Morrison Energy Services (Transmission Networks) Limited

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

Registered number 00245626

Morrison Energy Services (Transmission Networks) Limited

Contents

Morrison Energy Services (Transmission Networks) Limited

Company information

Directors	S Best A R Findlay C Keen A Loosveld D G Maddocks D Smith J Yarr
Company secretary	I Evans
Registered office	Abel Smith House Gunnels Wood Road Stevenage Hertfordshire SG1 2ST
Registered number	00245626
Statutory auditor	Deloitte LLP 1 New Street Square London United Kingdom EC4A 3HQ

Morrison Energy Services (Transmission Networks) Limited

Strategic report
for the year ended 31 March 2023

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

Principal activities

The principal activity of the Company is in the overhead lines sector. It provides services in industries which includes power transmission and power distribution.

The Company build, maintain and upgrade critical overhead power line infrastructure up to 400kV for national clients; National Grid, Scottish Power and National Grid Electricity Distribution, delivering a full turnkey overhead line service from design and project management through to delivery.

We are a trusted long-term partner to the UK's largest Transmission Network Operators whilst also supporting the Distribution Network Operator market.

Review of the business and future developments

The turnover for the year ended 31 March 2023 was £83.6m (2022: £81.8m) an increase of £1.8m or 2.2%. This improvement was purely a result of contract timings with additional work for National Grid, Scottish Power and National Grid Electricity Distribution falling into this financial year.

The net assets as at 31 March 2023 were £13.5m (2022: £7.0m)

Tenders won for the business mean a substantially full order book for the coming years, with the focus already on the pipeline for FY25 and beyond.

Longer term the business is well placed to benefit from the significant opportunity that could materialise as the government target to generate 50GW of power from offshore wind turbines by 2030 which will require connection into the National Grid.

Key performance indicators (KPIs)

The Board monitors progress on the overall Company strategy and trading by reference to KPIs, the principle measures being turnover, EBITDA (earnings before interest, tax, depreciation and amortisation), operating profit, order book, cash flow and accident frequency rate. These are set out in the annual report and consolidated financial statements of M Group Services Limited. See also the Review of the business above.

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

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Operating profit	**8,284**	5,233
Depreciation on tangible assets (Note 11)	**917**	993
Exceptional items	**-**	178
EBITDA	**9,201**	6,404

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

Principal risks and uncertainties

Economic conditions

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

Business interruption

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

Economic regulation

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

Contract renewals

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

Skills shortages

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

Reliance on supply chain

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

Principal risks and uncertainties (continued)

Health and safety

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

New Business

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

Section 172 statement

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

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

Stakeholders engagement

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

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

People

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

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

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

Stakeholders engagement (continued)

Clients

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

Suppliers and subcontractors

Dialogue with suppliers and subcontractors is important to mitigate supply chain risk and to ensure we have access to the most cost effective and reliable products and services. During the year we worked closely with our supply chain to ensure we can meet our business requirements in a sustainable way. Our code of conduct sets out clear standards regarding our ways of working with our supply chain. Having key account support and face-to-face meetings helps to build trust and long term relationships which is beneficial to both parties.

Communities and the Environment

The Company is signed up to the Armed Forces Covenant, demonstrating our support for the Armed Forces Community. Our participation demonstrates that we recognise the values serving personnel (including reservists), Veterans and military families can bring to our business. This commitment also encourages us to work with partners such as the Career Transition Partnership (the official Ministry of Defence provider of Armed Forces resettlement support) who provide employment opportunities for those leaving the Services.

We are committed to minimising our environmental impact, promoting good environmental practice across all our operations. Refer to the Environmental section of the Director's Report on page 9.

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. Shareholders are represented on the Board of Directors of Minerva Equity Limited. Strategic direction and regular monitoring and reporting of financial and operational information is discussed in these meetings.

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

Lenders

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

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

Morrison Energy Services (Transmission Networks) Limited

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

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

On behalf of the board,

Simo Best

S Best
Director
28 July 2023

Registered Number: 00245626

Abel Smith House
Gunnels Wood Road
Stevenage
Hertfordshire
SG1 2ST

Directors' report
for the year ended 31 March 2023

The Directors present their annual report together with the financial statements for the year ended 31 March 2023.

Information disclosed within the Strategic report

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

Dividends

No ordinary interim dividends were paid in the year (2022: £31.8m). The directors do not recommend the payment of a dividend (2022: £nil).

Directors

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

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

Third party indemnity

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

Going concern

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

As at 31 March 2023 the Company had net current assets of £8.6m (2022: £1.4m) and net assets of £13.5m (2022: £7.0m).

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

Accordingly, based on the Company's financial projections and the current expectations of the Directors about the prospects of the Company, the financial statements have been prepared on the going concern basis.

Financial risk management objectives and policies

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

Liquidity risk

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

Market risk

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

Credit risk

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

Employee engagement

Our statement describing how the Board has had regard to the matters set out in section 172 (1) (a) to (f) of the Companies Act 2006 when performing its duty under section 172 is set out on pages 4 to 5. Employees are kept informed on matters affecting them. The Company communicates through regular briefings, presentations, electronic mailings, an intranet and the wide circulation of publications, to achieve awareness of all employees in relation to the financial and economic factors that affect the performance of the Company. Reward and recognition schemes are in place to encourage participation in the Company's performance, highlight the achievements and successes of our people and to thank them for their hard work and dedication. Employees are encouraged to participate in a confidential opinion survey carried out annually.

Disabled Employees

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

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

Modern Slavery and Human Rights

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

Stakeholders engagement – Other stakeholders

Based on our engagement with and feedback from stakeholders, we factor their views into the decision making of the Board. Our statement describing how the Board has had regard to the matters set out in section 172 (1) (a) to (f) of the Companies Act 2006 when performing its duty under section 172 is set out on pages 4 and 5.

Environmental

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

Statement of directors' responsibilities

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

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

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

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.

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

Statement of disclosure of information to auditor

In the case of each director in office at the date the Directors' Report is approved:

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

Auditor

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

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

On behalf of the board,

Simo Best

S Best
Director
28 July 2023

Registered number: 00245626

Abel Smith House
Gunnels Wood Road
Stevenage
Hertfordshire
SG1 2ST

Independent auditor's report to the members of Morrison Energy Services (Transmission Networks) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Morrison Energy Services (Transmission Networks) Limited (the 'company'):

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

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 24.

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.

Independent auditor's report to the members of Morrison Energy Services (Transmission Networks) Limited (continued)

Other information

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

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

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

Independent auditor's report to the members of Morrison Energy Services (Transmission Networks) Limited (continued)

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

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

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

- The judgements and estimates involved in accounting for different aspects of revenue contracts:
    - Reviewing and challenging the calculation of judgment and estimation involved in revenue recognition on significant contracts and evaluating the arithmetical accuracy of the workings provided by management;
    - Obtaining supporting documents for revenue recognised and verifying it to the customer acknowledgements and approvals, including payment certificates and approvals of any cost variations; and
    - Evaluating the contract stage of completion and assessing the accuracy of management estimation of cost to complete.

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 in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Independent auditor's report to the members of Morrison Energy Services (Transmission Networks) Limited (continued)

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:

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

We have nothing to report in respect of these matters.

Use of our report

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

Kate Darlison

Kate Darlison, FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

28 July 2023

Morrison Energy Services (Transmission Networks) Limited

Statement of comprehensive income for the year ended 31 March 2023

	Notes	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Turnover	5	**83,570**	81,769
Cost of sales		**(71,645)**	(72,278)
Gross profit		**11,925**	9,491
Administrative expenses		**(3,641)**	(4,258)
EBITDA		**9,201**	6,404
Exceptional items	6	**-**	(178)
Depreciation	6,11	**(917)**	(993)
Operating profit		**8,284**	5,233
Interest payable and similar expenses	8	**(2)**	(166)
Profit before taxation	6	**8,282**	5,067
Tax on profit	9	**(1,778)**	(748)
Profit for the financial year		**6,504**	4,319
Other comprehensive income		**-**	-
Total comprehensive income for the financial year		**6,504**	4,319

The accompanying notes on pages 18 to 33 form part of these financial statements.

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

Morrison Energy Services (Transmission Networks) Limited

Balance sheet
As at 31 March 2023

	Notes	At 31 March 2023 £'000	At 31 March 2022 £'000
Fixed assets			
Tangible assets	11	**5,309**	5,472
Debtors: amounts falling due after more than one year	12	**827**	1,340
		6,136	8,812
Current assets			
Stocks	13	**-**	37
Debtors	14	**10,971**	17,927
Cash at bank and in hand		**25,740**	3,655
		36,711	21,619
Creditors: amounts falling due within one year	15	**(28,143)**	(20,258)
Net current assets		**8,568**	1,361
Total assets less current liabilities		**14,704**	10,173
Provisions for liabilities	16,17	**(1,156)**	(1,129)
Net assets		**13,548**	7,044
Capital and reserves			
Called up share capital	18	**2,519**	2,519
Share premium account		**1,269**	1,269
Other reserves		**1,342**	1,342
Profit and loss account		**8,418**	1,914
Shareholders' funds		**13,548**	7,044

The notes on pages 18 to 33 are an integral part of these financial statements

The financial statements on pages 15 to 33 were approved and authorised for issue by the board of directors on 22 July 2023 and signed on its behalf by:

S Best
Director
28 July 2023

D Smith
Director

Registered Number: 00245626

Morrison Energy Services (Transmission Networks) Limited

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

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Shareholders' funds
	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2021	**2,519**	**1,269**	**1,342**	**29,444**	**34,574**
Profit and total comprehensive income for the financial year	-	-	-	4,319	4,319
Dividends paid (Note 10)	-	-	-	(31,849)	(31,849)
Balance as at 31 March 2022	**2,519**	**1,269**	**1,342**	**1,914**	**7,044**
Profit and total comprehensive income for the financial year	-	-	-	6,504	6,504
Balance as at 31 March 2023	**2,519**	**1,269**	**1,342**	**8,418**	**13,548**

The notes on pages 18 to 33 form part of these financial statements.

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

1 General information

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

2 Statement of compliance

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

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the current year and prior year presented.

Basis of accounting

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

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

Going concern

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

As at 31 March 2023 the Company had net current assets of £8.6m (2022: £1.4m) and net assets of £13.5m (2022: £7.0m).

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

Accordingly, based on the Company's financial projections and the current expectations of the Directors about the prospects of the Company, the financial statements have been prepared on the going concern basis.

3 Summary of significant accounting policies (continued)

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

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

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

Exceptional items

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

Foreign currencies

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

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

a) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be reliably measured and recovery of consideration is considered probable.

b) Sale of services

Revenue from services rendered is recognised by reference to the stage of completion of the transaction. The provision of services over a long-term period are accounted for under the principles of construction contracts, and the revenue recognised as set out below. In a limited number of contracts where performance and revenue are measured annually the revenue and costs are similarly recognised over the course of the year.

c) Long-term service contracts

Revenue from long-term service contracts is recognised by reference to the stage of completion of the contract. The stage of completion is determined according to the nature of the specific contracts.

3 Summary of significant accounting policies (continued)

Revenue recognition (continued)

Methods used to assess the stage of completion include incurred costs as a proportion of total costs; labour hours incurred or earned value of work performed.

The profit element of the revenue attributable to a contract is recognised if the final outcome can be reliably assessed. In order to assess the likely outcome of a contract a full estimated cost of completion is produced which will assess risks and opportunities including cost rates, time, volume and performance for the contract and apply a probability to these being released. As time elapses, these risks and opportunities will become more predictable. Risks and opportunities will vary dependent on the terms of each contract and the commercial environment of each market. Where certain contracts have pain/gain share arrangements, whereby target costs under/over spends are shared with the customer, these sharing arrangements are included in assessing the overall contract outturn and the expected profit.

Any expected loss on a contract is recognised immediately in the income statement.

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

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

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the period 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.

3 Summary of significant accounting policies (continued)

Taxation (continued)

Deferred tax (continued)

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.

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.

Depreciation and residual values

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

The expected useful lives used are principally as follows:

Plant and equipment	-	1 - 15 years
Leasehold property	-	Remaining life of the lease

Derecognition

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

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.

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.

A dilapidations provision is recognised for the costs of restoring properties to their original state at the completion of the lease term.

3 Summary of significant accounting policies (continued)

Provisions and contingencies

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 the profit and loss account.

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

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

Financial liabilities

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

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

Financial instruments (continued)

Financial liabilities (continued)

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period to which it relates.

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

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

Offsetting

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

Share capital

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

Distributions to equity holders

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

Related party transactions

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

4 Critical accounting judgements and estimation uncertainty

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

Critical judgements in applying the entity's accounting policies

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

Critical accounting estimates and assumptions

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

4 Critical accounting judgements and estimation uncertainty (continued)

Other areas of judgement and accounting estimates

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

The other areas of judgement and accounting estimates are:

Amounts recoverable on contract

The Group provides support services to blue-chip clients in the infrastructure sectors in the UK and typically via framework contracts. Consistent with its revenue recognition policy, the Group makes an estimate of the recoverable value and makes a provision for any known or anticipated losses. See note 14 for the net carrying amount of amounts recoverable on contracts.

Revenue recognition

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

5 Turnover

The Company had one class of business in the overhead lines sector. All turnover relates to activities in the United Kingdom.

6 Profit before taxation

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Profit before taxation is stated after charging:		
Depreciation	**917**	993
Loss on sale of tangible fixed assets	**103**	34
Operating lease rentals	**913**	2,084
Exceptional items	**-**	178
Services provided by the Company's auditor		
Fees payable to the Company's auditor for the audit of the financial statements	**64**	82

Exceptional items for the year ended 31 March 2023 are £Nil (2022: £178,000). Exceptional items for the year ended 31 March 2022 relates to the write off of an insurance payment which was due, however at completion of sale of the Company to M Group Services it held no value.

7 Employees and directors

The aggregate remuneration comprised:	**Year ended 31 March 2023**	Year ended 31 March 2022
	£'000	£'000
Wages and salaries	**22,067**	19,081
Social security costs	**2,290**	2,033
Other pension costs	**777**	832
Staff costs	**25,134**	21,946

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

	Year ended 31 March 2023	Year ended 31 March 2022
	Number	Number
Management and supervisory	**30**	32
Operational staff employed	**301**	304
	331	336

Directors' remuneration	**Year ended 31 March 2023**	Year ended 31 March 2022
	£'000	£'000
Emoluments	**277**	124
Pension contributions	**41**	33
	318	157
Highest paid director		
Total emoluments	**277**	151
Pension contributions	**41**	17
	318	168

Retirement benefits are accruing to one director (2022: one) under a defined contribution pension scheme.

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

8 Interest payable and similar expenses

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Interest payable and similar expenses		
Loan interest payable to group undertakings	-	98
Bank interest	2	9
Provision interest unwind	-	59
Total interest payable and similar expenses	2	166

9 Tax on profit

Tax charge included in statement of comprehensive income	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Current tax:		
UK Corporation tax on profit for the year	1,613	927
Adjustments in respect of previous periods	(331)	-
Total current tax charge	1,282	927
Deferred tax:		
Origination and reversal of timing differences	(29)	49
Adjustments in respect of previous periods	417	(149)
Effect of changes in tax rates	108	(79)
Total deferred tax charge/(credit)	496	(179)
Tax on profit	1,778	748

9 Tax on profit (continued)

Reconciliation of tax charge

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

	Year to 31 March 2023	Year to 31 March 2022
	£'000	£'000
Profit before taxation	**8,282**	5,067
Profit before taxation multiplied by the standard UK rate of tax 19% (2022: 19%)	**1,574**	963
Effects of:		
Items not deductible for tax purposes	**11**	13
Effect of changes in tax rates	**107**	(79)
Adjustments in respect of prior years	**86**	(149)
Total tax charge for the year	**1,778**	748

Factors that may affect future tax charges

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

10 Dividends

	Year to 31 March 2023	Year to31 March 2022
	£'000	£'000
Dividends declared on equity capital of £3.16 per ordinary share	**-**	31,849

In the prior year an interim dividend was declared to Babcock Support Services (Investments) Limited, settled against outstanding amounts owed by group undertakings before the Company's share capital was acquired by MGS Energy Limited.

11 Tangible assets

	Land and buildings leasehold	Plant and machinery	Total
Cost	**£'000**	**£'000**	**£'000**
At 1 April 2022	**852**	**19,378**	**20,230**
Additions	-	858	858
Disposals	(5)	(2,017)	(2,022)
At 31 March 2023	**847**	**18,219**	**19,066**
Accumulated depreciation			
At 1 April 2022	**706**	**14,052**	**14,758**
Charge for the year	57	860	917
Disposals	(5)	(1,913)	(1,918)
At 31 March 2023	**758**	**12,999**	**13,757**
Net book value at 31 March 2023	**89**	**5,220**	**5,309**
Net book value at 31 March 2022	146	5,326	5,472

The £89k (2022: £146k) net book value in respect of Land and Buildings are made up completely of leasehold buildings, all of which are short term leaseholds. This is consistent with prior year as there have been no additions to buildings in the year.

12 Debtors: amounts falling due after more than one year

	At 31 March 2023	At 31 March 2022
	£'000	£'000
Retention on contracts	**827**	1,340

13 Stocks

	At 31 March 2023	At 31 March 2022
	£'000	£'000
Finished goods and goods for resale	**-**	37

There is no material difference between the balance sheet value of stocks and their replacement cost. The cost of stocks recognised as an expense in the year amounted to £nil (2022: £180,000). This is included within cost of sales.

14 Debtors

	At 31 March 2023	At 31 March 2022
Amounts falling due within one year:	**£'000**	£'000
Trade debtors	**8,785**	8,736
Amounts recoverable on contracts	**1,850**	8,366
Deferred tax asset (Note 16)	**-**	456
Amounts owed by group undertakings	**187**	278
Other debtors	**17**	18
Prepayments and accrued income	**132**	73
	10,971	17,927

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

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

15 Creditors: amounts falling due within one year

	At 31 March 2023	At 31 March 2022
	£'000	£'000
Trade creditors	997	4,010
Amounts owed to group undertakings	1,169	-
Other taxation and social security	649	542
Corporation tax	2,039	917
VAT Liability	3,415	1,643
Other creditors	626	145
Deferred Income	8,383	5,189
Accruals	10,865	7,812
	28,143	20,258

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

16 Provisions for liabilities

	Deferred tax	Dilapidation provision	Total
	£'000	£'000	£'000
Opening balance - asset/(liability)	456	(1,129)	
Additional provisions	(496)	(66)	
Provisions utilised	-	79	79
At 31 March 2023	**(40)**	**(1,116)**	**(1,156)**

Dilapidations provision relates to dilapidation costs at the end of the tenancy at Newton in 2026 and Lugano in 2024. For deferred tax, please see note 17.

17 Deferred taxation

	Year to 31 March 2023	Year to 31 March 2022
	£'000	£'000
Brought forward at 1 April	**456**	277
Deferred tax charged to profit and loss	**(79)**	30
Adjustment in respect of prior year	**(417)**	149
Deferred tax (liability)/asset (Notes 14 and 16)	(40)	456

The major components of the deferred tax assets and liabilities are recorded are as follows:

	At 31 March 2023	At 31 March 2022
	£'000	£'000
Fixed asset timing differences	**(168)**	207
Short term timing differences	**128**	249
Total deferred tax (liability)/asset	**(40)**	456

The amount of deferred tax expected to be reversed in the next 12 months is £nil (2022: £456k)

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

18 Called up share capital and other reserves

	At 31 March 2023 £'000	At 31 March 2022 £'000
Allotted and fully paid share capital		
10,076,900 (2022: 10,076,900) ordinary shares of 25p each	**2,519**	2,519

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

The share premium reserve contains the premium arising on issues of equity shares, net of issue expenses.

19 Capital commitments

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

Payments due	At 31 March 2023 £'000	At 31 March 2022 £'000
Within one year	**671**	464
Between one and five years	**492**	951
	1,163	1,415

20 Contingent liabilities

There exist cross guarantees under a group banking arrangement whereby certain group companies have guaranteed the liabilities of other group companies to their clearing banks. Net indebtedness under this arrangement at 31 March 2023 was £nil (2022: £nil). Group bank debt is disclosed in the accounts of Minerva Equity Limited.

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

21 Pension and similar obligations

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:

	At 31 March 2023	At 31 March 2022
	£'000	£'000
Current year contributions	**777**	832

Contributions amounting to £206,000 (2022: £138,000) were outstanding at the year end.

22 Related party transactions

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 M Group Services Limited group, where 100% of the voting rights of these entities are controlled within the group.

23 Controlling parties

At 31 March 2023, the Company's immediate parent undertaking was MGS Energy 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 M Group Services Limited and Minerva Equity Limited consolidated financial statements can be obtained from the Company Secretary at Abel Smith House, Gunnels Wood Road, Stevenage, Hertfordshire, SG1 2ST, where both companies are registered.

24 Post balance sheet event

There were no post balance sheet events.