,664
Profit before taxation multiplied by the standard UK rate of tax 19% (2022: 19%)	**2,853**	506
Effects of:		
Expenses not deductible for tax purposes	**1**	6
Impact of change in tax rate	**119**	(189)
Amortisation of goodwill	**92**	
Income not taxable for tax purposes	**(1,834)**	(15)
Transfer pricing adjustments	**(12)**	(9)
Deferred tax not recognised	**(199)**	-
Adjustments in respect of prior periods	**(753)**	458
Tax charge for the year	**267**	757

Factors that may affect future tax charges

An increase to the UK corporation tax rate to 25% with effect from 1 April 2023 was enacted by the Finance Act 2021 on 14 May 2021. Deferred tax is provided at the rates timing differences are expected to reverse in accordance with FRS 102.

Morrison Data Services Limited

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

11 Dividends

	Year to 31 March 2023	Year to 31 March 2022
	£'000	£'000
Dividends received	**9,648**	-

During the year, Callisto Data Limited paid dividends of £4.0m (2022: £nil) to the Company. Additionally, Morrison Data Services (Water) Limited paid dividends of £5.6m (2022: £nil) to the Company.

12 Intangible assets

	Goodwill	**Assets under construction**	**Software**	**Total**
Cost	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2022	-	67	7,454	7,521
Acquired on hive up (Note 14)	-	-	1	1
Additions	-	937	310	1,247
Goodwill arising from hive up (Note 14)	3,440	-	-	3,440
At 31 March 2023	**3,440**	**1,004**	**7,765**	**12,209**
Accumulated amortisation				
At 1 April 2022	-	-	(5,277)	(5,277)
Charge for the year	(482)	-	(1,542)	(2,024)
At 31 March 2023	**(482)**	-	**(6,819)**	**(7,301)**
Net book value at 31 March 2023	**2,958**	**1,004**	**946**	**4,908**
Net book value at 31 March 2022	-	67	2,177	2,244

Software relates to proprietary software owned and operated by the Company. The nature of the assets under software development to integrate external and internal meter reading and scheduling systems to provide economies of scale. No impairment exists on intangible assets.

13 Tangible assets

Cost	Land and buildings £'000	Plant and equipment £'000	Total £'000
At 1 April 2022	-	3,325	3,325
Additions	-	304	304
Acquired on hive up (Note 14)	241	-	241
At 31 March 2023	**241**	**3,629**	**3,870**
Accumulated depreciation			
At 1 April 2022	-	(2,889)	(2,889)
Charge for the year	(3)	(269)	(272)
At 31 March 2023	**(3)**	**(3,158)**	**(3,161)**
Net book value at 31 March 2023	**238**	**471**	**709**
Net book value at 31 March 2022	-	436	436

The net book value of the Company's tangible assets held under finance leases at 31 March 2023 was £nil (2022: £nil).

Land and buildings value is solely for freehold property.

14 Investments

Company	Shares £'000
Cost as at 1 April 2022	**21,685**
Recognition of Goodwill relating to hive up (Note 12)	(3,440)
Reduction of investment due to hive up	(18,045)
Cost at 31 March 2023	**200**

14 Investments (continued)

On 31 July 2022 the trade and assets of Morrison Data Services (Water) Limited were transferred to the parent company, Morrison Data Services Limited for consideration of £5,647k, settled via inter company.

As a result of this hive up, the goodwill that would have been recognised on initial acquisition on 31 May 2017 has been recognised as at 31 July 2022 after the amortisation of goodwill between 31 May 2017 and 31 July 2022. The investment recognised in Morrison Data Services (Water) Limited as at 31 May 2017 has been reduced, this reduction has been recognised as an adjustment to equity under merger accounting principles. The remaining carrying value of goodwill has been recognised in intangible assets (Note 12) and amortised from 31 July 2022.

The assets and liabilities transferred on 31 July 2022 are set out below:

	£000
Tangible assets	241
Intangible assets	1
Current assets	9,261
Current liabilities	(3,856)
Total net assets transferred	**5,647**

The remaining investment is for subsidiary undertaking Callisto Data Limited as listed in Note 27.

15 Debtors: amounts due after more than one year

	At 31 March 2023	At 31 March 2022
	£'000	£'000
Amounts owed by group undertakings	-	17,706

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

16 Stocks

	At 31 March 2023	At 31 March 2022
	£'000	£'000
Finished goods and goods for resale	**615**	543

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

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

17 Debtors

	At 31 March 2023	At 31 March 2022
Amounts falling due within one year	**£'000**	£'000
Trade debtors	**5,028**	10,885
Amounts owed by group undertakings	**9,338**	5,178
Corporation tax	**-**	28
Deferred tax asset (note 22)	**1,106**	909
Pension asset (note 21)	**481**	-
Prepayments and accrued income	**15,479**	6,899
	31,432	23,899

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

18 Creditors: amounts falling due within one year

	At 31 March 2023	At 31 March 2022
	£'000	£'000
Trade creditors	**3,933**	1,883
Amounts owed to group undertakings	**5,456**	3,787
Other taxation and social security	**1,330**	5,562
Corporation tax	**1,186**	-
Other creditors	**5,893**	701
Accruals and deferred income	**4,917**	6,274
	22,715	18,207

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

Morrison Data Services Limited

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

19 Creditors: amounts falling due after more than one year

	At 31 March 2023	At 31 March 2022
	£'000	£'000
Amounts falling due between one and five years		
Amounts owed to group undertakings	**16,092**	30,343
	16,092	30,343

Amounts owed to group undertakings are unsecured, bear interest at 6% and are repayable on 31 May 2027.

20 Provisions for liabilities

	Dilapidations provision	Penalty provision	Vehicle provision	Total
	£'000	£'000	£'000	£'000
At 1 April 2022	**240**	**2,671**	**287**	**3,198**
Additional provisions	200	1,642	319	2,161
Provisions utilised	-	(2,051)	(155)	(2,206)
Provision released	-	(1,272)	-	(1,272)
At 31 March 2023	**440**	**990**	**451**	**1,881**

Dilapidation provision

The dilapidation provision relates to potential costs to return the leasehold property, occupied as Morrison Data Services Limited head office, to its original state at the end of the lease. The lease is a ten-year lease due to end during 2028 with a break clause in 2023.

Penalty provision

The penalty provision relates to a provision for contractual under performance and consecutive read performance targets. The penalty provision is made when a contractual under performance occurs, usually on a monthly or quarterly basis. It is resolved on a regular basis following agreement of the penalty level with the relevant customer and our accounting policy is to hold for a maximum of 2 years from the end of any contractual term.

Vehicle provision

The vehicle provision is a rolling provision which relates to end of contract wear and tear. Invoices for the wear and tear charge will be utilised against this provision. These should be received with the provision utilised within the financial year they were incurred.

21 Pensions and similar obligations

Defined benefit scheme

The Company operates a defined benefit scheme in the UK. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. Contributions are agreed with the trustee to reduce the funding deficit where necessary.

21 Pensions and similar obligations (continued)

Defined benefit scheme (continued)

A full actuarial valuation was carried out at 5 April 2019 and updated to 31 March 2023 by a qualified actuary, independent of the plan's sponsoring employer. The major assumptions used by the actuary are shown below:

	2023 % pa	2022 % pa
Discount rate	**4.80**	2.80
Inflation rate	**3.40**	3.80
Increase to deferred benefits during deferment	**3.40**	3.80
Increases to inflation related pension in payment	**3.10**	3.80

Mortality assumptions:

	As at 31 March 2023	As at 31 March 2022
MDS	***Base table*** 130% of S3PMA tables for males 130% of S3PFA "middle" tables for females ***Future Improvements*** CMI 2021 model (Sk = 7.5, A = 0) with long term improvement rate of 1.25% p.a.	***Base table*** 100% of S2PMA tables for males 100% of S2PFA tables for females ***Future Improvements*** CMI 2019 model (Sk = 7.5, A = 0) with long term improvement rate of 1.25% p.a.

At 31 March 2023 and 31 March 2022, the surplus/(deficit) recognised in the balance sheet was as follows:

Amounts recognised in the balance sheet	**2023** **£'000**	2022 £'000
Present value of funded obligations	**(545)**	(909)
Fair value of scheme assets	**1,026**	777
Net asset/(liability) at the end of the year excluding deferred tax	**481**	(132)
Related deferred tax (liability)/asset	**(122)**	32
Net pension asset/(liability)	**359**	(100)

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

21 Pensions and similar obligations (continued)

Changes in scheme assets	**2023**	2022
	£'000	£'000
Balance b/fwd	**777**	626
Contributions by employer	**107**	143
Contributions by plan participants	**10**	6
Interest income	**23**	14
Actuarial gain	**172**	28
Administration cost	**(33)**	(25)
Benefits paid	**(30)**	(15)
Balance as at 31 March	**1,026**	777

Actual return on scheme assets	**195**	42

Changes in scheme liabilities	**2023**	2022
	£'000	£'000
Balance b/fwd	**(909)**	(808)
Current service cost & expenses	**(73)**	(144)
Interest expense	**(26)**	(18)
Contributions by plan participants	**(10)**	(6)
Benefits paid	**30**	15
Actuarial gain	**443**	52
Balance as at 31 March	**(545)**	(909)

Morrison Data Services Limited

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

21 Pensions and similar obligations (continued)

The overall deficit movement may be summarised as follows:

Movements in balance sheet net liability	**2023**	2022
	£'000	£'000
Deficit brought forward	**(182)**	(182)
Current service cost & expenses	**(73)**	(144)
Administration cost	**(33)**	(25)
Contributions	**107**	143
Net interest	**(3)**	(4)
Actuarial gain	**615**	80
Net asset/(liability) at the end of the year (excluding deferred tax)	**481**	(182)

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	**2023**	2022
	£'000	£'000
Current service cost & expenses	**(106)**	(169)
Charge to operating profit	**(106)**	(169)
Interest income	**23**	14
Interest expense	**(26)**	(18)
Amount charged to other finance expense	**(3)**	(4)
Expense recognised in the profit and loss account	**(109)**	(173)

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

21 Pensions and similar obligations (continued)

Analysis of amounts recognised in the Statement of Comprehensive income	2023 £'000	2022 £'000
Difference between expected and actual returns on scheme assets	**172**	28
Experience gains arising on the scheme liabilities	**106**	(1)
Changes in assumptions underlying the present value of the schemes' liabilities	**337**	53
Actuarial gain in schemes	**615**	80

The fair value of the plan assets was:

	2023 £'000	2022 £'000
UK Equities	**148**	168
Overseas Equities	**148**	168
Government Bonds	**-**	243
Diversified Growth Funds	**703**	163
Cash	**27**	35
Total assets	**1,026**	777

Defined contribution scheme

The Company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

The amount recognised as an expense for the defined contribution scheme was:

	2023 £'000	2022 £'000
Current year contributions	**2,143**	1,651

Morrison Data Services Limited

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

22 Deferred tax asset

	Year to 31 March 2023 £'000	Year to 31 March 2022 £'000
Brought forward at 1 April	**909**	957
Deferred tax credited to profit and loss	**123**	47
Adjustment in respect of prior year	**241**	(127)
(Charge)/credit in other comprehensive income for the year	**(167)**	32
Deferred tax asset (Note 17)	**1,106**	909

The deferred tax asset consists of the following:

	At 31 March 2023 £'000	At 31 March 2022 £'000
Fixed asset timing differences	**1,103**	766
Short term timing provisions	**3**	143
Total deferred tax asset	**1,106**	909

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

23 Called up share capital

	At 31 March 2023 £'000	At 31 March 2022 £'000
Allotted, called up and fully paid share capital		
Ordinary shares 100,000 (2022: 100,000) of £1 each	**100**	**100**
	100	**100**

At the balance sheet date there is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

24 Contingent liabilities

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. Net indebtedness under this arrangement at 31 March 2023 was £nil (2022: £nil).

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.

25 Capital and other commitments

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

Payments due	**At 31 March 2023**	At 31 March 2022
	£'000	£'000
Within one year	**186**	318
Between one and five years	**-**	186
	186	504

26 Related party transactions

The Company has taken advantage of the exemption under FRS102.33.1A, 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.

27 Subsidiary and related undertakings

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

Company	Registered country	Company's equity shareholding at 31 March 2023	Principal business
Callisto Data Limited	England (1)	100% Ordinary share capital	Data processing and handling

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

28 Immediate and ultimate parent undertaking and controlling party

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

The ultimate parent undertaking is Minerva Equity Limited, a company registered in England and Wales, whose ultimate controlling party is PAI Partners a private equity firm registered in France.

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

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

29 Post balance sheet events

There were no post balance sheet events.