

Morrison Data Services Limited

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

Registered number 03076187



Morrison Data Services Limited

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

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Morrison Data Services Limited

Company information

Directors	J M Arnold S Best A R Findlay D Smith J R Winnicott
Company secretary	W J Cooper
Registered office	Abel Smith House Gunnels Wood Road Stevenage Hertfordshire SG1 2ST
Registered number	03076187
Independent auditors	Deloitte LLP One Trinity Gardens Broad Chare Newcastle upon Tyne NE1 2HF
Bankers	National Westminster Bank PLC 1 Princes Street London EC2R 8PA

Morrison Data Services Limited

Strategic report for the year ended 31 March 2021

The directors present their strategic report for the year ended 31 March 2021.

Principal activities

Morrison Data Services ('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

On 1 September 2020, MDS sold the data management trade and assets to a newly formed wholly owned subsidiary company Callisto Data Limited ("Callisto"), allowing the company to enhance its existing customer relationships as well as build on new ones as the company positions itself to deliver the services required of a future-facing energy supplier. The transfer was made at cost with no profit implication. The full year turnover of data management for the year ended 31 March 2021 was £17.6m (2020: £19.0m) of which £9.8m has been recognised in Callisto accounts. Net assets transferred was £2.6m.

The net assets of MDS as at 31 March 2021 were £17.0m (2020 restated: £20.8m).

Turnover in the year decreased by 27.9% to £75.8m (2020 restated: £105.1m) and EBITDA decreased from £7.2m (restated) to a loss of £0.8m. The results for the year were impacted not only by the sale of the data management trade and assets, but also by the stand down of certain services in response to the COVID-19 pandemic.

The company stood down Data Collection field services from 23 March 2020 until mid-June following government advice, which led to the furlough of a substantial number of employees. Between June and October 2020 the company worked with customers to gradually remobilise Data Collection activities, in accordance with Government guidelines, as restrictions were lifted.

Installation Services were reduced to emergency services only as customers chose to pause the roll out of Smart Meters during the lockdown period. The business worked with customers to remobilise as lockdown restrictions were lifted.

The Data Management operations were largely unaffected by the consequences of the COVID-19 pandemic, albeit this activity transferred to Callisto from September 2020.

The business benefitted from £12.4m of furlough wage support from the Government during the year, helping to stem losses and support our employees during the covid lockdown period. This is shown separately as Other Operating Income on the face of the P&L.

During the year the business gained new data collection business with Ovo (SSE) and E.On.

The business continues to provide a strong and consistent financial return and over the coming years we expect further efficiency improvement in data collection to help offset any decline as customers gradually transition to smart meters. Following a year impacted heavily by COVID, we expect the business to return to positive profit in the 2021/22 year.

Future developments

We intend to continue to operate in the meter reading and smart meter installation markets with limited new business other than water meter reading where we currently have a low market share. In the smart meter sector we are looking to broaden our support to maintenance of existing meters.

Morrison Data Services Limited

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

Events after the balance sheet date

A number of Energy clients have gone into administration during year ended 31 March 2022 as a result of soaring energy prices. We are well protected in Data Collection where the vast majority of lost work is regained with the new supplier. The main impact has been in Bulb smart metering where the work has been lost. This represents circa 9% of turnover in 2021. This impact has been replaced by additional smart metering work with EDF and a new contract with Ovo to provide emergency and maintenance work on existing smart meters.

The ongoing war in Ukraine has had limited impact on the business as we trade entirely within the UK & Ireland and as a service business our cost base is primarily labour cost. Sanctions imposed on Russia are not impacting our business significantly. We do limited trade with Gazprom in the UK, annual turnover is fairly limited in the region of £0.6m.

A decision has been taken to transfer trade and assets from Morrison Data Services (Water) Limited back up to the parent MDS. This will be managed through a Sales and Purchase Agreement (SPA) with no profit or loss on the sale. This change is planned for 1 June 2022. All Morrison Data Services (Water) Limited client contracts will be novated to MDS and following consultation all Morrison Data Services (Water) Limited employees will be issued new contracts with MDS.

Key performance indicators

The Board monitors progress on the overall company strategy and trading by reference to KPIs, the principal measures being turnover, EBITDA, 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.

Going concern

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. Based on these projections, the directors consider that the company can meet its obligations as they fall due for a period of at least twelve months from the date of the directors' approval of these financial statements. The directors have also assessed the ability of Minerva Equity to provide support and received confirmation from Minerva Equity Limited that it will support the company for the next twelve months from the date of issue of these financial statements if required.

Stakeholders engagement

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

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

Morrison Data Services Limited

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

Stakeholder engagement (continued)

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. A company wide People Opinion Survey takes place annually enabling us to address areas for improvement to make the company a better place to work.

Clients

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

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

Suppliers

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

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

Communities

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.

Through the COVID-19 period, we have supported and enabled our people to become volunteer workers delivering vital support to local communities

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

By facilitating the use of company vehicles during the lockdown period, our people were able to undertake vital roles such as NHS responders and supporting local foodbanks during the Covid-19 crisis.

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.

Morrison Data Services Limited

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

Stakeholder engagement (continued)

Lenders

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

Principal business risks

Economic conditions

Much of the company's activities operate within agreements that do not provide guaranteed levels of turnover. Economic conditions impact our clients and our contracts. In addition, our clients rely on borrowing in the financial markets to finance their operations. There is a risk that clients will seek to reduce expenditure or extend payment terms in order to manage their cash resources. We engage in regular dialogue with our clients to continually assess these risks and adjust our resources accordingly. Soaring fuel prices post year end have seen the collapse of some of the challenger brands in the energy market whilst others have entered into administration, most notably Bulb Energy. In data collection we are protected from this risk as we dominate the market and continue to service customers transferring between suppliers following failure. In Installation Services we suffered the loss of Bulb as a customer post year end whilst our other significant remaining customer EDF is more likely to weather the storm.

Business interruption

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

Contract renewals

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

Skills shortages

The company operates in a market where skill shortages prevail and consequently it invests heavily in training and developing employees 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 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.

Morrison Data Services Limited

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

Principal business risks (continued)

New Business

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

Financial risk

Financial risk faced by the company includes credit, interest rate and contractual risk. The company reviews these risks on an ongoing basis.

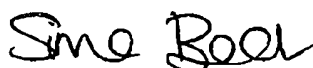
Credit risk is the risk of financial loss to the company if a customer fails to meet its contractual obligations. Credit terms are negotiated individually and subsequently monitored closely by the credit control team. The business also regularly reviews publicly available financial information for major customers to ensure there is no significant change in their financial stability.

The company is exposed to market risk in respect of any changes in interest rates with regard to its cash holdings. Management of cash is supported via the M Group Services Treasury Team as part of the group's overall cash management strategy.

Economic conditions impact our clients and our contracts. In addition, our clients rely on borrowing in the financial markets to finance their operations. There is a risk that clients will seek to reduce expenditure or extend payment terms in order to manage their cash resources. We engage in regular dialogue with our clients to continually assess these risks and adjust our resources accordingly.

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

On behalf of the board,



S Best
Director
19 April 2022

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 2021

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

Business review

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

Dividends

The company paid a dividend of £nil (2020: £nil). The directors do not recommend any final dividend payment is made (2020: £nil).

Political donations

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

Directors

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

J M Arnold	
M G Beesley	(Resigned 22 October 2021)
S Best	
C H Conolly	(Resigned 26 March 2021)
A R Findlay	(Appointed 18 August 2021)
D Smith	(Appointed 6 May 2021)
J R Winnicott	

Third party indemnity

The company maintains qualifying third party indemnity insurance for all directors as required by section 234 of the Companies Act 2006. These insurances were in force throughout the year to 31 March 2021 and up to the date the financial statements were approved.

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 3 & 4.

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

To further our endeavour to listen to our people and drive business improvement, employees are encouraged to participate in a confidential opinion survey carried out annually.

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.

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 3 & 4.

Morrison Data Services Limited

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

Greenhouse Gas Emissions and Energy Use

In accordance with the requirements of Streamlined Energy and Carbon Reporting (SECR), the company's greenhouse gas emissions and energy use data has been disclosed in the consolidated financial statements of parent company M Group Services Limited.

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.

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 in advance of the effective date.

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.

Morrison Data Services Limited

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

Statement of Corporate Governance (continued)

Principle 4 – Opportunity and risk

The role of the Board is to promote the long-term sustainable success of Morrison Data Services Ltd.

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.

Auditors

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

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 regulation.

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

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

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

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

Morrison Data Services Limited

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

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

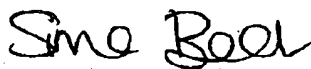
The directors of the group are responsible for the maintenance and integrity of the Corporate and financial information included on the group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure of information to auditors

In 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 auditors are 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 auditors are aware of that information.

On behalf of the board,



S Best
Director
19 April 2022

Registered Number: 03076187

Abel Smith House
Gunnels Wood Road
Stevenage
Hertfordshire
SG1 2ST

Morrison Data Services Limited

Independent auditors' 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 at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of 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.

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other

Morrison Data Services Limited

Independent auditors' report to the members of Morrison Data Services Limited

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 about their own identification and assessment of the risks of irregularities.

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

Morrison Data Services Limited

Independent auditors' report to the members of Morrison Data Services Limited

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation, OFGEM regulations, health and safety regulations and employment law; 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 data protection (GDPR) and the Bribery Act 2010.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, pensions and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it is described below:

- Completeness of penalty provisions and the related revenue adjustments: Agreeing a sample of provisions to supporting documentation, agreeing a sample of provisions utilised during the year to supporting documentation and reviewing a sample of contracts to determine whether penalty provisions exist.

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

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

Morrison Data Services Limited

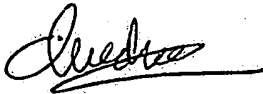
Independent auditors' report to the members of Morrison Data Services Limited

- 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.



Deven Vedhera FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

19 April 2022

Morrison Data Services Limited

Profit and loss account for the year ended 31 March 2021

		Year to 31 March 2021	Restated Year to 31 March 2020
	Note	£'000	£'000
Turnover	5	75,789	105,063
Cost of sales		(82,721)	(90,115)
Gross (loss) / profit		(6,932)	14,948
Administrative expenses		(8,358)	(10,444)
Other operating income	6	12,415	-
EBITDA (excluding exceptional items)		(761)	7,155
Exceptional items	7	(379)	(297)
Amortisation	7,11	(1,363)	(1,589)
Depreciation	7,12	(372)	(765)
Operating (loss) / profit	7	(2,875)	4,504
Interest payable and similar expenses	9	(1,564)	(1,451)
(Loss) / profit before taxation		(4,439)	3,053
Tax on loss / (profit)	10	649	(445)
(Loss) / profit for the financial year		(3,790)	2,608

Note 27 details the prior year restatements.

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 2021

		Year to 31 March 2021	<i>Restated</i> Year to 31 March 2020
	Note	£'000	£'000
(Loss) / profit for the financial year		(3,790)	2,608
Other comprehensive expense:			
Remeasurements of net defined benefit obligation	21	(72)	-
Total tax income on components of other comprehensive expense	10	14	-
Other comprehensive expense for the year		(58)	-
Total comprehensive (expense) / income for the year		(3,848)	2,608

Note 27 details the prior year restatements.

Morrison Data Services Limited

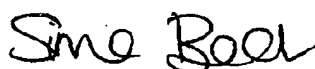
Balance sheet as at 31 March 2021

		At 31 March 2021	<i>Restated</i> At 31 March 2020
	Note	£'000	£'000
Fixed assets			
Intangible assets	11	2,847	4,337
Tangible assets	12	495	706
Investments	13	21,685	21,485
Loans to group undertakings	14	18,514	14,556
		43,541	41,084
Current assets			
Inventories	15	370	621
Debtors	16	25,428	16,619
Cash at bank and in hand		4,744	11,139
		30,542	28,379
Creditors: amounts falling due within one year	17	(24,309)	(21,488)
Net current assets		6,233	6,891
Total assets less current liabilities		49,774	47,975
Creditors: amounts falling due after more than one year	18	(28,396)	(24,671)
Provisions for liabilities	20	(4,242)	(2,502)
Pensions and similar obligations	21	(182)	-
Net assets		16,954	20,802
Capital and reserves			
Called up share capital	23	100	100
Retained earnings		16,854	20,702
Total equity		16,954	20,802

Note 27 details the prior year restatements.

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 19 April 2022 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 2021

	Called up share capital	<i>Restated</i> Retained earnings	<i>Restated</i> Total equity
	£'000	£'000	£'000
Balance as at 1 April 2019	100	18,094	18,194
Profit for the financial year	-	2,608	2,608
Total comprehensive income for the year	-	2,608	2,608
Balance as at 31 March 2020 / 1 April 2020	100	20,702	20,802
Loss for the financial year	-	(3,790)	(3,790)
Other comprehensive expense for the year	-	(58)	(58)
Total comprehensive expense for the year	-	(3,848)	(3,848)
Balance as at 31 March 2021	100	16,854	16,954

Note 27 details the prior year restatements.

Morrison Data Services Limited

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

1 General Information

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

2 Statement of compliance

The individual financial statements of 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, under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

3 Summary of significant accounting policies

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

Basis of preparation

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

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

Going concern

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. Based on these projections, the directors consider that the company can meet its obligations as they fall due for a period of at least twelve months from the date of the directors' approval of these financial statements. The directors have also assessed the ability of Minerva Equity to provide support and received confirmation from Minerva Equity Limited that it will support the company for the next twelve months from the date of issue of these financial statements if required.

Exemptions for qualifying entities under FRS 102

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

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

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

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

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

Morrison Data Services Limited

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

3 Summary of significant accounting policies (continued)

Consolidated financial statements

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

Foreign currencies

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

The company's functional and presentation currency is the pound sterling.

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 current year, grant accounting has only been applied to the Job Retention Scheme launched as part of HM Governments response to the COVID-19 pandemic. This is shown within Other Operating Income.

Exceptional items

Where it is considered that items of income or expense are material and are considered 'one off' or non recurring in nature, their nature and amount is disclosed separately on the face of the profit and loss account where this enhances the understanding of the company's financial performance.

Employee Benefits

Short term benefits

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

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

With respect to the defined benefit pension schemes, the pension charge recognised in the income statement represents the contributions payable to the scheme for the year. The net surplus/deficit of the plan is reviewed annually and recognised on the balance sheet once it is determined to be material to the accounts.

Morrison Data Services Limited

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

3 Summary of significant accounting policies (continued)

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 or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax

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

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

Deferred tax

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

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

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

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

Intangible assets

Acquired intangible assets

Intangible assets on acquisition that are either separable or arising from contractual rights are recognised at fair value at the date of acquisition. Such acquired intangible assets include trademarks, technology, customer contracts and customer relationships. The fair value of acquired intangible assets is determined by reference to market prices of similar assets, where such information is available, or by the use of appropriate valuation techniques, including the royalty relief method and the excess earning method.

Development costs 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.

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

The estimated useful lives are as follows:

Customer contracts and customer relationships – up to a maximum of ten years

Morrison Data Services Limited

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

3 Summary of significant accounting policies (continued)

Intangible assets (continued)

Other intangible assets

Capitalised computer software relates to is stated at cost, net of accumulated depreciation 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 depreciable amount of the assets to their residual value over their estimated useful lives 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 depreciated 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 estimated economic lives. The expected useful lives of the assets to the business are reassessed periodically in light of experience. The estimated economic lives used are principally as follows:

Short leasehold land and buildings	term of the lease
Plant and equipment	1-10 years

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.

Morrison Data Services Limited

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

3 Summary of significant accounting policies (continued)

Leased assets

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

Finance leased assets

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

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

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

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

Operating leased assets

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

Lease incentives

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

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

Investments

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

Morrison Data Services Limited

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

3 Summary of significant accounting policies (continued)

Inventories

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

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Provisions and contingencies

Provisions

A provision is recognised when the 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.

Morrison Data Services Limited

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

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

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

Financial liabilities

Basic financial liabilities, including trade and other payables, 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.

Joint ventures

Jointly controlled assets

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

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

Share capital

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

Distributions to equity holders

Dividends and other distributions to 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 with the same group. It does not disclose transactions with members of the same group that are wholly owned.

Morrison Data Services Limited

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

4 Critical accounting judgements and estimation uncertainty

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

Critical judgements in applying the entity's accounting policies

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

Critical accounting estimates and assumptions

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

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 judgements and estimates in relation to variations or claims (circa £2-3m per year), including the impact of contractual performance conditions which may give rise to penalties as provided for in provisions as per note 20.

Impairment of investments

The key source of estimation uncertainty relates to the calculation of the recoverable amount of the fixed asset investments. This is determined with reference to the financial performance of the underlying business in which the investment is held.

In the current year, a discounted cashflow analysis has been prepared to assess the recoverable amount of the investment (note 13). There are a number of estimates management considers when determining a value in use, most significantly the long term growth rates applied to future cash flows and the discount rates used to derive the present value of those cash flows. Growth rates reflect management's view of the long-term forecast rates of growth. Discount rates are selected to reflect the risk adjusted cost of capital of the business. A discount rate of 10% was used alongside a long term growth rate of 2% and this showed that no impairment was required. However the value in use is sensitive to these assumptions. Increasing the discount rate 1% or reducing the long term growth rate to 1% would result in an impairment of £1.5m and £0.5m respectively. Additionally if the terminal cashflow was to reduce by 7% an impairment would need to be recognised.

5 Turnover

At 31 March 2021 and 31 March 2020, the Company had one class of business. The Company has one class of geographic origin and destination – United Kingdom. The analysis by destination is not materially different to that by geographic origin.

6 Other operating income

	2021	2020
	£'000	£'000
Grants received under Coronavirus Job Retention Scheme	12,415	-

Morrison Data Services Limited

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

7 Operating profit

	Year to 31 March 2021	Year to 31 March 2020
	£'000	£'000
Operating profit is stated after charging:		
Wages and salaries	53,774	43,581
Social security costs	4,460	4,117
Other pension costs	1,674	1,528
Staff costs	59,908	49,226
Amortisation expense	1,363	1,589
Depreciation expense	372	765
Operating lease rentals – property	193	226
- COVID-19 – legal advice	89	297
- Business restructure	253	-
- ERP System implementation costs	37	-
Exceptional items	379	297
Services provided by the Company's auditors		
Fees payable to the Company's auditors for the audit of the financial statements	43	60

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

The above business restructure costs are non-recurring and relate to the refinement of the group organisation.

Morrison Data Services Limited

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

8 Employees and directors

	Year to 31 March 2021	Year to 31 March 2020
	Number	Number
Average monthly number of full time equivalent management and supervisory staff employed (including executive directors)	78	77
Average monthly number of full time equivalent operational staff employed (including executive directors)	2,103	2,028
	2,181	2,105

Directors' remuneration	Year to 31 March 2021	Year to 31 March 2020
	£'000	£'000
Emoluments	464	381
Contributions to money purchase schemes	45	35
	509	416
Highest paid director		
Emoluments	315	234
Contributions to money purchase schemes	21	21
	336	255

Retirement benefits are accruing to two directors under a defined contribution scheme (2020: two).

Morrison Data Services Limited

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

9 Interest payable and similar expenses

	Year to 31 March 2021	Year to 31 March 2020
	£'000	£'000
Interest payable and similar expenses		
Interest payable to group undertakings	1,495	1,425
Interest payable on other loans	56	-
Finance lease interest and hire purchase contracts	11	26
Net interest expense on post-employment benefits	2	-
Total interest payable and similar expenses	1,564	1,451

10 Tax on loss / profit

Tax (credit) / charge included in profit and loss	Year to 31 March 2021	<i>Restated</i> Year to 31 March 2020
	£'000	£'000
Current tax:		
UK Corporation tax on (loss) / profit for the year	(971)	531
Adjustments in respect of prior years	(78)	27
Total current tax (Credit) / Charge	(1,049)	558
Deferred tax:		
Origination and reversal of timing differences	146	69
Impact of change in tax rate	-	(150)
Adjustments in respect of prior years	254	(32)
Total deferred tax Charge / (Credit)	400	(113)
Tax on (loss) / profit	(649)	445

Morrison Data Services Limited

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

10 Tax on loss / profit (continued)

Tax credit included in other comprehensive expense	Year to 31 March 2021	Year to 31 March 2020
	£'000	£'000
Deferred tax:		
Credit on current year losses	14	-
Total deferred tax	14	-
Total tax credit included in other comprehensive expense	14	-

Reconciliation of tax charge

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

	Year to 31 March 2021	Restated Year to 31 March 2020
	£'000	£'000
(Loss) / Profit before taxation	(4,439)	3,053
(Loss)/Profit before taxation multiplied by the standard UK rate of tax 19% (2020: 19%)	(843)	580
Effects of:		
Expenses not deductible for tax purposes	49	20
Impact of change in tax rate	-	(150)
Income not taxable for tax purposes	(23)	-
Transfer pricing adjustments	(8)	-
Adjustments in respect of prior periods	176	(5)
Tax (credit) / charge for the year	(649)	445

An increase to the UK corporation tax rate to 25% with effect from 1 April 2023 was announced on 3 March 2021 and included in Finance Bill 2021. As at the Balance Sheet date this increase was not substantively enacted and deferred taxes at the balance sheet date have been measured at 19%, being the enacted tax rate at the year end. If the announced increased in the corporation tax rate had been substantively enacted at the balance sheet date the impact on the deferred tax charge is estimated to be a credit of £241k.

Morrison Data Services Limited

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

11 Intangible assets

	Assets under construction	Purchased contracts	Software	Total
Cost	£'000	£'000	£'000	£'000
At 1 April 2020	260	8,914	6,716	15,890
Additions	1,052	-	119	1,171
Disposals	(497)	(8,914)	(964)	(10,375)
At 31 March 2021	815	-	5,871	6,686
Accumulated amortisation				
At 1 April 2020	-	(8,147)	(3,406)	(11,553)
Charge for the year	-	(153)	(1,210)	(1,363)
Disposals	-	8,300	777	9,077
At 31 March 2021	-	-	(3,839)	(3,839)
Net book value at 31 March 2021	815	-	2,032	2,847
Net book value at 31 March 2020	260	767	3,310	4,337

On 1 September 2020, MDS sold the data management trade and assets to the subsidiary group company Callisto Data Limited ("Callisto") which included the disposals above of £10,375,000 which had a combined net book value of £1,298,000.

Software relates to proprietary software owned and operated by the company.

Morrison Data Services Limited

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

12 Tangible assets

	Plant and equipment	Total
Cost	£'000	£'000
At 1 April 2020	4,875	4,875
Additions	244	244
Disposal	(2,097)	(2,097)
At 31 March 2021	3,022	3,022
Accumulated depreciation		
At 1 April 2020	(4,169)	(4,169)
Charge for the year	(372)	(372)
Transfer	2,014	2,014
At 31 March 2021	(2,527)	(2,527)
Net book value at 31 March 2021	495	495
Net book value at 31 March 2020	706	706

The net book value of the Company's tangible assets held under finance leases at 31 March 2021 was £90,000 (2020: £210,000).

13 Investments

	Shares
Company	£'000
Cost as at 1 April 2020	21,485
Additions in the year	200
Cost as at 31 March 2021	21,685

The increase in investments relates to the investment in Callisto Data Limited in September 2020.

Morrison Data Services Limited

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

13 Investments (continued)

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

Company	Registered country	Company's equity shareholding at 31 March 2021	Principal business
Morrison Data Services (Water) Limited	England (1)	100% Ordinary share capital	Meter reading
Callisto Data Limited (formerly MDS Data Management 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

A decision has been taken to transfer trade and assets from Morrison Data Services (Water) Limited back up to the parent MDS. This will be managed through a Sales and Purchase Agreement (SPA) with no profit or loss on the sale. This change is planned for 1 June 2022.

14 Loans to group undertakings

	<i>Restated</i>	
	At 31 March 2021	At 31 March 2020
	£'000	£'000
Loans to group undertakings	18,514	14,556

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

The company's loans to group undertakings have been reclassified from debtors to fixed assets (note 27).

15 Inventories

	At 31 March 2021	At 31 March 2020
	£'000	£'000
Finished goods and goods for resale	370	621

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

Morrison Data Services Limited

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

16 Debtors

	At 31 March 2021	<i>Restated</i> At 31 March 2020
	£'000	£'000
Trade debtors	9,649	9,860
Amounts owed by group undertakings	5,753	30
Deferred tax asset (note 22)	957	1,352
Other receivables	224	609
Prepayments and accrued income	8,845	4,768
	25,428	16,619

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

17 Creditors: amounts falling due within one year

	At 31 March 2021	<i>Restated</i> At 31 March 2020
	£'000	£'000
Trade creditors	1,363	2,391
Amounts owed to group undertakings	9,513	4,592
Other taxation and social security	5,552	5,035
Corporation tax	660	-
Obligations under finance leases (note 19)	90	120
Accruals and deferred income	7,131	9,350
	24,309	21,488

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

Morrison Data Services Limited

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

18 Creditors: amounts falling due after more than one year

	At 31 March 2021	At 31 March 2020
	£'000	£'000
Amounts falling due between one and five years		
Amounts owed to group undertakings	28,396	24,576
Obligations under finance leases (note 19)	-	95
	28,396	24,671

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

19 Loans and other borrowings

	At 31 March 2021	At 31 March 2020
	£'000	£'000
Current liabilities	90	120
Non-current liabilities	-	95
Obligations under finance leases	90	215

Finance leases

The future minimum finance lease payments are as follows:

	At 31 March 2021	At 31 March 2020
	£'000	£'000
Within one year	90	120
In two to five years	-	95
Carrying amount of liability	90	215

The finance leases relate to data loggers and hand held devices for meter readings.

Morrison Data Services Limited

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

20 Provisions for liabilities

	Dilapidations provision	Penalty provision	Vehicle provision	Total
	£'000	£'000	£'000	£'000
At 1 April 2020	353	1,408	741	2,502
Additional provisions	30	5,546	578	6,154
Provisions utilised	(193)	(3,990)	(231)	(4,414)
At 31 March 2021	190	2,964	1,088	4,242

Dilapidation provision

The dilapidation provision relates to potential costs to return the leasehold property, occupied as Morrison Data Services 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.

Morrison Data Services Limited

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

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.

A full actuarial valuation was carried out at 5 April 2019 and updated to 31 March 2021 by a qualified actuary, independent of the plan's sponsoring employer. The major assumptions used by the actuary are shown below:

	2021 % pa
Discount rate	2.10
Inflation rate	3.40
Increase to deferred benefits during deferment	3.40
Increases to inflation related pension in payment	3.40

In the prior year, the deficit of £97,000 was not recognised on the balance sheet as the value was not considered material to the accounts. As a result, there are no comparatives shown below.

At 31 March 2021 and 31 March 2020, the deficit recognised in the balance sheet was as follows:

Amounts recognised in the balance sheet	2021 £'000	2020 £'000
Present value of funded obligations	(808)	-
Fair value of scheme assets	626	-
Net liability at the end of the year excluding deferred tax	(182)	-
Related deferred tax liability	14	-
Net pension liability	(168)	-

Morrison Data Services Limited

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

21 Pensions and similar obligations (continued)

Changes in scheme assets	2021 £'000	2020 £'000
Balance b/fwd	495	365
Contributions by employer	132	142
Contributions by plan participants	8	18
Interest income	12	10
Actuarial gain / (loss)	54	(10)
Benefits paid	(75)	(30)
Balance as at 31 March	626	495

Actual return on scheme assets	66	-
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Changes in scheme liabilities	2021 £'000	2020 £'000
Balance b/fwd	(592)	(375)
Current service cost & expenses	(143)	(183)
Interest expense	(14)	(11)
Contributions by plan participants	(8)	(18)
Benefits paid	75	30
Actuarial loss	(126)	(35)
Balance as at 31 March	(808)	(592)

Morrison Data Services Limited

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

21 Pensions and similar obligations (continued)

The overall deficit movement may be summarised as follows:

Movements in balance sheet net liability	2021	2020
	£'000	£'000
Deficit b/fwd	(97)	(10)
Current service cost & expenses	(143)	(183)
Contributions	132	142
Net interest	(2)	(1)
Actuarial loss	(72)	(45)
Net liability at the end of the year (excluding deferred tax)	(182)	(97)

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	2021	2020
	£'000	£'000
Current service cost & expenses	(143)	-
Charge to operating profit	(143)	-
Interest income	12	-
Interest expense	(14)	-
Amount charged to other finance expense	(2)	-
Expense recognised in the profit and loss account	(145)	-

In the prior year, the deficit movement was not recognised in the profit and loss account as the value was not considered material to the accounts. As a result, there are no comparatives shown above.

Morrison Data Services Limited

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

21 Pensions and similar obligations (continued)

	2021	2020
Analysis of amounts recognised in the Statement of Comprehensive income	£'000	£'000
Difference between expected and actual returns on scheme assets	54	-
Experience gains arising on the scheme liabilities	1	-
Changes in assumptions underlying the present value of the schemes' liabilities	(127)	-
Actuarial loss in schemes	(72)	-

The fair value of the plan assets was:

	2021	2020
	£'000	£'000
UK Equities	133	-
Overseas Equities	133	-
Government Bonds	199	-
Diversified Growth Funds	133	-
Cash	28	-
Total assets	626	-

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:

	2021	2020
	£'000	£'000
Current year contributions	1,531	1,528

Morrison Data Services Limited

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

22 Deferred tax asset

	Year to 31 March 2021	Year to 31 March 2020
	£'000	£'000
Brought forward at 1 April	1,352	1,239
Deferred tax (charged) / credited to profit and loss	(146)	81
Adjustment in respect of prior year	(254)	32
Credit in other comprehensive income for the year	14	-
Movement arising from the sale of business	(9)	-
Deferred tax asset (Note 16)	957	1,352

The provision for deferred tax consists of the following deferred tax assets:

	At 31 March 2021	At 31 March 2020
	£'000	£'000
Fixed asset timing differences	873	1,304
Short term timing provisions	84	48
Total deferred tax asset	957	1,352

The amount of deferred tax expected to be reversed in the next 12 months is £nil (2020: £nil).

23 Called up share capital

	At 31 March 2021	At 31 March 2020
	£'000	£'000
Allotted, called up and fully paid share capital		
Ordinary shares 100,000 (2020: 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.

Morrison Data Services Limited

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

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 2021 was £nil (2020: £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

At 31 March, the Company had the following future minimum lease payments under non-cancellable operating leases for each of the following years:

	At 31 March 2021	At 31 March 2020
	£'000	£'000
Payments due		
Within one year	308	315
Between one and five years	504	487
	812	802

The company had no other off-balance sheet arrangements.

The amount of non-cancellable operating lease payments recognised as an expense during the year was £193,000 (2020: £226,000).

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.

There were no other related party transactions during the year (2020: £nil).

Morrison Data Services Limited

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

27 Prior year adjustments

The company's loans to group undertakings of £14,556,000 have been reclassified from debtors to fixed assets. This represents the fact that these amounts are intended for the continuing use of the borrowing companies as part of the capital structure of those companies. As such they represent fixed assets of Morrison Data Services Limited.

In the prior year, training costs of £1,722,000 which should have been expensed were capitalised in prepayments. In addition, turnover and cost of sales included grossed up amounts relating to a joint venture. These balances should have been reduced by £2,171,000 to reflect the joint arrangement.

The prior year ended 31 March 2020 has been restated to correct for the above.

	As originally presented At 31 March 2020	Restated At 31 March 2020
	£'000	£'000
Turnover	107,234	105,063
Cost of sales	(90,564)	(90,115)
Tax on profit	(772)	(445)
Loans to group undertakings	-	14,556
Debtors	32,897	16,619
Creditors	(21,815)	(21,488)

The movement in the prior year profit and net assets as a result of the prior year adjustment was a decrease of £1,395,000. The prior year adjustment does not change the retained earnings at the beginning of the prior year.

28 Immediate and ultimate parent undertaking and controlling party

At 31 March 2021, the Company's immediate parent undertaking was M Group Services Limited, a company registered in England and Wales.

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

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

Copies of 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.

Morrison Data Services Limited

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

29 Post balance sheet events

A number of Energy clients have gone into administration during year ended 31 March 2022 as a result of soaring energy prices. We are well protected in Data Collection where the vast majority of lost work is regained with the new supplier. Main impact has been in Bulb smart metering where the work has been lost.

The ongoing war in Ukraine has had limited impact on the business as we trade entirely within the UK & Ireland and as a service business our cost base is primarily labour cost. We do trade with Gazprom in the UK, annual turnover is fairly limited in the region of £0.6m.

A decision has been taken to transfer trade and assets from Morrison Data Services (Water) Limited back up to the parent MDS. This will be managed through a Sales and Purchase Agreement (SPA) with no profit or loss on the sale. This change is planned for 1 June 2022. All Morrison Data Services (Water) Limited client contracts will be novated to MDS and following consultation all Morrison Data Services (Water) Limited employees will be issued new contracts with MDS.