

Morrison Utility Services Holdings Limited
Annual report and financial statements
for the year ended 31 March 2015

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Morrison Utility Services Holdings Limited

Annual report and financial statements for the year ended 31 March 2015

Contents	Page
Company information	1
Strategic report for the year ended 31 March 2015	2
Directors' report for the year ended 31 March 2015	3
Independent Auditors' Report to the Members of Morrison Utility Services Holdings Limited	6
Profit and loss account for the year ended 31 March 2015	8
Reconciliation of movements in shareholders' funds for the year ended 31 March 2015	9
Balance sheet as at 31 March 2015	10
Notes to the financial statements for the year ended 31 March 2015	11

Morrison Utility Services Holdings Limited

Company information

Directors	M G Beesley P L Eisenchteter E A Lazarus O Morali C B Morrison
Company secretary	I V Cusden
Registered office	Abel Smith House Gunnels Wood Road Stevenage Hertfordshire SG1 2ST
Registered number	6508968
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Donington Court Pegasus Business Park Castle Donington East Midlands DE74 2UZ

Morrison Utility Services Holdings Limited

Strategic report for the year ended 31 March 2015

The directors present their Strategic report for the Company for the year ended 31 March 2015.

Principal activity and review of business

The Company acts as a holding company. Its only investment is in Morrison Utility Services Limited ('MUSL') and its subsidiaries. MUSL provides utility support services to blue-chip clients in the gas, water, electricity and telecommunications sectors in the UK. The services range from implementing planned capital investment schemes to reactive repair and maintenance.

MUSL operates in the highly competitive support service sector in which there are a large number of companies offering a wide range of different services. It has a strong track record of growth resulting from concentrating on its core skills in markets in which it has experience, competitive advantage and an established supply chain. In this way, risk and start-up costs are controlled leading to faster, more efficient operations.

MUSL has an excellent safety record, which is essential for long-term success in these competitive sectors. It has maintained an excellent safety performance over many years and has won a series of awards in recognition of its achievements in this area.

MUSL operates under framework contracts of typically three to ten years duration. Contracts operate either on a schedule of rates basis with increases each year to allow for inflation, or on a target cost basis with some sharing of out-performance or under-performance with the client.

Trading performance and future developments

The Company made a loss on ordinary activities before taxation of £24.0 million for the year ended 31 March 2015 (2014: £21.0 million), reflecting interest payable on bank finance and shareholder investment. A tax credit on loss on ordinary activities of £5.1 million (2014: tax credit £5.1 million) reduced the loss for the financial year to £18.9 million (2014: £15.8 million). MUSL is trading well and at 31 March 2015 had a secured order book of £2.0 billion (2014: £1.3 billion). Further commentary on the business and trading performance can be found in the consolidated financial statements of the ultimate parent company, Morrison Utility Services Group Limited (see note 14).

Principal risks and uncertainties

Operational risks such as economic conditions, economic regulation, contract renewals, skills shortages, reliance on supply chain, health and safety and new business exist and are managed by Morrison Utility Services Limited, the main subsidiary of the Company.

Key performance indicators (KPIs)

The directors of the Company monitor the performance of its principal investment, Morrison Utility Services Limited, using its key performance indicators. These are set out in the annual report of Morrison Utility Services Limited (see note 14).

By order of the board,



I V Cusden

Company Secretary

13 July 2015

Registered number: 6508968

Abel Smith House
Gunnels Wood Road
Stevenage
Hertfordshire
SG1 2ST

Morrison Utility Services Holdings Limited

Directors' report for the year ended 31 March 2015

The directors present their annual report and the audited financial statements of the Company for the year ended 31 March 2015.

The results of the business for the year are considered satisfactory, as are its future prospects.

Financing and interest

The acquisition of MUSL was financed with a mixture of shareholder investment and bank finance (senior debt). The senior debt finance has been amended during the year, resulting in senior debt totalling £72.0m at the year end. This is split into 2 tranches; Facility B and Facility C. The Facility B debt of £24.0m is repayable on 31 May 2018 and the Facility C debt of £48.0m on 31 May 2019. The detail of these arrangements is set out in note 9. Financial covenants associated with the senior debt are monitored closely to ensure there is adequate covenant headroom over the life of the facilities. Interest on the senior debt, which is charged at LIBOR (London Inter Bank Offer Rate) plus a margin of between 2.75% and 3.75%, is settled in cash.

The shareholder investment is split into equity and inter-company loans. The inter-company loans are provided by Morrison Utility Services Investments Limited, the immediate holding company. These loans accrue interest at rates which reflect the cost of the borrowing to Morrison Utility Services Investments Limited. £17.0 million of the loans attract interest at a rate of LIBOR plus 10.25% per annum. £55.0 million of the loans accrue interest at a fixed rate of 16% per annum. Interest on these loans is accrued but is not paid.

In addition to these financing arrangements, the Company and its subsidiaries also have working capital and bonding facilities available with its senior debt providers amounting to £35 million. At 31 March 2015, £25.9 million (2014: £27.6 million) of these facilities were undrawn.

The net interest cost in the year amounted to £24.0 million (2014: £20.8 million), of which £2.2 million (2014: £2.3 million) relates to bank finance (senior debt).

Financial risk management

Financial risks faced by the Company include funding and interest rate risks. The Company regularly reviews these risks on an ongoing basis. The Company is exposed to interest rates based on LIBOR. There are no interest rate hedges in place after 1 April 2012 due to the low prevailing rates and the low level of net third party debt.

Taxation

The tax credit for the year is £5.1 million (2014: tax credit of £5.1 million) on losses on ordinary activities before taxation of £24.0 million (2014: £21.0 million). The analysis of the tax credit and tax reconciliation is set out in note 4 to the financial statements. The tax on loss on ordinary activities for this year reflects the group relief receivable for the surrender of taxable losses.

Going concern

The directors have prepared the financial statements on the going concern basis. This is based on the financial projections and the current expectations of the directors about the prospects of the Company and the group. Therefore, 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 received confirmation that Morrison Utility Services Investments Limited and Morrison Utility Services Limited will not require repayment of amounts due within 12 months of the date of the directors' approval of these financial statements.

Dividends

No dividends were paid in the year (2014: £nil). The directors do not recommend the payment of a dividend (2014: £nil).

Morrison Utility Services Holdings Limited

Directors' report for the year ended 31 March 2015 (continued)

Directors

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

M G Beesley
P L Eisenchteter
E A Lazarus
O Morali
C B Morrison

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year, at the date of approval of the financial statements, and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors. The costs of these are borne by a subsidiary undertaking, Morrison Utility Services Limited, and are not recharged.

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 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.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Morrison Utility Services Holdings Limited

Directors' report for the year ended 31 March 2015 (continued)

Statement of directors' responsibilities (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.

By order of the board,



I V Cusden
Company Secretary
13 July 2015

Registered number: 6508968

Abel Smith House
Gunnels Wood Road
Stevenage
Hertfordshire
SG1 2ST

Morrison Utility Services Holdings Limited

Independent Auditors' Report to the Members of Morrison Utility Services Holdings Limited

Report on the financial statements

Our opinion

In our opinion, Morrison Utility Services Holdings Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its loss for the year then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

Morrison Utility Services Holdings Limited's financial statements comprise:

- the balance sheet as at 31 March 2015;
- the profit and loss for the year then ended;
- the reconciliation of movements in shareholders' funds for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Morrison Utility Services Holdings Limited

Independent Auditors' Report to the Members of Morrison Utility Services Holdings Limited

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 4 and 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

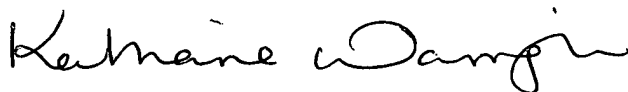
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Katharine Warrington (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
15 July 2015

Morrison Utility Services Holdings Limited

Profit and loss account for the year ended 31 March 2015

		Year ended 31 March 2015	Year ended 31 March 2014
	Note	£'000	£'000
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		-	(155)
Exceptional items	2	-	(155)
Operating loss	2	-	(155)
Interest payable and similar charges	3	(24,006)	(20,809)
Loss on ordinary activities before taxation		(24,006)	(20,964)
Tax on loss on ordinary activities	4	5,076	5,131
Loss for the financial year	12	(18,930)	(15,833)

The accompanying notes on pages 11 to 21 form part of these financial statements.

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

There are no material differences between the loss on ordinary activities before taxation and the loss for the financial years stated above and their historical cost equivalents.

Other than the loss for the financial years there are no additional gains and losses that have been recognised in the year, and therefore no separate statement of total recognised gains and losses has been presented.

Morrison Utility Services Holdings Limited

Reconciliation of movements in shareholders' funds for the year ended 31 March 2015

		Year ended 31 March 2015	Year ended 31 March 2014
	Note	£'000	£'000
Opening shareholders' funds		(72,805)	(56,972)
Loss for the financial year	12	(18,930)	(15,833)
Closing shareholders' funds		(91,735)	(72,805)

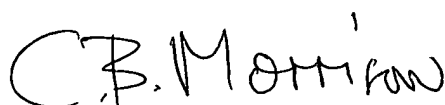
Morrison Utility Services Holdings Limited

Balance sheet as at 31 March 2015

		At 31 March 2015	At 31 March 2014
	Note	£'000	£'000
Fixed assets			
Investments	5	146,553	146,553
Current assets			
Debtors	6	36,022	30,951
Creditors: amounts falling due within one year	7	(387)	(3,654)
Net current assets		35,635	27,297
Total assets less current liabilities		182,188	173,850
Creditors: amounts falling due after more than one year 8		273,923	246,655
Capital and reserves			
Called up share capital	10	14	14
Share premium account	11	1,377	1,377
Profit and loss account	12	(93,126)	(74,196)
Total shareholders' funds		(91,735)	(72,805)
		182,188	173,850

The accompanying notes form part of these financial statements.

The financial statements on pages 8 to 21 were approved by the board of directors on 13 July 2015 and signed on its behalf by:



C B Morrison
Chief Executive Officer



M G Beesley
Chief Financial Officer

Registered number: 6508968

Morrison Utility Services Holdings Limited

Notes to the financial statements for the year ended 31 March 2015

1 Accounting policies

The principal accounting policies are summarised below:

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.

Going concern

The directors have prepared the financial statements on the going concern basis. This is based on the Company's financial projections and the current expectations of the directors about the prospects of the Company and the group. Therefore, 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 received confirmation that Morrison Utility Services Investments Limited and Morrison Utility Services Limited will not require repayment of amounts due within 12 months of the date of the directors' approval of these financial statements.

Cash flow statement

The Company is a wholly owned subsidiary and is included in the consolidated financial statements of Morrison Utility Services Group Limited at 31 March 2015. Consequently, the Company has taken the exemption in Financial Reporting Standard Number 1 (Revised 1996) 'Cash Flow Statements', not to present a cash flow as part of its financial statements.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided on timing differences arising from the different treatment for accounts and taxation purposes of events and transactions recognised in the financial statements of the current and previous years. Deferred taxation is calculated at the rates at which it is estimated that taxation will arise. Deferred tax is measured on a non-discounted basis.

Deferred taxation is not provided in respect of timing differences arising from the sale or revaluation of fixed assets unless, by the balance sheet date, a binding commitment to sell the asset has been entered into, and it is unlikely that any gain will be rolled over. Deferred taxation assets are recognised to the extent that it is regarded as more likely than not that there will be suitable taxable profits against which the deferred tax asset can be recovered in future periods.

Investments

Investments held by the Company as fixed assets are stated at cost less any provision for permanent diminution in value. Investments are reviewed for impairment at each balance sheet date to determine if there is any indication of impairment. If any such indication exists, the investment's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the investment exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

Morrison Utility Services Holdings Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

1 Accounting policies (continued)

Financial instruments

Costs that are incurred directly with the issue of a capital instrument are capitalised and amortised at a constant rate over the life of the underlying instrument.

The Company has not adopted Financial Reporting Standard Number 26 'Financial instruments: recognition and measurement' and therefore the disclosure requirements of Financial Reporting Standard Number 29 'Financial instruments: disclosures' are not applicable.

Group 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 Morrison Utility Services Group Limited, a company registered in England, copies of which can be obtained from the Company Secretary, Abel Smith House, Gunnels Wood Road, Stevenage, Hertfordshire, SG1 2ST.

2 Operating loss

The Company has no employees (2014: none). The directors are remunerated for services to the Company and its subsidiaries and the cost of £673,601 (2014: £944,455) is borne by a subsidiary undertaking, Morrison Utility Services Limited. No recharges have been made in either the current or prior year in respect of director services to the Company.

The auditors' remuneration of £6,700 (2014: £6,600) is borne by a subsidiary undertaking, Morrison Utility Services Limited, no recharges have been made in either the current or prior year.

There were no exceptional operating costs in the year (2014: £155,000 abortive transaction costs).

3 Interest payable and similar charges

	Year ended 31 March 2015	Year ended 31 March 2014
	£'000	£'000
Interest payable and similar charges		
Interest payable – senior debt	(2,170)	(2,266)
Amortisation of issue costs on senior debt	(784)	(343)
Interest payable - Group companies	(21,052)	(18,200)
Total interest payable and similar charges	(24,006)	(20,809)

Morrison Utility Services Holdings Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

4 Tax on loss on ordinary activities

	Year ended 31 March 2015	Year ended 31 March 2014
	£'000	£'000
Analysis of tax in the year		
UK Corporation tax at 21% (2014: 23%)	(5,041)	(4,786)
Adjustments in respect of prior periods	(35)	(345)
	(5,076)	(5,131)

Factors affecting tax credit for the year

The tax assessed for the year is lower than (2014: lower than) the standard rate of corporation tax in the UK 21% (2014: 23%). The differences are explained below:

Current tax reconciliation	Year ended 31 March 2015	Year ended 31 March 2014
	£'000	£'000
Loss on ordinary activities before taxation	(24,006)	(20,964)
Loss on ordinary activities multiplied by the standard UK rate of tax 21% (2014: 23%)	(5,041)	(4,822)
Effects of:		
Adjustments in respect of prior periods	(35)	(345)
Permanent differences	-	36
Current tax credit for the year	(5,076)	(5,131)

Morrison Utility Services Holdings Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

5 Investments

	At 31 March 2015	At 31 March 2014
	£'000	£'000
Cost and net book value at 31 March	146,553	146,553

This is a direct investment in Morrison Utility Services Limited (note 16). The directors believe the carrying value of the investment is supported by the underlying net assets.

6 Debtors

	At 31 March 2015	At 31 March 2014
	£'000	£'000
Amount falling due within one year:		
Amounts owed by group undertakings	1,352	1,349
Other debtors	50	58
Corporation tax group relief receivable	34,620	29,544
	36,022	30,951

Amounts owed by group undertakings accrue no interest, are unsecured and are repayable on demand.

Morrison Utility Services Holdings Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

7 Creditors: amounts falling due within one year

	At 31 March 2015	At 31 March 2014
	£'000	£'000
Debt issue costs	(532)	(320)
Bank loans and overdrafts	-	3,500
Other creditors	391	354
Accruals and deferred income	528	120
	387	3,654

8 Creditors: amounts falling due after more than one year

		At 31 March 2015	At 31 March 2014
	Note	£'000	£'000
Amounts owed to group undertakings	9	167,446	122,358
Interest owed to group undertakings	9	36,045	82,761
Bank loans and overdrafts	9	70,432	41,536
		273,923	246,655

Within the amounts owed to group undertakings £54.8 million accrues interest at LIBOR plus 10.25% per annum or a fixed rate of 16% per annum, £112.6 million accrues no interest.

Amounts owed to group undertakings accrue no interest, are unsecured and are repayable on demand.

The Group banking arrangements are secured through Group cross guarantees (see note 13).

Morrison Utility Services Holdings Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

9 Loans, other borrowings and financial instruments

	At 31 March 2015			At 31 March 2014		
	Gross out- standing	Un- amortised issue costs	Total	Gross out- standing	Un- amortised issue costs	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Senior loan A (a)	-			3,500		
Senior loan B (b)	24,000			24,000		
Senior loan C (c)	48,000			18,000		
	72,000	(2,100)	69,900	45,500	(784)	44,716
Amounts owed to group undertakings	167,446	-	167,446	122,358	-	122,358
Interest owed to group undertakings	36,045	-	36,045	82,761	-	82,761
Total loans and other borrowings	275,491	(2,100)	273,391	250,619	(784)	249,835
Less: amounts included in creditors falling due within one year	-	532	532	(3,500)	320	(3,180)
Loans and other borrowings due after more than one year	275,491	(1,568)	273,923	247,119	(464)	246,655

Morrison Utility Services Holdings Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

9 Loans, other borrowings and financial instruments (continued)

The senior loan was updated in March 2015 and the maturity of the facilities extended. This resulted in Senior facility loan A being fully repaid, and an additional amount of Senior facility loan C being advanced. The revised outstanding loans, maturity dates and interest rates are shown below:

- (a) Senior facility loan A – fully repaid during the year.
- (b) Senior facility loan B - this loan was fully drawn throughout the year and is repayable on 31 May 2018. The loan bears interest at LIBOR plus a margin of between 2.75% and 3.25%.
- (c) Senior facility loan C – £18.0m of this loan was drawn throughout the year and a further £30.0m was drawn in March 2015. The loan is repayable on 31 May 2019. The loan bears interest at LIBOR plus a margin of between 3.25% and 3.75%.
- (d) There are no interest rate swaps in place.

LIBOR is the London Inter Bank Offer Rate.

The Group banking arrangements are secured through Group cross guarantees (see note 13).

Morrison Utility Services Holdings Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

9 Loans, other borrowings and financial instruments (continued)

Maturity analysis of financial liabilities

The maturity profile of the carrying amount of the Company's liabilities at 31 March was as follows:

	2015			2014		
	Senior loans	Internal loans and interest	Total	Senior loans	Internal loans and interest	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Within one year	-	-	-	3,500	-	3,500
Between one and two years	-	-	-	-	-	-
Between two and five years	72,000	203,491	275,491	42,000	205,119	247,119
After five years	-	-	-	-	-	-
Total gross payments	72,000	203,491	275,491	45,500	205,119	250,619
Deferred issue costs – less than one year	(532)	-	(532)	(320)	-	(320)
Deferred issue costs – between one and two years	(532)	-	(532)	(309)	-	(309)
Deferred issue costs – between two and five years	(1,036)	-	(1,036)	(155)	-	(155)
Deferred issue costs – after five years	-	-	-	-	-	-
At 31 March	69,900	203,491	273,391	44,716	205,119	249,835

The amortisation of issue costs is included in financial expense within the interest charge.

Morrison Utility Services Holdings Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

9 Loans, other borrowings and financial instruments (continued)

The current and long term borrowings can be analysed as follows:

	2015			2014		
	Creditors: amounts falling due within one year	Creditors: amounts falling due after more than one year	Total	Creditors: amounts falling due within one year	Creditors: amounts falling due after more than one year	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Amounts owed	-	72,000	72,000	3,500	42,000	45,500
Debt issue costs	(532)	(1,568)	(2,100)	(320)	(464)	(784)
Amounts owed to group undertakings	-	167,446	167,446	-	122,358	122,358
Interest owed to group undertakings	-	36,045	36,045	-	82,761	82,761
	(532)	273,923	273,391	3,180	246,655	249,835

Borrowing facilities

Following the amendment and extension of the financing facility (see note 9), the Company has a committed facility of £35.0m which may be used as a borrowing facility or a bonding facility. This facility matures on 31 May 2018. This bears interest at LIBOR plus a margin of between 2.00% and 2.75% (2014: £15.0 borrowing facility, £30.0m bonding facility). At 31 March 2015, the borrowing facility was undrawn, and the drawn bonding facility was £9.1m (2014: borrowing facility unused, drawn bonding facility was £12.6m).

Management of financial risk

Financial risks faced by the Company include funding and interest rate risk. The Company regularly reviews these risks on an ongoing basis.

Borrowing covenants

The Company monitors compliance against all financial obligations and against the covenant restrictions in place. The principal covenants relate to financial ratios covering gearing, interest cover and profitability.

Morrison Utility Services Holdings Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

10 Called up share capital

	At 31 March 2015	At 31 March 2014
	£'000	£'000
Allotted and fully paid share capital is as follows:		
1,391,227 (2014: 1,391,227) ordinary shares of £0.01 each	14	14

11 Share premium account

	At 31 March 2015	At 31 March 2014
	£'000	£'000
At the end of year	1,377	1,377

12 Profit and loss account

	31 March 2015	31 March 2014
	£'000	£'000
Loss brought forward	(74,196)	(58,363)
Loss for the financial year	(18,930)	(15,833)
At the end of year	(93,126)	(74,196)

13 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 of the Company under this arrangement at 31 March 2015 was £nil (2014: £nil).

Morrison Utility Services Holdings Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

14 Ultimate parent undertaking and controlling party

At 31 March 2015, the Company's immediate parent undertaking was Morrison Utility Services Investments Limited, a company registered in England and Wales.

The ultimate parent undertaking and controlling party is Morrison Utility Services Group Limited, a company incorporated in England and Wales. Morrison Utility Services Group Limited is the parent undertaking of the smallest group to consolidate these financial statements. Copies of Morrison Utility Services Group Limited consolidated financial statements can be obtained from the Company secretary at Abel Smith House, Gunnels Wood Road, Stevenage, Hertfordshire, SG1 2ST.

15 Related party transactions

The Company has taken advantage of the exemption under Financial Reporting Standard Number 8 'Related Party Disclosures', and has not disclosed transactions with entities that are part of the Morrison Utility Services Group Limited Group, where 100% of the voting rights of these entities are controlled within the group.

16 Principal subsidiary undertaking

The Company's principal subsidiary undertakings at 31 March 2015 (set out below) are wholly owned subsidiaries, 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 2015	Principal business
Morrison Utility Services Limited	England	100%	Utility contracting
Morrison Utility Technologies Limited	England	* 100%	Technology services
Morrison Utility Plant Services Limited	England	* 100%	Plant services
Pipe Restoration Services Limited	England	* 50%	Pipe restoration services

* Not a direct subsidiary of Morrison Utility Services Holdings Limited.