M Group Services Limited

Annual report and financial statements

for the year ended 31 March 2024

Registered number: 10260164

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Group information

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Chief Executive’s review

Introduction

I am pleased to present the annual report for M Group Services Limited Group (“M Group Services”) which provides design, install, maintain and support services to the essential infrastructure markets in the UK and Ireland, including:

- Energy – Infrastructure, Retail and Regulated Home Decarbonisation;
- Water – Clean water, Wastewater and MEICAT services (mechanical, electrical, instrumentation, control, automation and telemetry);
- Telecoms – Fixed, Mobile and Private Networks; and
- Transport – Rail, Aviation and Highways.

Strategic Development

The strategy of the Group remains to grow both organically and through acquisition, I am pleased to confirm that the Group has made good progress. Organically the Group has been successful in securing new framework contracts with both existing and new clients, and in extending existing contracts. The Group had an orderbook (including extensions) (1) of £6.4 billion at 31 March 2024 (2023: £6.9 billion). Orderbook coverage for FY25 at 31 March 2024 was circa 80%, before including further orders won and in the process of being formalised. The order book remains strong and gives the Group significant coverage for the FY25 Budget.

Our strategy of seeking value-enhancing, bolt-on acquisitions to expand into adjacent, addressable markets has also continued this year, whilst continuing to embed prior year acquisitions. This is enabling us to both broaden our capabilities within the sectors in which we currently operate, and to extend our service offering into new markets.

On 22 December 2023 the Group acquired the majority shareholding of Agility Impact Holdings Limited, the parent company of Agility Eco Service Limited (known as Agility Eco). Agility Eco is a leading player in the regulated home decarbonisation, fuel poverty and energy efficiency sector, and works with energy providers, local authorities and other organisations to provide home decarbonisation services at scale delivering energy efficiency, reduced utility bills and supporting vulnerable customers. The company supports the transition to greener homes, helping to meet the UK’s net zero target. The Group is in active discussions regarding a number of other potential strategic acquisitions.

Financial performance

Turnover for the year was £2.2 billion (2023: £1.8 billion) and EBITDA before exceptional and non-recurring items (2) was £129.7 million (2023: £113.4 million) reflecting a strong trading performance. EBITDA before exceptional items was £119.7 million (2023: £104.7 million).

Cash generation has continued to be in line with our expectations, reflecting a focus on working capital management throughout the Group. This allowed the Group to fund 100% of the acquisition of Agility Eco with its own cash.

(1) The secured Order Book represents the expected future revenue to be recognised where signed contracts are in place with customers. Where further contracts have been awarded to M Group companies, these are only added to the Order Book once contracts have been signed. Many contracts have extension terms beyond the initial term. These are included in the Order Book only where there is the option for both parties to mutually agree to additional work without going to a competitive tender process, and where we expect to extend. Where extension clauses are not in place, but there is the option to tender for renewals beyond the initial term, these are not included in the Order Book until we have been awarded the additional work and signed contracts are in place.

(2) Refer to page 14 for the definition and explanation of EBITDA before exceptional items, EBITDA before exceptional items and non-recurring items and EBITDA before exceptional items and non-recurring items margin. The reconciliation of these can be seen on page 15.

Chief Executive's review (continued)

Financial performance (continued)

The financial review on pages 12 to 17 summarises our financial performance in more detail.

Operational performance and business development

The Group's businesses typically operate under long-term framework contracts secured in regulated markets for asset owners and operators such as Thames Water, Yorkshire Water, Welsh Water, National Grid, Network Rail, Heathrow Airport, EON, British Gas, EDF, Openreach and Virgin Media. We take pride in having long standing relationships with our clients and aim to ensure that we invest in our contracts and business relationships to deliver an excellent service to our clients and to our clients' customers.

Each market facing division has made good progress in developing new business for the Group during the year. The key orderbook developments in each division are summarised below.

In addition, the Group operates M Group Services Plant & Fleet Solutions (MGSPFS) which supports the market-facing divisions by providing a 'one-stop shop' for provision of plant and fleet (both owned and hired), vehicle leases and rental, and all associated activities. The focus of MGSPFS is to optimise the utilisation of all items of plant and fleet across all divisions. MGSPFS operates from two hubs in Castleford and Stevenage and provides regional support from a further six locations across the UK.

Energy

The Energy Division provides essential services across the Energy Infrastructure and Retail market segments in the United Kingdom. The structure of the Division's services comprise of metering, distribution and connections, electricity transmission, Electrical Vehicle (EV) and more recently home decarbonisation. Within the year, the Energy Division has expanded into the regulated home decarbonisation, fuel poverty and energy efficiency sector with the acquisition of Agility Eco. See Note 34.

Divisional turnover was £466.4 million (2023: £414.1 million), an increase of £52.3 million (12.6%). Agility Eco contributed £21.8 million in the period post-acquisition. The organic growth in the division was predominantly driven by: growth in the electricity transmission and gas transmission sectors, as we strategically expanded in this growing market segment; growth in renewable connections projects as we establish ourselves as a key contractor in this market and; stronger positioning of our meter installation service offerings as the market consolidates and moves towards maintaining the existing smart meter estate and continue to build our position as a key supplier to the Electrical Vehicle (EV) market, with a focus set on building our relationship with key EV network providers. Turnover in the current year was impacted by a charge of £9.2m in respect of a correction in the accounting for the J1M Joint Arrangement, with an equal and opposite cost and no profit impact.

The Division is well positioned to benefit from increased investment in the net-zero segment, with an immediate focus on distributed generation and EV charging opportunities, which in turn are driving demand for investment to reinforce the electricity transmission network. We will continue to selectively tender in any of the emerging infrastructure areas where we have the required skills to be successful.

The Division strengthened its capabilities in the provision of retail services through the acquisition of the majority shareholding of Agility Eco Limited on 22nd December 2023 for a total cash consideration of £59.2 million, providing new opportunities to further develop the Division's long-term client relationships in the energy sector. See Note 34 in the Notes to the financial statements. This acquisition allows us to deliver essential services to our existing energy and local authority clients, enabling them to meet their regulatory obligations and support the delivery of their ambitious decarbonisation agendas.

We continued to develop organically across the Division, building on the successful start of projects including the conversion of Affinity and Southern Water meter reading areas to our combined energy and water meter reading platform. This has been complimented by further efficiencies utilising AI to optimise field operations.

Chief Executive's review (continued)

Energy (continued)

We continue to develop our relationship with existing clients and successfully achieving framework renewal with UKPN and an extension to key contracts with British Gas. The Division also continues to be focused on securing essential and, where available, renewable connections, electric vehicle charging and home decarbonisation sales pipelines; and has successfully negotiated contracts with British Gas and OVO for Market-wide Half-Hourly Services (a legislative requirement to settle all meter accounts on a half-hourly basis by April 2026), and we have positioned ourselves as a key player in the future National Grid Great Grid Upgrade Project.

The above is achieved because we understand the importance of supporting our customers who are driven by regulatory requirements, as well as their own desire to do the right thing, for all consumers including those whose circumstances make them vulnerable. We, with customers, continually monitor the evolving and complex consumer landscape across our contracts to ensure we meet consumers' current and emerging needs. This has enabled us to truly understand that the diverse consumer and community base we serve has different needs, and that it's essential we flex the service we provide.

Water

The Water Division provides a range of essential infrastructure services to support clients deliver water supply, clean water and wastewater resilience projects for water companies in the UK.

Our services include the repair and maintenance of network infrastructure, diversions, connections, and new infrastructure associated with new developments, smart meter installations, and capital projects as part of investment programmes to renew and refurbish a broad range of critical water and wastewater assets, both above and below ground. In addition, we increasingly offer specialist services through our mechanical, electrical, instrumentation, control, automation and telemetry (MEICAT) capabilities, including asset inspection, health and test surveys, alongside design and build solutions throughout the UK.

Divisional turnover was £575.4 million (2023: £475.8 million), an increase of £99.6 million (20.9%). The division continued to secure a wide range of projects through its existing long-term frameworks portfolio with clients including: Thames Water, Scottish Water, Yorkshire Water, Anglian Water, Southern Water, Welsh Water and United Utilities as well as select adjacent market clients such as Uniper and Transport for London.

The Division has experienced growth across a variety of frameworks such as Yorkshire Water and Thames Water on smart water metering and infrastructure capital projects through secured frameworks. We also delivered projects relating to asset resilience and environmental improvements, that include tackling issues associated with reducing waste discharges to the environment, this being a major investment driver in the next five-year regulatory period.

During the period, due to our strong performance over the last two years, we concluded negotiations with Yorkshire Water and were awarded the expansion of our metering and, repair and maintenance framework, such that it now covers the whole of their operating area. This three-year contract also has a further two-year extension option beyond the current initial term. We also secured a three-year extension of the capital framework in Yorkshire.

We secured an extension agreement with Welsh Water, to continue to deliver a framework that encompasses a broad range of services on their water supply network and maintenance support for wastewater in North Wales, through to March 2025.

The successful award of three new frameworks with Thames Water for Developer Services and associated infrastructure projects commenced at the start of this year creating overall growth with Thames Water.

Our MEICAT businesses in the division progressed well during the period with further growth in ID Systems through their secured Scottish Water specialist frameworks, PMP Utilities through select clients with aqueduct repairs for United Utilities and an increased demand for their mechanical engineering services with Scottish Water and Yorkshire Water.

Chief Executive's review (continued)

Water (continued)

Z-Tech further grew their frameworks across both the water & energy markets, additionally securing several new frameworks with United Utilities, including one associated with digital monitoring services. Southern Water awarded two key frameworks that include instrumentation control and automation and, mechanical and electrical services. In line with our strategy to grow in the adjacent energy market we were awarded new frameworks with National Transmission Gas and RWE power.

Across the division, clients have been further drawing upon our capabilities in wastewater to help them address the challenges faced in the UK associated with environmental pollution. We expect this demand to grow in the long term especially through the next five-year regulatory period in England and Wales. In a similar way, demand for these skills is also being experienced in Scotland, as they face similar environmental and climate adaptation challenges.

On 20th September the division made a strategic decision to divest the Industrial Water Jetting Systems (IWJS) business as the capital-intensive jetting and tankering business did not fit in with the long-term plans of the Division. This resulted in a loss on disposal of £3.4 million included in exceptional items (Note 9). During the year the Group has reversed provisions previously recognised related to contracts that were accounted for prior to the disposal of the business which include £6.0 million related to onerous contracts and £1.1 million of redundancy provision (Note 9). Also included in exceptional items, were £19.7 million (2023: £7.4 million) of costs related to a provision for remedial work on a pipeline that developed damage after installation. The Group is actively seeking to recover through contract claims.

Telecom

The Telecom Division provides essential services across the fixed, mobile and private network market segments, delivering infrastructure design, build, repair, maintenance and technology services.

We are engaged in the large-scale deployment of new fibre networks in urban and rural environments with key asset owners Openreach and VMO2, along with some of the more established alternative network operators. We compliment the fibre network build programmes by providing integration and maintenance services, new connections and technology services to our main clients.

Divisional turnover was £542.1 million (2023: £447.5 million), an increase of £94.6 million (21.1%), reflecting the continued growth in fibre network build and maintenance activities along with strategic contract wins across a number of key clients. We expect further growth for the Division in line with the continued deployment of fibre to the premise, 5G mobile expansion and other private network programmes for the utilities and transport sectors.

We work with private telecom network clients and utilities companies to design, build, maintain and operate the running of their operational telecom assets. We support them with solutions that enable the migration towards net-zero through long term strategic supply agreements.

We continue to support the three main mobile network operators in the rollout of 5G and other network upgrade programmes. Our full scope delivers acquisition, design and construction services alongside specific network installation and commissioning services for technology solutions.

Our activity in the broadcasting services market has continued with key projects completed for Arqiva on high mast erection and maintenance services.

We successfully mobilised our new contract in the private network market with National Grid, securing our place as key service partner for all energy transmission licence holders. This award underpins the scale required to provide our clients with a turn-key offering that covers everything from technology solution innovation in design through to installation and 24/7 support 365 days a year.

Transport

The Transport Division provides essential services to multiple transport market sectors, Rail, Aviation and Highways. The Division uses its specialised capabilities to meet the needs of its clients and provides essential infrastructure services to each of these sectors of the transport market.

Chief Executive's review (continued)

Transport (continued)

Divisional turnover was £612.1 million (2023: £527.2 million), an increase of £84.9 million (16.1%).

The highways market remains stable, and the Division has successfully mobilised new, long term maintenance contracts in street maintenance and lighting with Wiltshire, Central Bedfordshire, Suffolk, and Thurrock. The capital delivery expenditure with our local authority clients remains buoyant, in the year Milestone Infrastructure negotiated a significant amount of project work direct with existing clients. Our Highways business now maintains over 50,000km of road and is the largest Highways maintenance contractor in the UK by km of roads maintained.

Performance in the rail sector has been maintained through the delivery of works on existing Network Rail and Transport for London maintenance frameworks with increased tender activity for Train Operating Companies and Transport for London. Investment by rail clients levelled off in the year as we complete the final year of the current control period leading to a pausing of several major enhancement programmes. However, the sector has commenced major procurement activities for the next control period (which started in April 2024), and we have been successful in the awarding of the Southern Minor Works Civils Reactive Generalist Framework.

The aviation sector is still in recovery, however UK passenger numbers in 2024 are now approaching pre-pandemic levels, and full recovery is predicted by 2025. The Division continues to deliver works for Heathrow and Gatwick under specialist maintenance frameworks. In addition, the Division increased its presence in the UK regional airports, with works undertaken at London City, London Luton, Solent and Birmingham airports.

The Division also continues to grow into defence and adjacent market sectors with contracts won and opportunities received for Mitie Defence and The Port of Dover.

Overall, the market for services in the transport sector remains buoyant, driven by the need to invest in national transport infrastructure to increase capacity and improve services. The Division is in a strong place to build on its position in the Highways maintenance market, along with growing its share in the Rail and Aviation markets.

ESG: Environmental, Social and Governance

As part of last year's review, we confirmed that we remain committed to our communities, promoting inclusion, diversity and social equality and protecting the environment. In pursuit of this commitment, over the last three years, we have benchmarked our approach and performance relative to our peers and wider global sectors.

This financial period marks our third annual published ESG review which underscores our commitment to ESG. We are pleased to report that our performance has been externally verified and audited, via the Sustainalytics company, improving our already excellent Global ESG rating. Our now low risk rating of 8.0 represents a small but consistent year-on-year improvement. (FY23: 8.3).

In addition to achieving and sustaining our sub-industry leading (best ESG rating of 189 companies reviewed up to December 2023) score verified by Sustainalytics, we see increasing focus and interest in ESG & Innovation by our clients, people, and stakeholders as representing a considerable opportunity for business improvement across the Group. While current core indices include monitoring and controlling greenhouse gas emissions, key social indicators, and good governance practices; the growing scale and scope of expertise offered by the Group means we can continue to accelerate our ESG & Innovation activities. Having delivered a three-year succession of leading ESG ratings we are raising our ambition to consider additional and wider ESG accreditation and affiliation.

Our ESG rating represents a deepening of our understanding and commitment to the topic. In April 2022 the Group was accepted onto the globally recognised Science Based Targets Initiative (SBTi) and our targets were submitted to the SBTi on 7th March 2024. Our targets, to be verified by the SBTi will stretch out, in detail, to 2030 and ultimately carbon net zero by 2050 or sooner, we anticipate the outcome of the SBTi target setting process during the summer of FY25. ESG targets were part of our upper senior management's renumeration programme for the year to March 2024.

Chief Executive's review (continued)

ESG: Environmental, Social and Governance (continued)

In addition to our active participation with the SBTi, we were also accepted onto the United Nations Global Compact (UNGC) which aids us to contextualise and position our human capital and environmental commitments with a global rather than just domestic perspective. Over one hundred of our innovations and best practice initiatives are aligned with seven of the key UN Sustainability Goals. In December 2023 we filed our first UNGC progress report for consideration alongside other businesses both domestically and internationally.

With specific reference to climate change, the Group has set out the Climate-related Financial Disclosures for the year to 31 March 2024 in the annual accounts.

Environmental

As we become a key exponent of ESG & innovation in the essential infrastructure services sector we will continue to promote good environmental practice across all our operations. 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. As part of the global SBTi community and commitment to SBTi 'near term' target setting, we are developing specific business decarbonisation policies and practices. In pursuit of this ambition, we have established an Executive sponsored Carbon Reduction Group with the mandate for identifying and implementing local as well as groupwide opportunities to reduce our carbon intensity. During the reporting period we continued reporting corporate emissions in line with ISO 14064-1 status which underpins all our decarbonisation planning and reporting.

Pages 29 to 31 detail our Greenhouse Gas emission and energy usage, including our ongoing energy efficiency actions across the Group. To ensure our thinking and approach follows best practice we have joined the UK Supply Chain Sustainability School to develop a Sustainability Supply Chain Charter which amongst other benefits, will help inform our approach to Scope 3 emissions, and engaging with our supply chain in particular.

Health and Safety

We are fully committed to the health, safety, and wellbeing of our people and all those who come into contact with our business. Safety is one of the Group's core values; putting health, safety and wellbeing of people first. Our ethos runs through the heart of our Group, and we continue to strive to improve health and safety performance across all operational areas.

The 12 Month Rolling Accident Frequency Rate (AFR i.e. Number of Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) incidents and accidents x 100,000hrs / No. of hours worked) demonstrates that we are maintaining a good safety performance across the Group:

12 Month Rolling Accident Frequency Rate (AFR)		
	2023/24	2022/23
Energy	**0.04**	0.04
Water	**0.06**	0.03
Telecoms	**0.04**	0.05
Transport	**0.12**	0.20
Group Support	**0.19**	0.65
Group	**0.06**	0.07

With regard to Health and Wellbeing, during the last year the Group has provided regular Health and Wellbeing communications across its operating Divisions to support our people. Topics covered included mental health issues, financial wellbeing, cancer awareness and improving physical fitness.

Chief Executive's review (continued)

ESG: Environmental, Social and Governance (continued)

Health and Safety (continued)

As testament to our core values, our consistent safety performance resulted in an outstanding 16 RoSPA Awards across the Group:

- Within the Energy Division, Morrison Energy Services received the Construction Sector Award (tenth award in 14 years) and Morrison Data Services received a Gold Award and a Distinction Safety Award
- Within the Water Division, Z-Tech Control Systems Ltd received a Gold Award
- Within the Telecom Division, Morrison Telecom Services, Magdalene, Avonline Networks and Waldon Telecom received a Gold Award
- Within the Transport Division, Dyer & Butler received three Order of Distinction awards, including the RoSPA Fleet Safety Gold Award, and the RoSPA President's Award. KH Engineering received a Gold Award and Antagrade Electrical received a Silver Award
- M Group Services Plant & Fleet Solutions was awarded its seventh consecutive Gold Award

Community Engagement

Investing in the communities we work in through local employment and community engagement is essential to us. We build relationships with our clients, local councils, community groups, schools, and colleges to deliver long-term benefits for our communities and ourselves.

For example, encouraging an interest in STEM (science, technology, engineering, and maths) subjects among school students helps us to raise awareness of careers in our sector. Across the Group, we have c. 150 STEM Ambassadors who engage with schools to bring the world of work to life.

Developing our People

The Group is a trusted employer to over 11,500 skilled individuals working from over 235 locations across the UK and Ireland.

Our workforce is distributed across the Group and consists of field personnel, support services, technical, managerial, and leadership working within our operational divisions Energy, Water, Highways, Rail and Aviation and Telecom plus Group Support and M Group Services Plant & Fleet Solutions.

We are committed to creating and maintaining inclusive environments for our people that enable the diversity of our people to influence our business and empower everyone to deliver, develop and achieve both for the Group and themselves. We are committed to creating environments where our people feel valued, empowered, supported, and fulfilled. We benefit from an engaged and motivated community as we listen and respond to feedback.

Across each of our operating divisions, a broad range of recognition and reward schemes are designed to highlight our people's achievements and successes and thank them for their hard work and dedication. Our annual 'Beyond Expectations Awards' recognise and commemorate our people's outstanding endeavours, innovation, and commitment, enabling us to celebrate success across the Group. We are proud that our people are also nominated in external sector awards, most recently celebrating a win in our Energy Construction Management Organisation (CMO) team in the 'Rising Star' category in the Utility Week Awards, acknowledging transformational environmental credentials and implementing several key innovations and technologies to reduce our environmental impact.

Developing and retaining the workforce of the future, which is resilient to change and sustainable as our business grows, is at the heart of our People Development Strategies; our training and development programmes are crucial to our success. Attracting, developing, and retaining the next generation of highly skilled, forward-thinking, customer-focused, and technically competent people who can help us continually evolve the scope of our core capabilities is imperative.

Chief Executive's review (continued)

Developing our People (continued)

We continue to develop strategies that support exceptional career and training opportunities across the Group and facilitate our long-term growth. Our talent, succession and performance engagement programmes are embedded within the divisions and the development and promotion of our people, as well as creating new opportunities for innovative and targeted recruitment solutions. Apprenticeships and graduate programmes offer a targeted and tailored way to do this. Across the Group, we now have over 430 apprentices in training covering various operating sectors. Our apprenticeship programmes have received industry recognition for their excellence, notably being awarded as a silver membership of the 5% club by the 2023-2024 Employer Audit Scheme.

We continue to expand our apprentice and graduate intake by creating new programmes for the long-term unemployed, ex-offenders, and military service leavers. With secured Construction Industry Training Board (CITB) training, Civil and Mechanical Engineers and future leadership programmes, we intend to continue to build our sustainable and resilient workforce and help address the skills shortage across the UK.

The Group continues to develop targeted recruitment solutions. In addition to our work with the Defence Employer Recognition Scheme ("ERS"), which recognises commitment and support from UK employers for current and former defence personnel, the Group have been working with His Majesty's Prison Service to create opportunities for ex-offenders to forge a new career within our Group.

We continue to engage and listen to all feedback to harness the talent within the Group and ensure a working environment that allows people to flourish. To increase our people engagement, our people are encouraged to participate in the confidential annual Group People Opinion survey, where the findings help to shape employee initiatives and people strategy. Participation of the People's Opinion Survey has increased from 67% in FY23 to 72% in FY24, while the engagement score has increased by 72% to 74% across the Group. Our employee communications platform 'Stay Connected' supports our employee communication which continues to encourage our people to share best practice and create two-way dialogue.

Equality and Diversity

The following table sets out our Group gender diversity position at 31 March 2024 and 31 March 2023.

The overall proportion of female employees has grown to 19.6% (2023: 18.4%) with the proportion of females in Director level roles at 12% (2023: 12.1%).

	31 March 2024			31 March 2023		
Role Level	Female	Male	**Total**	Female	Male	**Total**
Director	16	117	**133**	17	124	**141**
Senior Managers	394	1,467	**1,861**	369	1,475	**1844**
Employees	1,856	7,715	**9,571**	1,637	7,385	**9,022**
Total	**2,266**	**9,299**	**11,565**	**2,023**	**8,984**	**11,007**

The Group recognises that harnessing diversity in all forms and benefiting from our people's experiences, abilities and unique qualities will enhance our business. We are committed to equity in all aspects of our business and enabling equal opportunity for all our people. Maintaining inclusive environments is critical to fostering a diverse workforce. Throughout 2023/24, throughout the Group, we have nurtured and expanded our staff networks, including The Women's Network, REACH, ENABLE, and Inclusion Forum. Led by our employees, the networks also support mentoring opportunities for those who wish to benefit from others' experiences, and specialised coaching available for our neurodiverse people. The Group also supports the sectors Energy & Utility Skills (EUSkills) Inclusion Commitment and has become a member of the external body, Women's Utilities Network.

Chief Executive's review (continued)

Equality and Diversity (continued)

Inclusive environments are at the heart of our drive to broaden the diversity of our leadership, setting the standard for the organisation as a whole and creating high performance. These diverse environments retain high-performance, diverse environments that attract and retain the very best people.

Governance and compliance

The Group has a business code of conduct which is aligned with our vision and values which all employees must adhere to. We are committed to complying with all legal requirements applicable to operations within our industry and sectors. Our people must undertake online training courses in regard to: Anti-bribery and Corruption, Inclusion and Diversity, Modern Slavery, Information Security and General Data Protection Regulation (GDPR).

Outlook

The resilient sectors in which we operate, the nature of the essential services that we provide to critical national infrastructure, our strong long-term order book with blue-chip clients and the commitment and determination of our people provide a solid platform to further develop the Group and deliver continued growth. In addition, we continue to seek strategic acquisitions to augment our existing organic opportunities, add deeper capabilities to the Group, and expand our addressable markets.

Our industry-leading ESG rating of 8.0 (ESG: Environmental, Social and Governance) and outstanding, multi Royal Society for the Prevention of Accidents (ROSPA) award-winning safety record and low accident frequency rate (Health and Safety) is a result of the on-going commitment of everyone in our Group to continually review and improve our methods to ensure they are as sustainable and safe as possible. Our ambition to continue to be one of the very best ESG performing businesses underpins our ability to be a leader in the UK's infrastructure services sector and supports our clients' plans to deliver their own net-zero targets.

We remain focused on delivering quality services for our clients that also drives profitable growth for our shareholders, while ensuring we maintain our ethos which has safety, service delivery, integrity, and people at the heart of our business.

A R Findlay
Chief Executive Officer
10 July 2024

Financial review

Introduction

The Group's trading results to 31 March 2024 and 31 March 2023 are set out below.

Trading performance

	Year ended 31 March 2024	Year ended 31 March 2023
	£ million	£ million
Turnover	**2,196.0**	1,864.6
EBITDA before exceptional and non-recurring items [(1)]	**129.7**	113.4
EBITDA before exceptional items [(1)]	**119.7**	104.7
Operating profit	**25.3**	2.6
EBITDA before exceptional and non-recurring items margin [(1)]	**5.9%**	6.1%

Turnover

The Group delivered turnover of £2.2 billion in the year, including Agility Eco turnover of £30.5 million, up 17.8% year on year (2023: £1.8 billion). This highlights the strength of the M Group Services platform. Activity remained strong and the Group recorded turnover growth in all divisions.

Divisional turnover is discussed in the Chief Executive's report and the divisional reporting note (Note 6) also shows the divisions in which turnover was generated.

Profitability

Operating profit was £25.3 million (2023: £2.6 million). This is due to lower exceptional costs of £20.5 million (2023: £33.8 million) primarily comprising exceptional costs on major contracts £19.7m (2023: £21.0 million), restructuring £3.0 million (2023: £6.9 million) and other costs as discussed in more detail in note 9.

Group EBITDA before exceptional and non-recurring items[(1)] increased to £129.7 million, up 14.4% year on year (2023: £113.4 million) and EBITDA before exceptional items increased to £119.7 million, up 14.3% year on year (2023: £104.7 million), supported by strong growth in turnover in all divisions compared to prior year. As planned, EBITDA before exceptional and non-recurring items margin[(1)] was 5.9% (2023: 6.1%). Margin is dependent on mix of work within and across divisions.

- Water: Profitable growth across a variety of frameworks more than offsetting the impact of project delays and work in progress / final account true ups in specialist services.
- Energy: Strong performance from the Retail business and the acquisition of Agility Eco in the year, more than offsetting additional costs recognised relating to substation contracts in the Infrastructure business.
- Telecom: Delivered profitable growth year on year reflecting the continued growth in fibre network build and maintenance activities along with strategic contract wins across a number of key clients.
- Transport: Profitable growth in the Highways business across a variety of frameworks. Offset by work in progress / final account true ups in Rail & Aviation.

[(1)] Refer to page 14 for the definition and explanation of EBITDA before exceptional items, EBITDA before exceptional items and non-recurring items and EBITDA before exceptional items and non-recurring items margin. The reconciliation of these can be seen on page 15.

Financial review (continued)

Bank financing and interest

Intercompany loans are in place with the parent company to finance the Group. Detail on external debt can be found in the consolidated financial statements of Minerva Bidco Limited.

The Group had cash and cash equivalents of £104.8 million (2023: £111.4 million), together with an undrawn revolving credit facility of £74.3 million as at 31 March 2024 (2023: £56.3 million) and the undrawn acquisition facility of £100 million (2023: £nil), this provides substantial liquidity for the Group.

The net interest cost in the year amounted to £1.4 million (2023: £1.3 million).

Taxation

The tax charge was £10.2 million (2023: £2.1 million) on profit before taxation of £23.9 million (2023: £1.3 million). The effective tax rate was 42.5% (2023: 161.5%), which is higher than (2023: higher than) the statutory rate of 25% (2023: 19%). An analysis of the tax charge and tax reconciliation is set out in note 12 to the financial statements.

Tax Strategy

The Group approaches tax matters with integrity, in line with the Group's values. The Group is committed to complying with tax laws in a responsible manner and to having open and constructive relationships with tax authorities based on the principles of mutual transparency and trust. A full tax strategy is disclosed on the M Group Services website.

Cash flows

Consolidated cash flow	**Year ended 31 March 2024 £m**	Year ended 31 March 2023 £m
Net cash inflow from operating activities (see note 28)	**158.8**	**77.5**
Tax paid	(8.2)	(6.3)
Net capital expenditure and disposals	(11.4)	(21.1)
Net cash expended on acquisitions and disposals	(60.2)	(5.4)
Net cash outflow from financing activities	(85.6)	(34.0)
Net (decrease) / increase in cash	**(6.6)**	**10.7**
Cash and cash equivalents at beginning of year	111.4	100.7
Cash and cash equivalents at end of year	**104.8**	**111.4**

Net cash inflow from operating activities in the year totalled £158.8 million (2023: £77.5 million) which reflects the cash generated from operations.

Net decrease in cash totalled £6.6 million (2023: increase £10.7 million) with the decrease largely due to financing activities in the year and investing activities relating to the purchase of Agility Eco for £59.2 million, partially offset by £2.5 million proceeds received from the disposal of IWJS.

Corporation tax paid in the year totalled £8.2 million (2023: £6.3 million), reflecting the forecast tax due on the Group's profits net of recovery of overpayments made in prior years.

External interest paid increased to £1.4 million (2023: £1.3 million).

Balance sheet

Fixed assets reduced to £418.5 million (2023: £420.5 million) reflecting amortisation and depreciation charges and disposal of IWJS.

Financial review (continued)

Balance sheet (continued)

Net current liabilities decreased to £192.1 million (2023: £202.0 million) driven by an increase in stock, debtors and decrease in creditors. In addition, the Group invested £59.2 million total consideration in the acquisition of the majority interest in Agility Impact Holdings Limited and its subsidiaries on 22nd December 2023. The group has maintained strong working capital management through good recovery of amounts recoverable on contracts and good creditor management.

Net assets increased to £155.5 million (2023: £141.1 million) driven mainly by factors mentioned above and a reduction in creditors falling due after more than one year.

Company Performance

The profit after tax of the Company for the year was £6.1 million (2023: £22.2 million).

Pensions

The Group operates defined benefit and defined contribution schemes. The only material defined benefit scheme is operated by Morrison Water Services Limited, namely, Morrison CARE Pension Scheme ('MCARE'). This defined scheme is closed to future accrual. The most recent triennial valuation of the MCARE scheme took place as at 1 April 2023. The accounting surplus at 31 March 2024 in relation to the MCARE scheme was £0.4 million (2023: surplus of £1.5 million) net of deferred tax.

On 6 December 2023, the Trustees of the MCARE scheme entered into an agreement with Aviva to purchase a bulk annuity insurance policy, commonly referred to as a 'buy-in,' which operates as an investment asset of the Scheme.

The Group also operates some other limited defined benefit arrangements for staff who have transferred to the Group with protected rights. Further details on pension arrangements are provided in Note 22 to the financial statements.

Alternative performance measures

EBITDA before exceptional items, EBITDA before exceptional items and non-recurring items and EBITDA before exceptional items and non-recurring items margin are the measures used by the Directors to assess the trading performance of the Group. EBITDA before exceptional items is defined as profit before interest, tax, depreciation, amortisation and exceptional items. EBITDA before exceptional and non-recurring items is defined as profit before interest, tax, depreciation, amortisation, exceptional and non-recurring items. EBITDA before exceptional items and non-recurring items margin is defined as EBITDA before exceptional items and non-recurring items as a percentage of turnover.

The EBITDA before exceptional items and non-recurring items margin was 5.9% (2023: 6.1%). This is based on EBITDA before exceptional items and non-recurring was £129.7 million (2023: £113.4 million) and turnover for the year was £2,196.0 million (2023: £1,864.6 million).

Exceptional items are defined in the Group's accounting policies in Note 3 to the financial statements.

Non-recurring items are items that do not meet the definition of exceptional items, but which are considered by the Directors not to be representative of the normal course of the business.

The following tables provides a reconciliation from operating profit to the alternative performance measures:

Financial review (continued)

Alternative performance measures (continued)

	Year ended 31 March 2024	Year ended 31 March 2023
	£ million	£ million
Operating profit	**25.3**	2.6
Amortisation on intangible assets (Note 13)	**53.1**	55.5
Depreciation on tangible assets (Note 14)	**20.8**	12.8
Exceptional items (Note 9)	**20.5**	33.8
EBITDA before exceptional items	**119.7**	104.7
Non-recurring items (see definitions below):		
Dispute Settlement	**0.3**	3.5
Dual Running Costs	**1.4**	2.4
Restructuring severance costs	**1.6**	0.9
Dilapidations on empty property	**3.6**	0.7
Fees for advisor services	**2.1**	0.7
Other	**1.0**	0.5
Total non-recurring items	**10.0**	8.7
EBITDA before exceptional items and non-recurring items	**129.7**	113.4

Non-recurring items definitions:

Dispute settlement – Costs incurred in settling a dispute relating to the contractual performance of a supplier

Dual running costs – Costs incurred during the transition or to provide cover for key personnel including executives and senior management

Restructuring severance costs – Non-routine severance costs as part of restructuring activities

Dilapidations – Costs associated with exiting office spaces no longer required

Fees for advisor services – Costs incurred from external advisors on projects

Other – Costs incurred for other non-recurring items

Non-recurring items are unusual or infrequent in nature and do not qualify as exceptional items. These are items that are reported separately for internal management reporting purposes to support understanding of the results of the business.

Going concern

The Directors have undertaken the going concern assessment for the Group for a minimum of 12 months from the date of signing these financial statements.

The Directors have taken into account the outlook for the Group 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.

Financial review (continued)

Going concern (continued)

The Directors have also taken into account uncertainties in preparing financial projections and assessing the future prospects of the Group.

The Directors have reviewed the Group's financial and liquidity projections and assessed the headroom on the banking covenants and cash headroom, including performing downside sensitivity scenario analysis by assessing the impact of slower volumes, reduced margins, and slower cash collection to miss the Group's budget and the downside that would be required in order to break the Group's covenants. EBITDA before exceptional and non-recurring items[(1)] would need to fall by 55% to lead to a breach of banking covenants. Cash flow has been and continues to be robust, in line with management's expectations.

The Group has significant levels of liquidity available. In November 2023, the Group successfully completed a refinancing of its senior debt facility. This replaced the previous £460.0 million senior term loan with a new £520.0 million senior term loan and gave the Group access to a further £100.0 million (2023: £nil) merger and acquisition facility (the "CAR"). The term on the new debt is 7 years starting from November 2023 and ending November 2030. The debt is portable for two years from the date of inception and follows the Group in case of a Permitted Change of Control.

The Group has access if needed to an undrawn revolving credit facility of £74.3 million (2023: £56.3 million) available until 2030.

The Group had net assets of £155.5 million on the balance sheet (2023: £141.1 million). In line with a typical structure for a private equity owned Group, the capital structure of the Group consists of net debt (comprising senior loan, preference shares, shareholder notes, finance leases after deducting cash at bank) and equity (comprising called up share capital, share premium account, profit and loss account).

On 27 June 2024, a share purchase agreement to sell 100% of the share capital in Minerva Equity Limited Group has been signed by PAI Partners, the ultimate parent undertaking of the Group, other management shareholders and Midas Bidco I Limited, a company controlled by CVC Capital Partners, with completion expected by the end of September 2024.

At the same date, the lenders to the Group confirmed this transaction to be a Permitted Change of Control and therefore the debt will continue to be available to the Group, upon completion of the above transaction.

The budget and business plan has remained unchanged post the sale transaction. This budget and business plan has been used to carry out the going concern review.

The directors have considered two scenarios for the purpose of reaching their conclusion in respect of going concern; the scenario that the share purchase completes and the unlikely scenario where it does not. In both scenarios the group is deemed to be a going concern.

Accordingly, based on the Group's financial and liquidity projections, the maturity and portability of the long-term debt, the expectations of no significant changes to the business plan upon completion of the above shareholder event, and the current expectations of the Directors about the prospects of the Group, the financial statements have been prepared on the going concern basis.

The Company has access, if needed, to funding from its ultimate holding company Minerva Equity Limited ("the Group"), 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.

Financial review (continued)

Outlook

The order book at 31st March 2024 of £6.4 billion (2023: £6.9 billion) gives the group significant momentum. This represents x2.7 of our annual turnover and 80% of our FY25 turnover. Together with the strong cash generation, diversified blue chip customer base, and sound underlying trading measures, the Directors are confident in the future prosperities of the Group.

C Keen
Chief Financial Officer
10 July 2024

M Group Services Limited

Strategic report

The Directors present their strategic report together with the audited financial statements of the Group for the year ended 31 March 2024.

Review of the Business

Details of the operational performance is summarised in the Chief Executive's review on pages 3-11, and the Financial review on pages 12-17 summarises our financial performance for the year ended 31 March 2024. Additional information has been provided in accordance with the Walker Guidelines, which sets out best practice disclosures for large Portfolio Companies owned by private equity investors.

As at the year end the Company had net assets of £144.9 million (2023: £138.8 million).

Principal activities

The Group provides specialist services to blue-chip clients in the Water, Energy, Telecom and Transport markets in the UK and Ireland. Our services range from implementing planned capital investment schemes to reactive repair and maintenance. The principal activity of the Company is that of a holding company.

Strategy

Our vision is to be the leading service provider for essential infrastructure in the UK and Ireland.

Our strategy aims to achieve this vision by providing long-term services to blue-chip, often independently regulated clients. Through these long-term relationships we will deliver reliable and stable revenue streams, margins and cash flow. We target long term profitable growth, both organically and through acquisitions that enable a broadening of the Group's service offering. We will maximise the scale efficiencies of being a group by coordinating common functions, sharing best practice and implementing strong commercial and financial controls on our common platform.

Business model

The Group's core values are fundamental for sustainable growth:

- **Health and Safety** - putting health, wellbeing and safety of people first.
- **Service Delivery Ethos** - helping deliver our clients' business needs.
- **Invest in People -** engaging and empowering everyone to deliver and grow.
- **Integrity** – behaving respectfully and in a sustainable manner to the individual, our communities and the environment, maintaining accountability and honesty in the way we work.

Our differentiated business model builds on these foundations and focuses the Group on safety, service delivery and quality in order that we create and maintain long-term, mutually beneficial relationships with our clients. The key components of our business model are:

Service Delivery Ethos
Each division is dedicated to its individual sector and aligned to respective clients' business goals and objectives.

Focused Strategy
We are focused on essential, sustainable markets across national infrastructure, aligned with our core business capabilities.

Proactive Account Ownership
We understand our clients' needs through focused client ownership and deliver solutions utilising capability from across the Group.

Strategic report (continued)

Business model (continued)

Bespoke Innovative Business Solutions
Our established and proven teams support the bespoke development of systems and processes to meet the needs of our individual clients across our portfolio of contracts, delivering best-in-class solutions.

Long-term Relationships
We have long-term relationships with our clients across many contracts, including multi-year frameworks.

Award-Winning Safety Track Record
First-class health and safety performance is a prerequisite when working across essential infrastructure sectors, and our consistent and award-winning health and safety track record fulfils this fundamental requirement.

Excellent People
A skilled and dedicated workforce in excess of 11,500 people with significant expertise within their respective markets.

Commercial Discipline
Proven cost-effective control measures in place to ensure effective risk management and accurate and reliable financial reporting.

Key performance indicators (KPIs)

The Board monitors progress on the overall Group strategy and trading by reference to KPIs, the principal measures being turnover, EBITDA before exceptional items and non-recurring items, order book, cash flow and accident frequency rate. Turnover, EBITDA before exceptional items and non-recurring items, EBITDA before exceptional items and cash flow are discussed above in the Financial review. Order book and accident frequency rate are discussed within the Chief Executive's review.

Governance and risk management

The Board meets regularly and leads the strategic direction of the Group, with delegated authority given to the Audit Committee, Remuneration Committee, Risk Board, Executive Directors and Leadership Team. Through the ongoing review of suitably detailed management information the Board ensures that risks are appropriately monitored and managed.

Regular Executive, Operational, and Divisional Board meetings are scheduled throughout the year. Health and safety, environmental, financial, commercial and strategic initiatives are reviewed at every meeting. This includes the review of risks and associated mitigations, supported by reports and presentations from the divisional Managing Directors, their leadership teams and support functions.

Regular Audit, Risk Management and Remuneration Committee meetings also take place throughout the year. The key responsibilities of each committee are set out below.

Audit Committee:

To monitor the integrity of the Group's accounts, and the adequacy and effectiveness of the systems of internal control. To monitor the effectiveness and independence of the internal and external auditors.

Remuneration Committee:

To set remuneration packages for all Directors including pension and any compensation payments.

Group Risk Board:

To support the Operational Board in its oversight of the effectiveness of risk management within the Group and to review key risks and associated action plans/mitigations.

Strategic report (continued)

Principal business risks

The Group's risks are reviewed quarterly at the Group Risk Board, chaired by the CFO, and annually a formal review of the principal risks is completed, including reviewing whether they present low, moderate or high risk to achieving the strategic objectives of the Group. The updated principal risks are then shared with the Audit Committee. Since the prior year, a Climate principal risk has been added, and the Economic Regulations risk has been subsumed within the Economic Conditions risk. The wording of all risks has also been reviewed and updated to reflect the latest risk profile. A summary of the Group's principal risks, together with the mitigating actions that are being taken, is shown below:

Risks and impact	Mitigation
Business Interruption (including Cyber Security)	
There are a variety of unpredictable events that could arise and cause a significant degree of business interruption for the Group. This includes, for example, a failure of a major IT system, a large-scale strike by employees or a cyber-attack. The cyber security risk around the world has been increasing in recent years and the Group has seen this trend too, with attempted cyber-attacks occurring daily. There is a risk that if any of these unpredictable events were to occur the Group may not be able to adapt to the changed environment, or recover operations quickly, resulting in prolonged disruption to its activities. This could result in financial loss from inability to deliver work for clients, fines, and reputational damage. *Risk Rating: Moderate (no change)* *The Group has remained resilient in the face of business interruption, such as Covid-19, and has robust IT and cyber-security. However, the impact of a business interruption event could be significant, and the cyber-security risk continues to grow and so this creates moderate risk for the Group.*	IT systems and infrastructure are assessed for loss of service impact at the point of design, have appropriate levels of recoverability and redundancy built in including, where required, non-IT alternative capabilities, and have periodic risk reviews and testing for vulnerability and exposure. The Group has a UK managed Security Operations centre, monitoring the networks continuously with highly effective security solutions. These include internet-based security solutions, active monitoring, Multi-Factor Authentication and penetration testing. In addition, the Group holds an ISO 27001 accreditation and has developed crisis management and business continuity plans to mitigate the risk of any business interruption events.
Contract Management	
The Group has large contracts with clients, often covering multiple year timespans. Historically, the work under these contracts has been completed on a 'cost plus' basis, but the industry has seen a trend moving towards contracts with a fixed price element. This creates additional risk as the Group could lose margin if the contract is not priced and managed carefully. There is also a broader risk that in a competitive industry, the Group may not succeed in winning, or renewing, contracts or may not secure contracts on acceptable terms. *Risk Rating: Moderate (no change)* *This industry trend creates additional risk for the Group; however, we have a robust internal process that has continued to be improved during the year and mitigates this risk as far as is possible and so this risk is rated as moderate.*	The Group has defined Commercial Minimum Standards and tendering processes linked to the Scheme of Delegated Authority, that also include the review of contract terms by key departments, to mitigate any risk as much as possible during the tendering and contract award phase. Post this, there is continuous ongoing management of contracts, including monthly reviews with the Group Commercial team and effective communication and collaboration with clients.

Strategic report (continued)

Principal business risks (continued)

Risks and impact	Mitigation
Skills Shortages The Group requires a large workforce, across the UK, with a range of skills to deliver high-quality work on time for our clients. There are more than 11,500 people currently within the Group, but we operate in some markets and/or areas, where skill shortages prevail. This creates a risk that we may be unable to obtain the skills needed to deliver for our clients. *Risk Rating: Moderate (no change)* *The Group has invested heavily in this area, which has resulted in this risk improving. However, there are still some markets and areas where skill shortages prevail across the industry, which is difficult to mitigate, and so creates a moderate risk for the Group.*	The Group invests heavily in training and development to ensure everyone reaches their maximum potential and stays with the Group as long as possible. Succession plans are in place for key roles, and we have mapped top talent and identified development opportunities for these individuals. The Group has 426 employees engaged on apprenticeship programmes, supports the Armed Forces Community (including developing an Armed Forces training programme within Highways) and partners with People Plus, who support with transitioning ex-offenders into employment. We have invested in the development of our Early Careers recruitment processes and evolved our overseas recruitment strategy which enables us to recruit candidates outside of the UK into technical roles and provide sponsorship to skilled workers. The Group has competitive reward and benefits packages and so has been successful in recruiting from the local communities in which it works.
New Business The Group is targeting organic growth, and acquisitions, in existing and adjacent markets. The rapid growth experienced across the Group, and the target to continue this, creates the risk that we may deploy resource in the wrong place. This could result in missing a potential issue, have insufficient cash, insufficient financial strength to access the finance required to meet growth targets, or we could expand too quickly into an area without sufficient expertise, or diligence, which could result in financial loss and reputational damage. *Risk Rating: Low (no change)* *The rapid growth is balanced with a strong governance and risk management framework and experienced Leadership Team to ensure that resources are deployed in the right place. This inherent risk is therefore low for the Group.*	The cashflow, and financial strength, of the Group are monitored continuously. Following a recent refinancing exercise, the Group has greater financial strength than ever before. All acquisitions are subject to thorough due diligence and undergo a complete internal audit once they become part of the Group. There are regular strategic and operational reviews across the Group to ensure any risks are known and that resources are deployed appropriately.

Strategic report (continued)

Principal business risks (continued)

Risks and impact	Mitigation
Health and Safety The Group's operations are complex and involve working in situations that could result in significant health and safety risk if not managed effectively, such as working in confined spaces, at height or with hazardous materials. Failure to manage these risks could result in road traffic incidents, customer, employee or third-party injury or fatality or operational incidents. A significant event of this nature could cause serious harm and have financial, legal and reputational consequences. *Risk Rating: Low (no change)* *The Group places significant focus on working safely, to ensure the risk of a significant health and safety event occurring is low.*	The Group promotes a culture that puts safety first and so has established minimum standards, policies, procedures and safe working practices that must be followed by everyone working for, or on behalf of, the Group. The Board is provided with assurance at every meeting that these practices are being followed and health and safety risks are being effectively managed via our in-house specialist Safety, Health, Environmental and Quality teams, who are embedded into every Division across the Group.
Reliance on Supply Chain The nature of the work delivered across the Group means that we are reliant on being able to obtain the materials needed, as well as access to individuals that are adequately skilled to deliver this work. The Group uses subcontractors, alongside its large directly employed workforce, to deliver work for clients and so there is a risk that any disruption to the supply chain (materials or labour) would impact the ability of the Group to deliver services to its clients. This could result in delays completing work, increased costs, penalties from clients and reputational damage. *Risk Rating: Low (no change)* *The Group has a robust supply chain that has continued to deliver the individuals and materials needed throughout challenging periods.*	The Group mitigates this risk by establishing preferred supplier relationships with a small number of suppliers, and subcontractors, for all key areas within the supply chain. This not only helps to ensure continuity and stability within our supply chain but also means that we are able to deliver the best value to our clients. Suppliers are paid promptly, and performance of suppliers is regularly reviewed with actions taken as required.

Strategic report (continued)

Principal business risks (continued)

Risks and impact	Mitigation
Economic conditions Economic conditions at both a macro and micro level can impact the amount of expenditure our clients can make, or in an extreme scenario could result in the inability of a client to continue trading. Given many of the Group's contracts are framework agreements which do not provide guaranteed levels of turnover, these economic conditions could impact the volume of work that we receive or may mean that clients extend payment terms to manage their cash resources. If not carefully managed, this could lead to reduced turnover or liquidity risks for the Group. *Risk Rating: Low (no change)* *If this risk were to materialise the impact could be significant, but having a diversified portfolio and regular dialogue with clients means the likelihood of a significant reduction in work is low.*	We engage in regular dialogue with our clients to continually assess these risks and adjust our resources accordingly. The nature of the work performed by the Group means that a large proportion is essential, rather than discretionary spend, which ensures the volume of work, and therefore our revenue projections, in the medium term are resilient. Further, the variety of work completed across the Group provides diversification, which helps to mitigate this risk.
Climate Change (new risk) Climate change creates both physical and transitional risks for the Group. From a physical risk perspective, climate change could bring more extreme weather events, such as hotter spells and flooding, which create risks for the safety of our, largely outdoor working, employees and a commercial risk if they are unable to work in extreme scenarios. From a transitional perspective, the Group is required to manage, and reduce, its greenhouse gas emissions, and to comply with Policy that could change, which potentially creates uncertainty and additional cost. *Risk Rating: Low (new risk)* *This is an addition to the principal risks this year due to the significance of the potential impact of this risk. However, climate change also creates significant opportunity and so overall the risk posed from climate change is low for the Group.*	The Group has a 6-weekly Carbon Reduction Group, chaired by the ESG & Innovation Director. This, along with the Group's Operational and Risk forums ensures climate change risks are identified and managed. For the physical risks, we ensure we have the necessary PPE, welfare facilities, tools and equipment to allow our employees to work safely. For the transitional risks, we monitor policy developments closely and have an ambitious carbon reduction strategy, which is underway.

Strategic report (continued)

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, the Directors 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 clients and their end users, regulatory bodies, and our relationship with our lenders. We delegate authority for day-to-day management of the Company to the Executive directors and engage management in setting, approving and overseeing execution of the business strategy and related policies. Board meetings are held periodically at which the Directors consider the Company's activities and make decisions.

What our stakeholders have told us matters most to them

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. During the year the Directors made three principal decisions which include: the acquisition of Agility Eco, the refinancing of the business with the new loans and the disposal of the water jetting and tankering business. These decisions were made with careful consideration of stakeholder interests and the long-term impact on the group. The Directors identify principal decisions as those with significant long-term implications for the Group and its stakeholders, distinct from routine business decisions.

Below, we describe the Director's key considerations of the stakeholder groups and how their interests were factored fairly into these principal decisions:

Clients: The acquisition of Agility Eco enhances our ability to provide essential services to energy and local authority clients, helping them meet regulatory obligations and advance their decarbonisation efforts. The Directors considered that this acquisition supports the long-term strategy of the Energy division by strengthening client relationships and expanding our service capabilities within our Energy division.

Communities and the environment: Our commitment to ESG principles is reinforced by the acquisition of Agility Eco, which significantly contributes to the UK's net zero target. This move underscores our dedication to environmental sustainability and social value. The Directors considered the environmental and social impacts, recognising that building good community relationships and addressing environmental concerns are crucial for our long term success.

Shareholders: The acquisition of Agility Eco aligns with our growth strategy of expanding capabilities through adjacent services, aimed at increasing the Group's long-term strategic value. In addition, the strategic decision to divest the water jetting and tankering business was made because its business model did not align with the Group's long-term plans. This disposal also allows us to concentrate resources towards other water specialist areas and enhance overall strategic focus and profitability to further enhance long term shareholder value. The Directors balanced the need to grow the business sustainably while delivering consistent returns to shareholders, ensuring that both the acquisition and disposal decisions are made in the best interests of the shareholders.

These decisions reflect our commitment to balancing the interests of various stakeholders and promoting long-term growth ambitions of the Group.

Strategic report (continued)

What our stakeholders have told us matters most to them (continued)

We set out below how we engage with our main stakeholders and our impact.

People

The Directors endeavour to listen to the employees, 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.

The Directors continue to engage and listen to all feedback to harness the talent within the Group and ensure a working environment that allows people to flourish. During the year a group 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 has been considered by the Directors and has helped inform short-term actions and long-term people strategies.

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. Having key account support and face-to-face meetings helps to build trust and long-term relationships which is beneficial to both parties.

Our code of conduct sets out clear standards regarding our ways of working with our supply chain. The code of conduct emphasizes ethical business practices, transparency, and integrity. The code of conduct applies to all employees within the Group, regardless of their role or level of seniority. Through our anonymous whistleblowing service, we also encourage employees to report any concerns about misconduct or wrongdoing. This commitment underlines our dedication to maintain exemplary high standards of business conduct and act fairly throughout our operations.

Communities and the environment

During the year, we continued to collaborate with local schools to encourage an interest in STEM (science, technology, engineering, and maths) subjects among school students and help to raise awareness of careers in our sector.

Through our workshops, many students get a taste of our staff's challenges and an understanding of the practical application of STEM subjects. Year after year, we continue to increase the number of school workshops delivered and reach a larger audience of students, enriching the educational experience for students and establishing a mutually beneficial relationship between the education sector and the Group, supporting our future talent recruitment, and ensuring young people gain meaningful employment.

Additionally, we continued to actively partner with the armed forces by offering meaningful and fulfilling careers to those who have served their country. We continue to expand our apprentice and graduate intake and create new programmes for the long-term unemployed.

The Group has implemented both mitigation and adaptation measures to address the climate emergency. We have developed strategic reduction pathways to meet near-term science-based targets (SBT) and reduce our climate impact. By considering two future climate scenarios, we have integrated climate risks into our risk management framework and business continuity plans. During the year, we expanded our focus to include climate scenario reviews, enhancing our approach to managing climate-related risks over time. As outlined on pages 33-40, we remain committed to minimizing our environmental impact and promoting sustainable practices.

Strategic report (continued)

What our stakeholders have told us matters most to them (continued)

Shareholders

M Group Services Limited 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. On 27 June 2024, a share purchase agreement to sell 100% of the share capital in Minerva Equity Limited Group has been signed by PAI Partners, the ultimate parent undertaking of the Group, other management shareholders and Midas Bidco I Limited, a company controlled by CVC Capital Partners, with completion expected by the end of September 2024.

Our shareholders aim to continue 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.

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

On behalf of the board,

A R Findlay
Director
10 July 2024

Registered Number: 11279452

Abel Smith House
Gunnels Wood Road
Stevenage
Hertfordshire
SG1 2ST

Directors' report

The Directors present their report together with the audited financial statements of the Group and Company for the year ending 31 March 2024.

Ownership

M Group Services Limited is 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. PAI Partners is a leading pan-European private equity investment firm with over c.£22.7 billion (€26.4 billion) of assets under management. Refer to post balance sheet events in Note 36 for changes in ownership.

Development of the business

The performance, development and outlook for the business is summarised in the Chief Executive's review and the Financial review on pages 3 to 17.

Financial risk

Financial risks faced by the Group include funding, interest rate and contractual risks. The Group regularly reviews these risks on an ongoing basis. Financing and financial risks are discussed in the Financial review and notes 21 and 25 to the financial statements.

Dividends

No dividends were paid in the year (2023: £nil). The Directors do not recommend the payment of a dividend (2023: £nil).

Political donations

The Group made no donations to a registered political party during the year (2023: £nil).

Directors

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

Chief Executive Officer	A R Findlay	
Chief Financial Officer	C Keen	
Chief Operating Officer	A H P Loosveld	
Executive Director	J Yarr	
Director	S M Stephenson	(appointed 19 October 2023)
Director	J R Winnicott	(resigned 26 January 2024)
Director	A R Badel	(appointed 26 January 2024)

Auditor

A resolution to reappoint Deloitte LLP as auditor will be proposed at the forthcoming Annual General Meeting.

Directors' report (continued)

Board of Directors

Andrew Findlay (Chief Executive Officer)

Andrew was appointed Chief Executive of Minerva Equity Limited on 1st January 2023. Andrew is a Member of the Remuneration Committee. He was previously Chief Financial Officer of Minerva Equity from 1 August 2021, of easyJet and prior to that held senior roles with Halfords, M&S and Cable & Wireless. Andrew qualified as a Chartered Accountant with Coopers & Lybrand. Andrew is a Non-Exec Director and Chair of the Audit Committee at Rightmove PLC.

Christian Keen (Chief Financial Officer)

Chris was appointed Chief Financial Officer of Minerva Equity Limited on 1st January 2023. Chris is the Chair of the Group Risk Board. He was previously Chief Financial Officer of McKesson UK from 2019 to 2022 and Holland & Barrett International from 2012 to 2019. Chris is a Non-Exec Director and Chair of Audit Committee at Angling Direct PLC. Chris is a Chartered Accountant and has an MBA from Cranfield School of Management.

Alain Loosveld (Chief Operating Officer)

Alain was appointed Chief Operating Officer of M Group Services Limited 15th. September 2022 having previously been Managing Director of the Telecom Division since January 2017. Alain joined the business in 2004 to develop our Telecom offering and has over 30 years industry experience gained in the UK, Ireland and Europe. Alain has a master's degree in economics and business administration.

Jonathan Yarr (Executive Director – M&A)

Jonathan was appointed Executive Director - M&A for M Group Services on 7 March 2023. Jonathan is responsible for the Mergers and Acquisition function of M Group Services. He previously held the position of Head of Investor Relations and M&A at Petrofac and has approximately 20 years of mergers & acquisitions experience. Jonathan qualified as a Chartered Accountant with KPMG.

Shaun Michael Stephenson (Director)

Shaun was appointed Director on 19 October 2023. Shaun has been the Managing Director of M Group Plant and Fleet Solutions since 2022. Prior to this Shaun worked for Ryder UK where he was Director of Engineering. He has over 35 years' experience in senior leadership roles across large organisations with substantial teams and assets. He also serves as Chairman of the Society of Operations Engineers which represents engineers across the UK and Far East.

Alexandra Badel (Executive Director)

Alexandra was appointed Executive Director – Group General Counsel for M Group Services on 13th November 2023. Alexandra qualified as a solicitor with Pinsent Masons LLP in 2009 and worked in private practice for 12 years. Alexandra has also worked at Costain Group Plc where she was Deputy General Counsel and joined M Group Services from Morgan Sindall in 2023.

Third party indemnity

The Group maintains qualifying third party indemnity insurance for all directors as required by section 234 of the Companies Act 2006. These insurances were in force throughout the period to 31 March 2024 and continue to the date of signing the financial statements.

Research and development

The Group continues to drive performance improvement, create value adding and innovative solutions to client issues across each of our sector businesses. Activities are broad and diverse, such as the customisation of applications, technological advances to mobile apps, automated detection systems and virtual mapping platforms.

Post balance sheet events

On 27 June 2024, a share purchase agreement to sell 100% of the share capital in Minerva Equity Limited Group has been signed by PAI Partners, the ultimate parent undertaking of the Group, other management shareholders and Midas Bidco I Limited, a company controlled by CVC Capital Partners, with completion expected by the end of September 2024.

Directors' report (continued)

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 24 to 26. Employees are kept informed on matters affecting them. The Group 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 Group. Reward and recognition schemes are in place to encourage participation in the Group'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.

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

Modern Slavery and Human Rights

The Group 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 24 to 26.

Environmental performance

Everyone at M Group Services provide a vital service or solution that ensures the essential infrastructure services of everyday life meets the needs of millions of people across the UK and Ireland. Our philosophy is to be 'for more than profit' and now, more than ever, we are driving an ethos that ensures our operations are responsible, sustainable, and beneficial to the environmental and communities in which we work. Our people work in every environment from the busiest towns and cities through to the remotest areas. In all that we do, we aim to minimise our environmental impact. It is our responsibility to share good environmental practice while continuing to develop sustainable processes and behaviours across our business and to our clients' and supply chain. Page 31 details energy efficiency actions undertaken by the Group.

GHG emissions and energy use data for year 1 April 2023 to 31 March 2024

The following tables report the UK energy use and associated greenhouse gas emissions in order to comply with the reporting required under The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2018.

Directors' report (continued)

GHG emissions and energy use data for year 1 April 2023 to 31 March 2024 (continued)

Consolidated Energy Consumption

The Group consolidated energy consumption and associated greenhouse gas emissions are summarised by activity and Greenhouse Gas Protocol Scope in the tables below:

Energy Consumption	2023/2024	2022/2023
	kWh	kWh
Sites (gas and electricity)	5,623,650	6,216,217
Mobile Plant (gas oil, LPG and HVO)	30,919,506	32,734,933
Transport (diesel and petrol)	186,938,062	204,180,017
Transport (electricity)	1,789,157	562,237
TOTAL energy use / kWh	**225,270,375**	**243,693,404**

Greenhouse Gas Emissions	2023/24	2022/23
	tonnes CO_2e	tonnes CO_2e
Scope 1 Emission Sources		
Sites, combustion of gas	221	271
Fuel use for mobile plant	671	696
Emissions from fuel use for travel and transport	45,951	49,782
Scope 2 Emission Sources		
Electricity used in vehicles	336	119
Electricity used in buildings	914	915
Scope 3 Emission Sources		
Employee-owned vehicles used for business travel	1,478	2,387
Total GHG emissions / tonnes CO_2e	**49,571**	**54,170**

Consolidated Emissions Intensity

GHG emission intensity / tCO_2e/£ million of turnover	23.0	30.0

For FY24 the Group delivered an absolute reduction in Scope 1 and 2 of 3,690 tonnes of CO2e and a reduction in carbon intensity of 23%, from 30 in FY23 to 23 tCO2e/£m of turnover in FY24.

Methodology and Scope of Reporting

i) The scope of reporting encompasses UK based sites and activities. Whilst Group turnover includes a small contribution from activities outside the UK, these are not significant from the perspective of energy use or greenhouse gas emissions.

ii) Reported activity and greenhouse gas emissions are for the 12 months, 01 April 2023 to 31 March 2024.

Directors' report (continued)

GHG emissions and energy use data for year 1 April 2023 to 31 March 2024 (continued)

Methodology and Scope of Reporting (continued)

Within the reporting year IWJS was divested in September 2023 and a majority shareholding in Agility Eco was acquired in December 2023. The reported GHG emissions reflect time periods when these companies were within M Group Services operational control.

iii) Greenhouse gas emissions are calculated and presented in accordance with the GHG Reporting Protocol – Corporate Accounting & Reporting Standard and the UK Government's Environmental Reporting Guidelines, March 2019.

iv) Greenhouse gas emissions are calculated using UK Government's 2023 conversion factors and reported as tonnes of carbon dioxide equivalent (tCO2e).

v) Greenhouse gas emissions are reported in the GHG Protocol scopes.

> Scope 1 sources comprise: energy used for buildings (natural gas), transport vehicles (diesel and petrol) and mobile plant (gas oil, Liquified Petroleum Gas (LPG) and HVO Biodiesel (Hydrotreated Vegetable Oil)).
>
> Scope 2 emissions are emissions associated with imported grid electricity used in M Group Services' offices and depots, including the charging of electric vehicles. Scope 2 emissions have been reported using the location-based methodology. This approach uses the UK Government 2023 Grid electricity conversion factor.
>
> Business travel by employee-owned vehicles is reported under Scope 3.

vi) Other Scope 3 emission sources; business travel by air, rail, taxi and ferry collectively account for less than 1% of reported emissions and are therefore considered to be de minimis.

vii) MGS' energy use and associated greenhouse gas emissions, have been calculated by in-house specialist staff through use of the Achilles Carbon Reduce reporting platform and independently verified, by Achilles' qualified carbon verifiers, to ISO 14064-1:2018.

Energy Efficiency Actions undertaken by the Group during 2023/2024

M Group Services limited has a number of on-going activities to improve energy efficiency. This includes the efficient use of current resources, appropriate technology selection and investing in innovation.

Surface transportation constitutes over 80% of our total kWh consumed and represents the best opportunity to save energy. The principal activities being undertaken include the use of telematics, to support eco-driving and safe behaviours, and the electrification of company and operational cars.

We operate a fleet of over 9,000 vehicles. This has increased as the business has grown. Our criteria for selecting vehicles for our asset list includes the requirement to be fuel efficient and with restrictions on the level of carbon dioxide per km allowed. The percentage of electric and hybrid vehicles within the fleet has increased from 8% in FY23 to 15% in FY24. Our strategic fleet transition plans are linked with our developed near-term science-based target to reduce Scope 1 and 2 emissions by 42% by 2030, against a FY22 baseline.

For our commercial vehicles, we are actively working with our supply chain in order to switch to low emission, efficient vehicles when the technology becomes mature and available.

We continue to utilise electrical and solar powered plant and tools across our companies where viable. These include electric hand tools and excavators and solar PV pods (which provide energy storage) and solar powered accommodation units.

Directors' report (continued)

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 Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, 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 Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Statement of disclosure of information to the 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 Group and parent company's auditor are 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 Group and parent company's auditor are aware of that information.

The Directors' report was approved and authorised for issue by the Board of Directors.

On behalf of the board,

C Keen
Director

10 July 2024

Registered Number: 11279452

Abel Smith House
Gunnels Wood Road
Stevenage
Hertfordshire
SG1 2ST

M Group Services Limited

Non-financial and sustainability information statement

The Group is required to report climate-related Financial Disclosures at 31 March 2024 and is therefore required to report a non-financial and sustainability information (NFSI) statement. The climate-related financial disclosures can be found below.

Climate-Related Financial Disclosures

Effective for periods commencing on or after 6 April 2022, The Climate-related Financial Disclosure Regulations 2022 have been introduced in the UK to report on material climate-related matters and the impact on M Group Services Limited and its subsidiaries (the “Group”). For the year ended 31 March 2024, the Group meets the relevant threshold of having more than 500 colleagues and a turnover of more than £500m. The Group has therefore set out below the climate-related financial disclosures covering how climate change is addressed in corporate governance, the impact on the strategy, how climate-related risks and opportunities are managed, and the performance metrics and targets currently applied in managing these issues.

Our approach to Climate Change

The Group is responding to the climate emergency through both mitigating and adaptive measures. We have established the strategic reduction pathways required to meet a near-term science-based target (SBT) and to mitigate our impact on climate change. Our approach to adaptation has begun through the consideration of two future climate scenarios which are described below. The risk of disruptive events was already managed as part of our risk management framework and business continuity plans. The introduction this financial year of the review of climate scenarios has extended our focus on the risks of climate change and what they pose to our business as we continue to evolve our approach over time.

As a measure of our progress, the Group has been working with Sustainalytics over the last 3 years to rate the business consistent with similar companies in our sectors to determine the risk factors that the Group faces from an ESG perspective, including in relation to climate change risks. The measurement examines how exposed the Group is to certain risks and reviews what processes are in place to control or mitigate those risks. The scoring scale is from 1 to 100, with a low score indicating the business has negligible economic exposure to ESG risks as a result of robust corporate policies, standards and governance (i.e. the lower the score, the better). The latest audit score available is for the financial year ended 31 March 2023 and Sustainalytics have awarded the Group a positive overall risk score of 8.0 which is classified as ‘negligible risk’ (FY23 8.3), setting us in the top 4% of rated companies within our industry.

Specifically in relation to achievements in reducing our greenhouse gas emissions, our carbon intensity has reduced in the year from 50 tonnes of carbon dioxide equivalent per million pound in turnover (tCO2e/£m) to 30 tCO2e/£m, which is a reduction of 40%. In FY23 we have also saved 8,450 tonnes of CO2e from our Scope 1 emissions, and we have recorded 1,434,204 business miles undertaken by battery electric vehicles. Greenhouse gas emissions and energy use data are included in the Directors’ Report.

Governance

The Group’s governance framework has evolved this year to include climate risks, and opportunities, as a core and specific item within the framework, with accountabilities clearly defined.

The Board

The Board meets monthly and is responsible for setting the long-term strategy of the Group, within a framework of effective controls which enables climate-related risks and opportunities to be assessed and managed. A key priority of Board strategy is to retain and improve our independently rated ESG risk management score through a continued focus on ESG activities including on climate change. The Board was informed of and discussed climate-related matters six times during the financial year to March 2024.

Climate-Related Financial Disclosures (continued)

The Board (continued)

The day-to-day assessment, management and monitoring of climate-related risks and opportunities is completed by the Group Operations Board, with support from its sub-committees the Group Risk Board and the Group Safety, Health, Environment and Quality (SHEQ) Board, as detailed below.

Current and future anticipated trends in climate change are considered in budgetary terms, including the level of specialist and personal protective equipment that is needed to sustain a safe and effective operational workforce. This is evidenced by our risk management processes and our ability to fulfil our operational service level commitments to our clients. Examples include appropriate provision for dewatering equipment on site, and for our site barrier systems to be fit for purpose under high wind conditions.

Our corporate financial planning cycles is built upon the Group winning and delivering work for the UK essential infrastructure asset owners. Increasingly we see climate adaptation and resilience programmes coming to market, from flood prevention schemes, water infrastructure resilience programmes, to new electrification programmes. As our weather systems become more erratic and extreme, we also see increases in emergency repair and maintenance tasks, from stabilising railway embankments, to reinstating overhead powerlines brought down due to high winds and/or freezing conditions. Our financial planning cycle is conducted annually and takes a rolling 5-year outlook.

The Group Operations Board

The Group Operations Board meets bi-monthly and provides day-to-day oversight of delivery against the Group's strategy. Climate change is a standing item on the agenda led by the Group ESG & Innovation Director. This Board receives the key outputs from both the Risk and SHEQ Boards, which include the climate risks and scenarios that have been discussed within these forums. The Group Operations Board is the forum in which climate-related opportunities are discussed and so this Board has the complete picture of both the climate risks and opportunities and is therefore accountable for determining the actions taken as a result. The Group Operations Board approved the strategic targets of Scope 1&2 greenhouse gas emissions reduction of 42% by 2030 (from a 2021-22 baseline) and the Carbon Net Zero before 2050 for its Scope 1, 2 and 3 emissions in October 2021. Progress against our decarbonisation targets is measured annually in the audited and publicly available SECR sections of our Annual Accounts.

The Group Operations Board is chaired by the Chief Executive Officer, and consists of the following members:

- Chief Executive Officer
- Chief Financial Officer
- Chief Operating Officer
- Group M&A Director
- Group ESG & Innovation Director
- Group HR Director
- Group Legal Counsel

Responsibilities of the ESG & Innovation Director are:

1) Sign off the SECR Accounts
2) Obtaining the annual ESG risk rating
3) Chairing the Board sponsored Carbon Reduction Group (CRG)
4) Overseeing the Plant & Fleet Solutions Division Decarbonisation Plan
5) Submission of the SBTi targets
6) UNGC reporting
7) Annual updates to the Investors
8) Provision of Carbon data to Lenders and Banks
9) Advice and guidance to Group Procurement
10) Support to Business Development Communities
11) Support to SHEQ and Financial Leadership on CFD commitments

Climate-Related Financial Disclosures (continued)

The Group Risk Board

The Group Risk Board is chaired by the Chief Financial Officer, meets quarterly and has climate risk as a standing agenda item. This ensures that both the top-down view of climate risk, which is provided by the Chief Financial Officer, Chief Executive Officer, Chief Operating Officer and Group General Counsel within this forum, and the bottom-up view, which is received from the Divisional Risk Committees, are reviewed and discussed, alongside action plans and mitigations. The Group Risk Register, which contains specific climate related risks, is reviewed in this forum and this risk register, alongside any key actions and outputs of the Risk Board are presented to the Group Operations Board as detailed above.

The Group SHEQ Board

The Group SHEQ Board is the forum in which key climate scenarios are discussed, modelled, and worked through to ensure consistency across the Group in understanding of how these events may materialise and the risks and opportunities that may present. This is fed into both the Group Risk Board, and Group Operations Board, as part of the discussions on climate risks and opportunities at those forums.

Divisional Risk Management Committees

The Divisional Risk Management Committees meet quarterly and have climate risk as a standing agenda item. This ensures that any identified risks are thoroughly discussed, recorded on our Xactium system and have mitigating actions where applicable. Key outputs from the Divisional Risk Management Committees are fed into the Group Risk Board, which is timed to occur following the Divisional Risk Management Committee meetings.

The Carbon Reduction Group

The Carbon Reduction Group is chaired by the ESG & Innovation Director supported by technical leadership from the Group Carbon & Climate Change Manager. Meetings take place every 6 weeks, and outputs are presented to the Divisional Operations Board. Attendees include Sustainability Managers and other relevant business areas such as Procurement and our Plant & Fleet Solutions.

The objectives of this group are:

- Co-develop the carbon strategy across the organisation
- Coordinate outputs for ESG and mandatory external reporting (primary carbon indices)
- Learning, development and network to share best practice knowledge
- Design and implement division and group carbon reduction targets
- Facilitate the delivery of carbon reduction and deliver verifiable evidence

During the reporting period the Group has established an auditable baseline for GHG reduction and has submitted our Science Based Targets (SBTi) for verification. Our Plant & Fleet Solutions business is developing a detailed Scope 1 Decarbonisation plan with operational and capital investment decisions contained therein. The Group will reduce our overall scope 1&2 carbon by 42% by 2030 against a FY22 baseline.

The Divisional Operations Board now oversee the Plant & Fleet Solutions Decarbonisation Plan which, having stood up a team of specialists, incorporates changes in mobility technology, depot operating structure, fleet refresh rates, network geographical availability of electricity. Adoption of decarbonisation, and investment in lower carbon mobility is taken at a contract level within each Division.

Climate-Related Financial Disclosures (continued)

Identification, assessment, and management of climate-related risks and opportunities

Climate related risks are integrated into the Group's overall risk management framework and are recorded on Xactium, which is the risk management system used consistently across the Group. Physical and transitional risks are identified in our Divisional Risk Management Committees. Physical risks are also identified in the Group SHEQ Board. It is the responsibility of the members of the Divisional Risk Management Committees and of the Group SHEQ Board to set up processes within their teams to ensure all material risks are identified. The process of identifying risks is supported by the central ESG team, with the Group Director of ESG & Innovation regularly engaging with senior leadership across the Group on climate-related risks and opportunities including presenting at senior the MGS annual SHEQ conference.

Every risk identified must be assessed and the impact and likelihood of it materialising documented, which then determines whether the risk is within appetite, or not. The risks are assessed by Risk Owners within each business unit and scored against a consistent impact and likelihood matrix considering health and safety, financial and reputation factors. Each risk is automatically date-stamped upon review, triggering a requirement for reassessment by the Risk Owners every 3 months.

Any risks over appetite are reported into the Divisional Risk Management Committees with action plans, over and above the existing controls, showing steps being taken to reduce the risk within appetite (a cost impact of greater than £1m and 40% likelihood of the risk occurring). Climate risks remaining over appetite following the Divisional Risk Management Committees are escalated to the Group Risk Board.

In addition, all climate-related risks are aggregated and reviewed by the Director of ESG & Innovation ahead of these being discussed at the Group Operations Board.

Principal climate-related risks and opportunities

The Group operates primarily within the United Kingdom. The forecasted trend in our changing climate is for warmer, wetter winters and hotter, drier summers, rising sea levels and increased incidents of extreme weather events. These impacts have the potential to not only impact our business activities directly, but also pose risks for our supply chain.

In order to understand the physical risks associated with climate change, we have developed two scenarios based on RCPs (Representative Concentration Pathways) for RCP4.5 and RCP8.5 (as referenced in IPCC, 2023 Synthesis Report):

- Scenario 1: RCP 4.5 represents an intermediate scenario with a temperature rise of approximately 3°C (from pre-industrial conditions) by 2100. This scenario was considered an appropriate BAU pathway as the world has currently already warmed by 1.2°C with the current trajectory estimated to be approximately 2.9°C by 2100.
- Scenario 2: RCP 8.5 represents and a high greenhouse gas emissions scenario where temperature rise is greater than 4 °C of warming by 2100.

The two scenarios were selected by the Group based on current intelligence available. In both scenarios, the impact of the physical risks on our business would be similar, but the frequency and intensity of events would be greater in the high emissions scenario, with a greater impact in the medium to longer term due to the increased concentration of greenhouse gases in the atmosphere. The Group's strategic response to climate change focuses on the physical and transitional risks and opportunities for the business.

<u>Physical Risks</u>

The table below identifies the principal physical risks from the climate drivers and our current qualitative evaluation of business impact.

Climate-Related Financial Disclosures (continued)

Principal climate-related risks and opportunities (continued)

Driver	Description of impact	Mitigation
Heavy & prolonged rainfall events	**Short term (Low risk)**: Widespread flooding of transport routes and waterlogged ground. Potential supply chain delivery impacts. **Medium term (Low risk)**: As above plus risk of flooding elevated potentially impacting our ability to meet service levels and deadlines for our clients. This may result in loss of revenue and potential negative impact on our reputation. **Long term (Medium risk):** As above with extreme weather events expected to increase in frequency and intensity with a concomitant rise in risk level.	The Group have Business Continuity Plans to assist in mitigating and responding to events that have the potential to disruption our business.
Storms/high wind events	**Short term (Low risk):** Potential for unsafe operational conditions, disruption of travel services, loss of power supply and powered services (such as digital systems) impacting our ability to meet service levels for our clients. Potential for supply chain delivery disruption. **Medium term (Low risk)**: As above plus possible damage to owned assets, injury, loss of working time and delays to projects. . This may result in loss of revenue and have a potential negative impact on our reputation. **Long term (Medium risk):** As above with extreme weather events are expected to increase in frequency and intensity with a concomitant rise in risk level.	The Group have Business Continuity Plans to assist in mitigating and responding to events that have the potential to disruption our business.
Extreme heat events	**Short term (Low risk)**: Extreme heat events may bring discomfort and potential health concerns for staff and a potential reduction in productivity. There will be costs associated with changing protective equipment suitable for extreme heat. **Medium term (Low risk):** As above plus the adjustment in working hours of field staff may be required, this may result in increased cost. There is the potential for failure of equipment sensitive to temperature and damage to assets. Increased energy consumption for cooling may be required. **Long term (Medium risk):** As above plus extreme heat could lead to extreme drought/lack of water reducing our ability to suppress dust, mix mortar/concrete, or wash equipment. This could result in Increased nuisance risk to local communities from dust. Heat events are expected to increase in frequency and intensity with a concomitant rise in risk level.	Health and safety plans in existence, including early monitoring of weather conditions.

Risk Level	Estimated cost impact
Low	< £1m
Medium	>£1m but <£5m
High	> £ 5m

Timespan	Years
Short-Term	0 to 5
Medium-Term	5 to 10
Long-Term	10+

Climate-Related Financial Disclosures (continued)

Principal climate-related risks and opportunities (continued)

Transitional Risks

An outline review of potential transitional risks was undertaken for a scenario where climate policy is introduced as reflected in the IPCC socioeconomic climate scenario SSP1-2.6, with projected warming to be below 2°C, aligned with the Paris Commitment.

Driver	Description of impact	Mitigation / Actions
Regulatory Risk: Increased regulation including carbon taxation	**Short term (Medium risk):** The introduction of increased regulation including carbon taxation may increase operating costs which are not reflected in long-term client contracts, leading to loss of revenue in the short-term until contracts are renegotiated. **Medium Term (Low risk):** The introduction of increased regulation including carbon taxation may increase operating costs in long-term contracts despite adjustments to contractual terms until technological innovation and carbon reduction plans have progressed significantly. **Long term (Low risk):** The introduction of increased regulation including carbon taxation may increase operating costs in long-term contracts despite adjustments to contractual terms until technological innovation and carbon reduction plans have progressed significantly.	Effective carbon reduction planning in progress. The continued purchase/hire of energy efficient welfare units. Adjustment of our longer term contracts in line with evolving regulation.
Technology/Market Risk: Vehicles and Plant	**Short term (Medium risk):** The potential low availability and increased cost of appropriate electric vehicles with the correct range is a risk. There may be less availability of low carbon fuels (HVO) as the country decarbonises its fleets and plant and the fuel may be priced higher to match demand. This represents a financial and operational risk. **Medium term (Low risk):** Due to increased demand we anticipate the EV and low carbon fuel markets will meet customer requirements thus reducing this risk level. **Long term (Low risk):** Due to increased demand we anticipate the EV and low carbon fuel markets will meet customer requirements thus reducing this risk level.	Continued investment in the transition to electric vehicles and the low carbon fuel hydrotreated vegetable oil (HVO) to reduce fossil fuel consumption.
Market Opportunity: Increased demand for electrification contracts	**Short term (Medium opportunity):** An increased demand for low carbon energy transmission and distribution services offers an opportunity for business expansion for Energy Services Division, which provides specialist skills in energy transmission and distribution. **Medium term (Medium opportunity)**: As above. **Long term (Medium opportunity):** As above.	Our specialist Division continues to offer the solutions required for the low carbon energy transition.

Risk Level	Estimated cost impact
Low	< £1m
Medium	>£1m but <£5m
High	> £ 5m

Timespan	Years
Short-Term	0 to 5
Medium-Term	5 to 10
Long-Term	10+

Climate-Related Financial Disclosures (continued)

Principal climate-related risks and opportunities

We assess climate risks and opportunities using different temporal phases to consider potential impacts on our business, strategy, and financial planning. Short term represents 0-5 years and aligns with our business planning process. Medium term is 5-10 years and includes the timeline for our near-term science-based target. Long term is 10+ years.

In the short term (0-5 years), we are finalising our science-based target (SBT) execution plans. The target was submitted to the SBTi for validation in the financial year. The most significant category is represented by Scope 3 Purchased Goods and Services. This category accounts for 75% of our baseline year emissions and is a key area of focus for us and our supply chain. In parallel we are enacting a data improvement strategy to improve the accuracy of our Scope 3 emissions to report progress more accurately.

In the medium term (5-10 years), the Group's target is to deliver our validated SBT reductions. As part of the emissions reduction strategy, the Group has already included a range of hybrid and electric vehicles as part of its fleet and is working on transitioning the core fleet of over 9,000 vehicles to battery electric vehicles and low carbon fuels. The Group is also improving efficiency of fuel use by using telematics and encouraging eco-driving behaviour. The scope and depth of our medium-term target is kept under regular review.

In the long term (beyond 10 years), the Group is committed to achieving Net Zero by 2050 for its Scope 1, 2 and 3 greenhouse gas emissions in line with legally binding commitments made by UK government.

Business model and strategy

The Group's stated strategic goal is to be the leading essential infrastructure service provider to the UK and Ireland. Our business model is to provide sector specific services into our core markets of Water, Energy, Telecom, and Transport (including Rail, Aviation and Highways) sectors, helping to decarbonise our own and our clients' operations.

As part of our strategy, the Group continues to review options to decarbonise its supply chain and to work collaboratively with clients to co-develop and deliver optimal solutions with them. Our business strategy and model are led by anticipating and responding to the evolving needs of our clients. One of the core strengths of the Group is that we can learn and deploy approaches and methods that originate in one sector to others as that or a related requirement is recognised in an adjacent market.

The Group has adopted world class standards by aligning with the United Nations Sustainable Development Goals (UNSDGs) and continues to align its achievements, metrics, and best practices to key UNSDGs, whenever they are appropriate. The eight areas where the Group has accountability and can make the greatest contributions are: Good health and wellbeing; Gender equality, Affordable and clean energy, Decent work and economic growth, Industry innovation and infrastructure, Sustainable cities and communities, Responsible consumption and production, and Climate action. The Group's first report on progress to the United Nations Global Compact (UNGC) organisation was filed in November 2023.

Resilience of the business model and strategy

The Group's business model and strategy is assessed to be resilient to physical climate risks. With the mitigation plans already in place and investment over time in adaptive measures to address risks such as extreme weather impacts, significant physical risks can be adequately managed. Climate change also provides some opportunities for the business model through the need for emergency work.

Climate-Related Financial Disclosures (continued)

Resilience of the business model and strategy (continued)

While we are yet to conduct a full scenario analysis for transition risks, identified transition risks are adequately managed through mitigating actions. The Group recognises that a route to Net Zero by 2050 will require capital investment. The scale and phasing of this investment will be assessed in the development of our Net Zero strategy. The Group continues to review options to decarbonise its supply chain, and this is not expected to have significant capital or cashflow impact in the near-term. More broadly, management see an opportunity in our business model to promote the Group as a low carbon and sustainable essential infrastructure service provider in the UK.

Targets and Key performance indicators (KPIs)

The Group's journey towards reducing energy use and carbon emissions began many years ago and we have already achieved reductions and have implemented new and innovative tools to help measure and reduce our environmental impact. Our carbon intensity has reduced in the year from 50 tonnes of carbon dioxide equivalent per million pound in turnover (tCO2e/£m) to 30 tCO2e/£m, which is a reduction of 40%. In FY23 we have also saved 8,450 tonnes of CO2e from our Scope 1 emissions, and we have recorded 1,434,204 business miles undertaken by battery electric vehicles. The Group complies with the ISO14064:2018 corporate carbon reporting standard. Greenhouse Gas (GHG) emissions and energy use data are included in the Directors' Report.

The safety of our people is of paramount importance. In FY23 we reduced our accident frequency rate (AFR) to 0.06 (FY22: 0.07). Physical climate risks represent an additional hazard for our 6,000 field-staff to navigate. The recognition of climate-related physical risks by our SHEQ Board ensures that these risks are featured in our health and safety management planning.

Our metrics, KPIs and targets detailed below enable us to manage our climate risk and opportunities.

Risks	Target/Metric	Progress in FY24	FY23
Regulatory	Scope 1 and 2 (tCO2e) – 50% reduction to be achieved by 2030 from a 2021-22 baseline	In progress – 10.5kt CO2e absolute reduction achieved when compared with baseline which equates to an 18% reduction	8.5kt CO2e reduction from baseline
Regulatory	Carbon intensity (tCO2e/£m turnover for SECR boundary) to decrease year on year	On target – CI=23 There has been over a 23% reduction in intensity from FY23	CI= 30 tCO2e/£m turnover (i.e.16% improvement on FY22)
Technology/Market	% of electric and hybrid vehicles in fleet to increase year on year	On target - 15% (at Dec 2023)	8% (at Dec 2022)

Independent auditor's report to the members of M Group Services Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of M Group Services Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2024 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flows; and
- the related notes 1 to 36.

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 group and the parent 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 group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Independent auditor’s report to the members of M Group Services Limited (continued)

Other information

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

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

We have nothing to report in this regard.

Responsibilities of directors

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

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

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

Independent auditor's report to the members of M Group Services Limited (continued)

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

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

We discussed among the audit engagement team including relevant internal specialists such as tax, pensions and IT 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 recoverability and valuation of contract work in progress and amounts receivable on contracts:
  - Evaluating management's assessment on the overall customer contract performance during the period to understand any key issues around the contract and determine the impact on the recoverability of the balance;
  - Assessing the accuracy of the WIP report ageing through testing on a sample basis and agreeing the amount of revenue recognised to the Cost Value Reconciliation and supporting evidence; and
  - Obtaining an understanding from respective financial and Commercial Directors of the WIP position at year-end and any judgements around recoverability issues and evaluating residual balances that remain unpaid for collectability.
- The judgements and estimates involved in accounting for different aspects of revenue contracts in the Energy division:
  - Reviewing and challenging the calculation of judgment and estimation involved in revenue recognition on significant contracts, including pain/gain mechanisms and KPI workings 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;

Independent auditor's report to the members of M Group Services Limited (continued)

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit 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, reviewing internal audit reports and reviewing correspondence with HMRC.

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

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

10 July 2024

Consolidated profit and loss account for the year ended 31 March 2024

	Notes	**Year ended 31 March 2024 £m**	Year ended 31 March 2023 £m
Turnover	5,6	**2,196.0**	1,864.6
Cost of sales		**(1,983.3)**	(1,664.5)
Gross profit		**212.7**	200.1
Administrative expenses		**(196.1)**	(201.5)
Other operating income	7	**8.7**	4.0
EBITDA before exceptional items		**119.7**	104.7
Exceptional items	8,9	**(20.5)**	(33.8)
Depreciation	8,14	**(20.8)**	(12.8)
Amortisation	8,13	**(53.1)**	(55.5)
Operating profit	8	**25.3**	2.6
Finance costs (net)	11	**(1.4)**	(1.3)
Profit before taxation		**23.9**	1.3
Tax charge on profit	12	**(10.2)**	(2.1)
Profit / (loss) for the financial year		**13.7**	(0.8)
Profit / (loss) attributable to:			
- Owners of the parent		**13.7**	(0.8)
- Non-controlling interest		**-**	-
		13.7	(0.8)

The accompanying notes on pages 52 to 96 form part of these financial statements.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company profit and loss account.

The above results all relate to continuing operations.

Consolidated statement of comprehensive income for the year ended 31 March 2024

	Note	**Year ended 31 March 2024 £m**	Year ended 31 March 2023 £m
Profit / (loss) for the financial year		**13.7**	(0.8)
Other comprehensive income / (expense) :			
Remeasurements of net defined benefit obligation	22	**(2.3)**	1.1
Total tax charge on components of other comprehensive income		**0.7**	(0.9)
Other comprehensive (expense) / income for the year, net of tax		**(1.6)**	0.2
Total comprehensive income / (expense) for the year		**12.1**	(0.6)
Total comprehensive income / (expense) attributable to:			
- Owners of the parent		**12.1**	(0.6)
- Non-controlling interest		**-**	-
		12.1	(0.6)

The accompanying notes on pages 52 to 96 form part of these financial statements.

Consolidated balance sheet as at 31 March 2024

	Notes	**Group At 31 March 2024 £m**	Group At 31 March 2023 £m
Fixed assets			
Intangible assets	13	**354.9**	343.4
Tangible assets	14	**41.8**	53.0
Investments	15	**1.2**	-
Loans to Group Undertakings	16	**20.6**	24.1
		418.5	420.5
Current assets			
Stocks	17	**13.5**	12.5
Debtors	18	**410.2**	366.2
Cash at bank and in hand	28	**104.8**	211.4
		528.5	590.1
Creditors: amounts falling due within one year	19	**(720.6)**	(792.1)
Net current liabilities		**(192.1)**	(202.0)
Total assets less current liabilities		**226.4**	218.5
Creditors: amounts falling due after more than one year	20	**(13.6)**	(29.4)
Provisions for liabilities			
Provisions for other liabilities	23	**(57.3)**	(48.0)
Net assets		**155.5**	141.1
Capital and reserves			
Called up share capital	26	**-**	-
Share premium account	27	**110.3**	110.3
Profit and loss account		**42.9**	30.8
Equity attributable to owners of the parent company		**153.2**	141.1
Non-controlling interest		**2.3**	-
Total equity		**155.5**	141.1

The accompanying notes on pages 52 to 96 are an integral part of these financial statements.

The financial statements on pages 45 to 96 were approved and authorised for issue by the Board of Directors on 10 July 2024 and were signed in its behalf by:

A R Findlay
Director

C Keen
Director

Registered Number: 10260164

Company balance sheet
as at 31 March 2024

	Notes	**Company At 31 March 2024 £m**	Company At 31 March 2023 £m
Fixed assets			
Intangible assets	13	**17.3**	17.8
Tangible assets	14	**0.2**	-
Investments	15	**274.1**	240.6
Loans to Group undertakings	16	**338.3**	349.1
		629.9	607.5
Current assets			
Debtors	18	**50.8**	38.5
Cash at bank and in hand		**1.2**	-
		52.0	38.5
Creditors: amounts falling due within one year	19	**(439.0)**	(507.0)
Net current liabilities		**(387.0)**	(468.5)
Total assets less current liabilities		**242.9**	139.0
Creditors: amounts falling due after more than one year	20	**(96.7)**	-
Provisions for liabilities			
Provisions for liabilities	23	**(1.3)**	(0.2)
Net assets		**144.9**	138.8
Capital and reserves			
Called up share capital	26	**-**	-
Share premium account	27	**110.3**	110.3
Profit and loss account		**34.6**	28.5
Total equity		**144.9**	138.8

The result for the Company for the year was a profit of £6.1 million (2023: Profit of £22.2 million).

The accompanying notes on pages 52 to 96 are an integral part of these financial statements.

The financial statements on pages 45 to 96 were approved and authorised for issue by the Board of directors on 10 July 2024 and were signed on its behalf.

A R Findlay
Director

C Keen
Director

Registered Number: 10260164

Consolidated statement of changes in equity for the year ended 31 March 2024

	Share premium account	Profit and loss account	Equity attributable to owners of the parent company	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m
Balance as at 1 April 2022	110.3	31.4	141.7	-	141.7
Loss for the financial year	-	(0.8)	(0.8)	-	(0.8)
Other comprehensive income for the financial year	-	0.2	0.2	-	0.2
Total comprehensive expense for the year	-	(0.6)	(0.6)	-	(0.6)
Balance at 31 March 2023	**110.3**	**30.8**	**141.1**	-	**141.1**
Profit for the financial year	**-**	**13.7**	**13.7**	-	**13.7**
Other comprehensive loss for the financial year	**-**	**(1.6)**	**(1.6)**	-	**(1.6)**
Total comprehensive income for the year	**-**	**12.1**	**12.1**	-	**12.1**
Acquisition of minority interest	**-**	**-**	**-**	**2.3**	**2.3**
Balance as at 31 March 2024	**110.3**	**42.9**	**153.2**	**2.3**	**155.5**

The accompanying notes on pages 52 to 96 form part of these financial statements.

M Group Services Limited

Company statement of changes in equity for the year ended 31 March 2024

	Share capital	Share premium account	Profit and loss account	Total equity
	£m	£m	£m	£m
Balance as at 1 April 2022	-	110.3	6.3	116.6
Profit and total comprehensive income for the financial year	-	-	22.2	22.2
Balance at 31 March 2023	**-**	**110.3**	**28.5**	**138.8**
Profit and total comprehensive income for the financial year	**-**	**-**	**6.1**	**6.1**
Balance as at 31 March 2024	**-**	**110.3**	**34.6**	**144.9**

The accompanying notes on pages 52 to 96 form part of these financial statements.

M Group Services Limited

Consolidated statement of cash flows
for the year ended 31 March 2024

	Notes	**Year ended 31 March 2024** £m	Year ended 31 March 2023 £m
Net cash inflow from operations	28	**158.8**	77.5
Taxation paid		**(8.2)**	(6.3)
Net cash generated from operating activities		**150.6**	71.2
Cash flow from investing activities			
Acquisition of subsidiary	34	**(55.2)**	(5.4)
Settlement of contingent consideration		**(7.2)**	-
Payments to acquire tangible assets		**(11.8)**	(21.9)
Payments to acquire intangible assets		**(6.7)**	-
Proceeds on disposal of tangible assets		**7.1**	0.8
Proceeds on disposal of subsidiary		**2.2**	-
Net cash used in investing activities		**(71.6)**	(26.5)
Cash flows from financing activities			
Repayments of obligations under finance leases		**(6.4)**	(4.6)
Loans from group undertakings		**(77.8)**	(28.1)
Net interest paid		**(1.4)**	(1.3)
Net cash used in financing activities		**(85.6)**	**(34.0)**
Net (decrease)/ increase in cash and cash equivalents		**(6.6)**	**10.7**
Cash and cash equivalents at the beginning of the year		**111.4**	100.7
Cash and cash equivalents at the end of year	28	**104.8**	**111.4**

The accompanying notes on pages 52 to 96 form part of these financial statements.

Notes to the financial statements for the year ended 31 March 2024

1 General Information

M Group Services Limited ("the Company") and its subsidiaries (together "the Group") provides design, install, maintain and support services to blue-chip clients in essential infrastructure sectors across the UK.

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

2 Statement of compliance

The Group and company financial statements of M Group Services Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006, under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and company financial statements are set out below. These policies have been consistently applied, unless otherwise stated. The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The Group has applied amendments to FRS 102 issued by the FRC in July 2023, for the first time during the year: The amendments introduce a temporary exception to the accounting for deferred tax arising from Pillar Two legislation and require related targeted disclosures.

Basis of preparation

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

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting judgements and key sources of estimation uncertainties. 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.

The Company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

Going concern

The Directors have also taken into account uncertainties in preparing financial projections and assessing the future prospects of the Group.

The Directors have reviewed the Group's financial and liquidity projections and assessed the headroom on the banking covenants and cash headroom, including performing downside sensitivity scenario analysis by assessing the impact of slower volumes, reduced margins, and slower cash collection to miss the Group's budget and the downside that would be required in order to break the Group's covenants. EBITDA before exceptional and non-recurring items would need to fall by 55% to lead to a breach of banking covenants. Cash flow has been and continues to be robust, in line with management's expectations.

The Group has significant levels of liquidity available. In November 2023, the Group successfully completed a refinancing of its senior debt facility.

3 Summary of significant accounting policies (continued)

Going concern (continued)

This replaced the previous £460.0 million senior term loan with a new £520.0 million senior term loan and gave the Group access to a further £100.0 million (2023: £nil) merger and acquisition facility (the "CAR"). The term on the new debt is 7 years starting from November 2023 and ending November 2030. The debt is portable for two years from the date of inception and follows the Group in case of a Permitted Change of Control.

The Group has access if needed to an undrawn revolving credit facility of £74.3 million (2023: £56.3 million) available until 2030.

The Group had net assets of £155.5 million on the balance sheet (2023: £141.1 million). In line with a typical structure for a private equity owned Group, the capital structure of the Group consists of net debt (comprising senior loan, preference shares, shareholder notes, finance leases after deducting cash at bank) and equity (comprising called up share capital, share premium account, profit and loss account).

On 27 June 2024, a share purchase agreement to sell 100% of the share capital in Minerva Equity Limited Group has been signed by PAI Partners, the ultimate parent undertaking of the Group, other management shareholders and Midas Bidco I Limited, a company controlled by CVC Capital Partners, with completion expected by the end of September 2024.

At the same date, the lenders to the Group confirmed this transaction to be a Permitted Change of Control and therefore the debt will continue to be available to the Group, upon completion of the above transaction.

The budget and business plan has remained unchanged post the sale transaction. This budget and business plan has been used to carry out the going concern review.

The directors have considered two scenarios for the purpose of reaching their conclusion in respect of going concern; the scenario that the share purchase completes and the unlikely scenario where it does not. In both scenarios the group is deemed to be a going concern.

Accordingly, based on the Group's financial and liquidity projections, the maturity and portability of the long-term debt, the expectations of no significant changes to the business plan upon completion of the above shareholder event, and the current expectations of the Directors about the prospects of the Group, the financial statements have been prepared on the going concern basis.

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

Exemptions for qualifying entities under FRS 102

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

The Company has taken advantage of the exemption from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows.

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

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

3 Summary of significant accounting policies (continued)

Consolidated financial statements

The Group financial statements comprise a consolidation of the financial statements of the Company and all its subsidiary undertakings as at 31 March 2024. The accounting policies are uniformly applied across the Group. The results of companies acquired or disposed of are consolidated from the effective date of acquisition or to the effective date of disposal. Intra-group sales and profit are eliminated on consolidation.

Foreign currencies

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

The Company's functional and presentational currency is the pound sterling. The consolidated financial statements are also presented in pounds sterling.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and that these benefits can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable for goods and services provided and net of discounts and value added taxes.

The Group has identified four divisions, being Water, Energy, Telecoms and Transport. These are consistent with the way the Group reports financial information internally.

Revenue recognition across the group is considered as follows:

Framework contracts

The activities of the Group are largely undertaken through long-term framework contracts. Under these contracts revenue is recognised in line with each separate supply of goods and services completed. Where losses are foreseeable in respect of future supplies committed under these framework contracts, appropriate provisions are made. In addition, an accrual is maintained for future remedial works that may be required in respect of supplies already made.

Project contracts

For long-term project contracts where the outcome of the contract can be measured reliably, revenue is recognised by reference to the stage of completion of the contract activity at the balance sheet date (e.g. on costs incurred or milestone reached basis). Where it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately in the profit and loss account. Where the outcome of a contract cannot be measured reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable that these costs will be recovered.

Where contracts exhibit characteristics of both framework and long-term project contracts, the company applies the appropriate recognition criteria to the separate components of the contract.

Amounts recoverable on contracts are stated at cost plus attributable profits less provision for losses and payments on account. Payments on account in excess of amounts recoverable on contracts are included in creditors.

Where contracts include incentive payments, such as pain/gain mechanisms, particularly for fixed price or cost-plus contracts, we recognize the gains or pain based on the certainty and timing outlined in the agreements. Pain is recognised immediately upon identification, ensuring that we record the expected loss on the contract (or the business share of the loss as agreed by the contract) as soon as it is known. Conversely, gains are recognised at the point of agreement and in accordance with the contract terms.

3 Summary of significant accounting policies (continued)

Exceptional items

In determining whether an item should be presented as an exceptional item, the Group considers items which are significant either because of their size or their nature, or those which are outside of the normal course of business.

Where an item meets this criteria and 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 Group's financial performance. Management exercises judgement in identifying exceptional items based on this definition, including considering the nature and cause of the transaction and whether it has a large and distorting impact on performance in the financial year.

For an item to be considered exceptional, it must meet at least one of the following criteria:

- it is considered outside of the normal course of business
- it is a significant item that may span more than one accounting period.

If an item meets at least one of these criteria, the board will consider whether separate presentation enhances the understanding of the Group's financial performance.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value where there is reasonable assurance that the grant will be received. Amounts received are recognised over the period in which the related costs are recognised.

Employee Benefits

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

Defined contribution pension plans

The Group operates defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense 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.

Defined benefit pension plan

The Group operates defined benefit scheme arrangements for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The defined benefit scheme arrangements are funded separately, with the assets of the scheme held separately from those of the Group in a trustee administered fund.

The liabilities recognised in the balance sheet in respect of the defined benefit plan arrangements are the present value of the defined benefit obligations at the end of the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit liabilities, net of the related deferred tax, are presented separately on the face of the balance sheet.

3 Summary of significant accounting policies (continued)

Employee Benefits (continued)

The fair value of the plan assets are measured in accordance with FRS 102 and in accordance with the Group's policy for similarly held assets.

The cost of the defined benefit plan, recognised in profit and loss as employee costs comprises:

(a) The increase in pension benefit liability arising from the employee service during the year; and

(b) The cost of the plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligations and the fair value of plan assets. These costs are recognised in profit or loss as 'Net interest expense on post-employment benefits.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurements of net defined benefit liability' in the consolidated statement of comprehensive income.

Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting year. 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 year. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

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

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements.

These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions.

Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Business combinations and goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination.

3 Summary of significant accounting policies (continued)

Business combinations and goodwill (continued)

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured, they are disclosed on the same basis as other contingent liabilities. Non-controlling interests are stated at the non-controlling interests' proportion of the fair values of the assets and liabilities recognised.

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

On acquisition, goodwill is allocated to cash-generating units (CGU) that are expected to benefit from the combination.

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

Intangible assets (continued)

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the amortisable amount of the assets less their estimated residual value over their expected useful lives, as follows:

Software	-	3 - 10 years
Client relationships	-	3 - 18 years
Brands	-	3 - 20 years

Costs associated with maintaining computer software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Separately acquired brands and non-contractual customer relationships are shown at historical cost. Brands and customer relationships have a finite useful life and are carried at cost less accumulated amortisation.

Tangible assets

Tangible assets are included at historical 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.

Vehicles, plant and equipment, fixtures and fittings

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

3 Summary of significant accounting policies (continued)

Tangible assets (continued)

Depreciation and residual values

Depreciation of assets is calculated at rates expected to write off cost less the estimated residual value of the relevant assets over their expected economic lives.

The expected useful lives of the assets to the business are reassessed periodically in light of experience.

The expected economic lives used are principally as follows:

Vehicles, plant and equipment, fixtures and fittings	-	1 - 15 years
Leasehold property	-	Remaining life of the lease

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

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.

Leased assets

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

Finance leased assets

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

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

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

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

Operating leased assets

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

3 Summary of significant accounting policies (continued)

Leased assets (continued)

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

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

Investments

Investments in subsidiary companies are stated at historical cost less accumulated impairment losses.

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Stock

Stocks are stated at the lower of historical cost and estimated selling price less costs to complete and sell. Stocks are recognised as an expense in the period in which the related revenue is recognised. Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition.

Impairment of Assets

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

Non-financial assets

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

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

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

Cash and cash equivalents

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

3 Summary of significant accounting policies (continued)

Provisions and contingencies

Provisions

A provision is recognised when the Group 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. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. If the effect is material, and where 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 provision for onerous contracts is recognised for contracts in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

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 and investments in commercial paper, 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 year 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.

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities

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

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. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Interest on preference shares is accrued within interest costs and included in amounts due after one year.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and as subsequently remeasured at their fair value. Changes in the fair value of derivatives are recognised in the profit and loss account in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

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.

Jointly controlled Assets

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

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

Share capital

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

3 Summary of significant accounting policies (continued)

Distributions to equity holders

Dividends and other distributions to Group'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 Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

4 Critical accounting judgements and key estimation uncertainties

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 judgements and key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting judgements will, by definition, seldom equal the related actual results. There is a critical estimate in the current period in respect of the provision for remedial work for a pipe that developed damage after installation, where there is a risk of material adjustment to the carrying amount of assets and liabilities within the next financial year. Further information is included in note 9.

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 18 for the net carrying amount of amounts recoverable on contracts and note 23 for the provisions for 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.

Exceptional costs
When items of income or expense are significant and outside the normal course of business, or when separate presentation enhances the reader's understanding of financial performance, their nature and amount are disclosed separately on the profit and loss statement. This helps clarify the Group's financial performance by distinguishing exceptional items from routine financial activities, which is crucial for reflecting the underlying performance of the Group's continuing operations.

4 Critical accounting judgements and key estimation uncertainties

Exceptional costs (continued)

Determining whether these items qualify as exceptional items requires judgement based on their nature, size, or frequency, guided by the Group's accounting policy. By presenting such items separately, including significant one-off impacts, management provides a clearer view of the underlying performance of continuing operations.

5 Turnover

At 31 March 2024, the Group has four operating divisions – Energy, Water, Telecoms and Transport. The Group provides repair and maintenance, refurbishment, enhancement and data retrieval and management services to blue-chip clients in essential infrastructure sectors.

6 Divisional information

By geographical origin

Turnover related to activities in the United Kingdom was £2,194.5 million, Ireland £1.3 million, rest of Europe £0.1 million, and rest of World £0.1 million (2023: United Kingdom £1,863.0 million, Ireland £1.1 million, rest of Europe £0.1 million, and rest of World £0.4 million).

By operating division

	Year ended 31 March 2024	Year ended 31 March 2023
	£m	£m
Energy	**466.4**	414.1
Water	**575.4**	475.8
Telecoms	**542.1**	447.5
Transport	**612.1**	527.2
Total turnover	**2,196.0**	1,864.6

7 Other operating income

	Year ended 31 March 2024	Year ended 31 March 2023
	£m	£m
R&D expenditure tax credit	**5.1**	3.4
Profit on sale of tangible assets	**3.5**	0.6
Other income	**0.1**	-
Total other operating income	**8.7**	4.0

8 Operating profit

Group	**Year ended 31 March 2024**	Year ended 31 March 2023
	£m	£m
Operating profit is stated after (charging) / crediting:		
Depreciation – owned assets (see note 14)	**(20.5)**	(12.2)
Depreciation – leased assets (see note 14)	**(0.3)**	(0.6)
Amortisation (see note 13)	**(53.1)**	(55.5)
Hire of plant and machinery*	**(120.1)**	(104.1)
Operating lease rentals – plant and machinery	**(42.8)**	(36.4)
Operating lease rentals – other	**(2.4)**	(2.6)
Exceptional items (see note 9)	**(20.5)**	(33.8)
Profit on sale of tangible assets	**3.5**	0.6
Fees payable to the Company's auditor for the audit of the parent company and consolidated financial statements	**(0.1)**	(0.3)
Fees payable to the Company's auditor and their associates for other services:		
- The audit of the Company's subsidiaries pursuant to legislation	**(2.1)**	(2.1)
Total amount payable to the Company's auditor and their associates	**(2.2)**	(2.4)

Depreciation of £19.2 million is included in costs of sales and £1.6 million in administrative expenses.

Amortisation of £53.1 million is included in administrative expenses.

*During the year, the Directors identified a presentation error related to the cost associated with hire of plant and machinery. An inaccuracy in the source data used for this disclosure note led to the prior year amount of £52.1 million being recorded. Accordingly, this has been corrected to reflect an amount of £104.1 million. There is no impact on the income statement as the error was restricted to the disclosure notes.

9 Exceptional items

Group	Notes	**Year ended 31 March 2024**	Year ended 31 March 2023
		£m	£m
Restructuring	9.1	**(3.0)**	(6.9)
Exceptional costs relating to major contracts	9.2	**(15.2)**	(21.0)
Loss on disposal of subsidiary (Note 34)	9.3	**(3.4)**	-
Redundancy	9.4	**1.1**	(1.1)
Impairment of goodwill and intangible assets	9.5	**-**	(4.0)
Costs associated with acquisitions	9.6	-	(0.8)
		(20.5)	(33.8)

9.1 Professional costs incurred in respect of group restructuring activities, including costs in respect of preparation for potential future shareholder exit events.

9.2 Exceptional costs in the current year include a £19.7 million charge to the profit and loss account and increase in the provision in respect of remedial work for a pipe that developed damage after installation. The provision recognised on balance sheet as at 31 March 2024 was £25.3 million, net of £1.8 million utilisation in the current year (2023: £7.4 million, nil utilisation in prior year) and it is management's best estimate of the group's cost of the remedial work, which ranges between £11.3 million and £27.1 million. The provision is expected to be either utilised or released by March 2027. The Group is actively seeking recovery from the manufacturer and/or insurance claims, at this stage no value has been recognised for cost recovery due to recoverability not being virtually certain

In addition, this amount includes £6.0 million reversals to provisions made in the prior year relating to onerous contracts. These provisions were no longer required as the business had exited the contracts.

9.3 Represents the loss on disposal of Industrial Water Jetting Systems Group of companies.

9.4 Represents reversal of provision that was not required for redundancy costs previously recognised in the prior year in anticipation of the Group's exit of the jetting and tinkering business.

9.5 Impairment of goodwill and intangible assets in the Group's jetting and tankering business.

9.6 Due diligence and legal costs incurred in respect of potential acquisitions where the criteria for capitalisation are not met.

10 Employees and directors

The aggregate remuneration comprised:

Group	**Year ended 31 March 2024**	Year ended 31 March 2023
	£m	£m
Wages and salaries	**557.4**	505.3
Social security costs	**39.9**	37.3
Other pension costs	**15.9**	13.7
Staff costs	**613.2**	556.3

Company	**Year ended 31 March 2024**	Year ended 31 March 2023
	£m	£m
Wages and salaries	**15.9**	11.6
Social security costs	**1.3**	1.3
Other pension costs	**0.8**	0.5
Staff costs	**18.0**	13.4

The average monthly number of full-time equivalent staff (including executive directors):

Group	**Year ended 31 March 2024**	Year ended 31 March 2023*
	Number	Number
Management and supervisory staff	**2,674**	2,474
Operational staff	**8,602**	8,290
	11,276	10,764

* During the year, the Directors reviewed the method in which they determine the group's categorisation of staff. Accordingly, the FY23 average monthly number of full-time equivalent staff has been updated to reflect the same method to ensure comparability of the data.

Notes to the financial statements for the year ended 31 March 2024 (continued)

10 Employees and directors (continued)

Company	Year ended 31 March 2024	Year ended 31 March 2023*
	Number	Number
Management and supervisory staff	**68**	59
Operational staff	**177**	156
	245	215

Directors' remuneration

Company	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
Aggregate emoluments	**3.5**	2.2
Highest paid Director		
Emoluments	**1.1**	0.5

The Directors are remunerated for services to the Group as a whole and the cost is borne by all subsidiary undertakings by a recharge.

No Directors participated in a defined benefit pension scheme during the year (2023: none).

11 Finance cost (net)

	Year ended 31 March 2024	Year ended 31 March 2023
	£m	£m
Interest payable on overdrafts and bank loans	**(0.9)**	(0.8)
Finance lease interest	**(0.5)**	(0.5)
Total finance cost (net)	**(1.4)**	(1.3)

12 Tax on profit

Tax expense included in consolidated profit and loss	**Year ended 31 March 2024**	Year ended 31 March 2023
	£m	£m
Current tax:		
UK corporation tax on profit for the year	**16.3**	5.7
Adjustment in respect of previous period	**(1.7)**	(0.2)
Total current tax charge	**14.6**	5.5
Deferred tax:		
Origination and reversal of timing differences	**(7.4)**	(4.5)
Adjustment in respect of previous period	**3.0**	0.8
Change in tax rate	**-**	0.3
Total deferred tax (credit)	**(4.4)**	(3.4)
Tax on profit	**10.2**	2.1
Tax credit included in consolidated statement of comprehensive income		
Origination and timing differences	**(0.7)**	0.9
Total tax (credit) / charge	**(0.7)**	0.9

Notes to the financial statements for the year ended 31 March 2024 (continued)

12 Tax on profit (continued)

Reconciliation of tax charge:

The tax assessed for the year is higher (2023: higher) than the standard rate of corporation tax in the UK of 25% (2023: 19%). The differences are explained below:

	Year ended 31 March 2024	Year ended 31 March 2023
	£m	£m
Profit before taxation	**24.0**	1.3
Profit multiplied by the standard UK rate of tax 19% (2023: 19%)	**6.0**	0.2
Effects of:		
Expenses not deductible for tax purposes	**3.0**	0.7
Adjustment in respect of previous period	**1.3**	0.6
Tax rate changes	**-**	0.3
Amortisation of goodwill	**7.5**	6.3
Adjustment in respect of transfer pricing	**(7.6)**	(6.0)
Tax charge for the year	**10.2**	2.1

The standard rate of corporation tax in the UK increased from 19% to 25% on the 1st of April 2024. Deferred tax has been recognised at this rate.

13 Intangible assets

Group	Client relation-ships £m	Brands £m	Goodwill £m	Software & Intellectual Property Rights £m	Total £m
Cost at 1 April 2023	226.9	42.1	290.1	42.2	601.3
Acquisitions (Note 34)	-	-	60.1	-	60.1
Additions	-	-	-	7.0	7.0
Disposals	-	-	(2.1)	(0.4)	(2.5)
Cost at 31 March 2024	**226.9**	**42.1**	**348.1**	**48.8**	**665.9**
Accumulated amortisation at 1 April 2023	(116.4)	(15.6)	(112.3)	(13.6)	(257.9)
Charge for the year	(15.7)	(2.3)	(30.0)	(5.1)	(53.1)
Accumulated amortisation at 31 March 2024	**(132.1)**	**(17.9)**	**(142.3)**	**(18.7)**	**(311.0)**
Net book value at 31 March 2024	**94.8**	**24.2**	**205.8**	**30.1**	**354.9**
Net book value at 31 March 2023	110.5	26.5	177.8	28.6	343.4

13 Intangible assets (continued)

Company	Other including software £m
Cost at 1 April 2023	19.9
Additions	1.9
Disposals	**(0.3)**
Cost at 31 March 2024	**21.5**
Accumulated amortisation at 1 April 2023	(2.1)
Charge for the year	(2.1)
Disposals	-
Accumulated amortisation at 31 March 2024	**(4.2)**
Net book value at 31 March 2024	**17.3**
Net book value at 31 March 2023	17.8

Notes to the financial statements
for the year ended 31 March 2024 (continued)

14 Tangible assets

Group	Leasehold Property £m	Vehicles, Plant and Equipment, fixtures and fittings £m	Total £m
Cost at 1 April 2023	**7.1**	**75.8**	**82.9**
Acquisitions (Note 34)	-	0.0	0.0
Additions	0.1	19.1	19.2
Disposals	(1.6)	(43.4)	(45.0)
At 31 March 2024	**5.6**	**51.5**	**57.1**
Accumulated depreciation at 1 April 2023	**(4.4)**	**(25.5)**	**(29.9)**
Charge for the year	(0.3)	(20.5)	(20.8)
Disposals	1.6	33.8	35.4
At 31 March 2024	**(3.1)**	**(12.2)**	**(15.3)**
Net book value at 31 March 2024	**2.5**	**39.3**	**41.8**
Net book value at 31 March 2023	2.7	50.3	53.0

The net book value of the Group’s tangible fixed assets held under finance leases at 31 March 2024 is £11.9 million (2023: £12.4 million).

The Company had £0.2m tangible assets (2023: nil).

Notes to the financial statements for the year ended 31 March 2024 (continued)

15 Investments

	Group	Company
	At 31 March 2024	At 31 March 2024
Cost as at 1 April 2023	**-**	240.6
Additions on investments	**1.2**	33.5
Cost as at 31 March 2024	**1.2**	274.1

On 22nd of December 2023, the group acquired the ordinary share capital of Agility Impact Holdings Limited and its subsidiaries. One of the subsidiaries, Agility Eco Services, holds 15% of equity shares in Alto Energy. The equity shares are not publicly traded.

During the year, the parent Company increased it's equity shares in Milestone Infrastructure Limited. The equity shares are not publicly traded. See Note 34 for additional narrative regarding Group's investments in subsidiary undertakings.

16 Loans to Group undertakings

	Group	Group	**Company**	Company
	At 31 March 2024	At 31 March 2023	**At 31 March 2024**	At 31 March 2023
	£m	£m	**£m**	£m
Loans to Group undertakings	**20.6**	24.1	**338.3**	349.1

Loans to group undertakings include loan notes receivable in full on 31 December 2028. The loan notes bear interest at 11%. Interest is accrued and will be received on redemption.

17 Stocks

	At 31 March 2024	At 31 March 2023
Group	**£m**	£m
Raw materials and consumables	**13.5**	12.5

There is no material difference between the balance sheet value of stock and its replacement cost (2023: nil).

The Company had no stock during the year (2023: nil).

18 Debtors

	Group	Group	**Company**	Company
	At 31 March 2024	At 31 March 2023	**At 31 March 2024**	At 31 March 2023
	£m	£m	**£m**	£m
Amounts falling due within one year:				
Trade debtors	**109.4**	68.0	**0.2**	-
Amounts recoverable on contracts	**240.2**	247.6	**-**	-
Amounts owed by Group undertakings	**6.9**	7.4	**20.8**	7.6
Other debtors	**3.8**	8.9	**2.6**	6.1
Pension scheme surplus (Note 22)	**1.3**	2.9	**-**	-
Corporation tax	**11.1**	7.7	**21.7**	20.9
Prepayments	**37.5**	23.7	**5.5**	3.9
	410.2	366.2	**50.8**	38.5

Trade debtors are stated after provisions for impairment of £1.1 million (2023: £1.3 million).

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

19 Creditors: amounts falling due within one year

	Group	Group	**Company**	Company
	At 31 March 2024	At 31 March 2023	**At 31 March 2024**	At 31 March 2023
	£m	£m	**£m**	£m
Obligations under finance leases (Note 21)	**(2.6)**	(2.2)	**-**	-
Bank overdrafts	**-**	(100.0)	**-**	(90.4)
Short-term borrowings	**(2.6)**	(102.2)	**-**	(90.4)
Payments received on account	**(8.0)**	(2.6)	**-**	-
Trade creditors	**(102.7)**	(95.0)	**(2.8)**	(0.9)
Amounts owed to Group undertakings	**(219.1)**	(300.7)	**(426.4)**	(407.9)
Other taxation and social security	**(14.0)**	(13.0)	**(0.5)**	(0.4)
Other creditors	**(14.5)**	(7.0)	**(7.0)**	(3.8)
Amounts owed to joint ventures	**(5.3)**	(3.5)	**-**	-
Insurance	**(13.4)**	(11.0)	**-**	-
Payroll	**(17.6)**	(6.9)	**-**	-
Subcontractors	**(14.0)**	(12.8)	**-**	-
VAT liability	**(63.4)**	(64.3)	**-**	-
Accruals	**(234.0)**	(173.1)	**(2.3)**	(3.6)
Deferred income	**(12.0)**	-	**-**	-
Total Creditors: amounts falling due within one year	**(720.6)**	(792.1)	**(439.0)**	(507.0)

As at 31 March 2024 there was an outstanding liability of £2.3 million (2023: £3.0 million) in respect of pension contributions.

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

20 Creditors: amounts falling due after more than one year

	Group At 31 March 2024 £m	Group At 31 March 2023 £m	**Company At 31 March 2024 £m**	Company At 31 March 2023 £m
Obligations under finance leases (Note 21)	**(9.3)**	(9.8)	**-**	-
Contingent consideration	**-**	(9.3)	**-**	-
Accruals	**(4.3)**	(10.3)	**-**	-
Amounts owed to Group undertakings	**-**	-	**(96.7)**	-
Total Creditors: amounts falling due more than one year	**(13.6)**	(29.4)	**(96.7)**	-

Contingent consideration

During the year, contingent consideration was paid on acquisitions that had occurred in prior years as the acquired entities had met the performance obligations for the consideration to be paid. This resulted in an adjustment to Goodwill of £2.1 million.

Consideration of £0.9 million was paid for the acquisition of IDS Holdings Limited which was acquired on 14 October 2020, of this £2.2 million had been accrued for resulting in a net adjustment to goodwill of £1.3 million.

Consideration of £6.3 million was paid for the acquisition of Z-Tech Controls Systems Limited which was acquired on 16 December 2021, of this £7.1 million had been accrued for resulting in a net adjustment to goodwill of £0.8 million.

Preference shares

Included within the preference share balance of £34.7 million (2023: £37.8 million) is accrued interest of £1.2 million (2023: £13.8 million).

21 Loans and other borrowings

The future minimum finance lease payments are as follows:	**At 31 March 2024 £m**	At 31 March 2023 £m
Less than one year	**(2.6)**	(2.2)
Between one and five years	**(8.7)**	(3.1)
After five years	**(0.6)**	(6.7)
Carrying amount of liability	**(11.9)**	(12.0)

The finance leases relate to plant and machinery and second-hand light commercial vehicles (LCVs). They are secured by fixed charges on the assets concerned.

22 Pensions and similar obligations

Defined benefit schemes

The Group operates one material defined benefit scheme, which is closed to future accrual, within Morrison Water Services Limited (‘MWS’), formerly Morrison Utility Services Limited (‘MUS’) - the Morrison CARE Pension Scheme (‘MCARE’ or ‘the Scheme’).

Additionally, the Group operates a smaller defined benefit scheme within Morrison Data Services Limited (‘MDS’) and one within Magdalene Limited (‘MAG’).

The schemes provide retirement benefits on the basis of members’ average salary over their working life with the company. The plans are administered by an independent trustee. Contributions are agreed with the trustee to reduce the funding deficit where necessary.

A full actuarial valuation of the MWS scheme was carried out at 1 April 2023. A full actuarial valuation of the MDS scheme was carried out at 1 April 2022. A full actuarial valuation of the MAG scheme was carried out at 5 April 2021. An update of the actuarial valuation to 31 March 2024 was carried out by an independent actuary for all three schemes.

On 6 December 2023, the Trustees of the Morrison CARE Pension Scheme entered into an agreement with Aviva to purchase a bulk annuity insurance policy, commonly referred to as a 'buy-in,' which operates as an investment asset of the Scheme.

This buy-in policy covers the whole liabilities of the Scheme (with the exception of one member for whom the Scheme already has an insurance policy in place) and eliminates the financial and demographic risks of the Scheme for the Company. The Scheme retains a small residual asset following the buy-in, which is held in cash. The ongoing expenses for running the Scheme will continue to be met by the Trustee and reimbursed by the Company.

Adjustments to the valuation at that date have been made based on current market conditions and the following assumptions

		2024 % pa			2023 % pa	
	MDS	**MWS**	**MAG**	MDS	MWS	MAG
Discount rate	**4.9**	**4.9**	**4.9**	4.80	4.80	4.80
Inflation rate	**3.3**	**3.3**	**3.3**	3.40	3.30	3.30
Increase to deferred benefits during deferment	**3.3**	**3.3**	**3.3**	3.40	3.30	3.30
Increases to inflation related pension in payment	**3.0**	**3.1**	**3.0**	3.10	3.10	3.30

22 Pensions and similar obligations (continued)

Mortality assumptions:

	As at 31 March 2024	As at 31 March 2023
MDS	***Base table*** 123% of S3PMA tables for males 123% of S3PFA_M tables for females ***Future Improvements*** CMI 2022 model (Sk = 7, A = 0) with long term improvement rate of 1.25% p.a.	***Base table*** 130% of S3PMA tables for males 130% of S3PFA “middle” tables for females ***Future Improvements*** CMI 2021 model (Sk = 7.5, A = 0) with long term improvement rate of 1.25% p.a.
MWS	***Base table*** S3PA tables ***Future Improvements*** CMI 2022 projections (core parameters) using a long-term improvement rate of 1.00% pa.	***Base table*** S3PA tables ***Future Improvements*** CMI 2019 projections (core parameters) using a long-term improvement rate of 1.00% pa.
MAG	***Base table*** 110% of S3PMA tables for males 110% of S3PFA_M tables for females ***Future Improvements*** CMI 2022 model (Sk = 7, A = 0) with long term improvement rate of 1.25% p.a.	***Base table*** 114% of S3PMA tables for males 114% of S3PFA_M tables for females ***Future Improvements*** CMI 2021 model (Sk = 7.5, A = 0) with long term improvement rate of 1.25% p.a.

At 31 March 2024, the surplus / (deficit) recognised in the balance sheet was as follows:

Amounts recognised in the balance sheet	**As at 31 March 2024**				As at 31 March 2023			
	MDS	**MWS**	**MAG**	**Total**	MDS	MWS	MAG	Total
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
Present value of funded obligations	**(0.6)**	**(8.1)**	**(0.3)**	**(9.0)**	(0.5)	(8.4)	(0.2)	(9.1)
Fair value of scheme assets	**1.1**	**8.5**	**0.7**	**10.3**	1.0	10.4	0.6	12.0
Net asset at the end of the year excluding deferred tax	**0.5**	**0.4**	**0.4**	**1.3**	0.5	2.0	0.4	2.9
Related deferred tax (liability)/asset (Note 23)	**-**	**-**	**-**	**-**	(0.1)	(0.5)	(0.1)	(0.7)
Net pension surplus	**0.5**	**0.4**	**0.4**	**1.3**	0.4	1.5	0.3	2.2

22 Pensions and similar obligations (continued)

Changes in scheme assets

	Year ended 31 March 2024				Year ended 31 March 2023			
	MDS	**MWS**	**MAG**	**Total**	MDS	MWS	MAG	Total
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
Balance as at 1 April 2023 / 1 April 2022	**1.0**	**10.4**	**0.6**	**12.0**	0.8	14.2	0.2	15.2
Expected return on scheme assets	**-**	**0.5**	**-**	**0.5**	-	0.4	-	0.4
Employer contributions	**0.1**	**1.0**	**0.1**	**1.2**	0.1	0.8	0.4	1.3
Benefits paid	**-**	**(0.3)**	**-**	**(0.3)**	-	(0.6)	-	(0.6)
Administration cost	**-**	**(0.3)**	**-**	**(0.3)**	-	-	-	-
Actuarial (loss) / gain	**-**	**(2.8)**	**-**	**(2.8)**	0.1	(4.4)	-	(4.3)
Balance as at 31 March 2024 / 31 March 2023	**1.1**	**8.5**	**0.7**	**10.3**	1.0	10.4	0.6	12.0
Actual return on scheme assets	**-**	**2.3**	**-**	**2.3**	0.2	(4.0)	0.1	(3.7)

Changes in scheme liabilities

The overall surplus / (deficit) movement may be summarised as follows:

	Year ended 31 March 2024				Year ended 31 March 2023			
	MDS	**MWS**	**MAG**	**Total**	MDS	MWS	MAG	Total
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
Balance as at 1 April 2023 / 1 April 2022	**(0.5)**	**(8.4)**	**(0.2)**	**(9.1)**	(0.9)	(13.3)	(0.2)	(14.4)
Interest cost	**(0.1)**	**(0.4)**	**(0.1)**	**(0.6)**	-	(0.3)	-	(0.3)
Benefits paid	**-**	**0.3**	**-**	**0.3**	-	0.6	-	0.6
Actuarial gain / (loss)	**-**	**0.4**	**-**	**0.4**	0.4	4.6	-	5.0
Balance as at 31 March 2024 / 31 March 2023	**(0.6)**	**(8.1)**	**(0.3)**	**(9.0)**	(0.5)	(8.4)	(0.2)	(9.1)

22 Pensions and similar obligations (continued)

The overall surplus / (deficit) movement may be summarised as follows:

Movements in balance sheet net liability	**Year ended 31 March 2024**				Year ended 31 March 2023			
	MDS	**MWS**	**MAG**	**Total**	MDS	MWS	MAG	Total
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
Balance as at 1 April 2023 / 1 April 2022	**0.5**	**2.0**	**0.4**	**2.9**	(0.1)	0.9	-	0.8
Administration cost	**(0.1)**	**(0.3)**	**(0.1)**	**(0.5)**	(0.1)	-	(0.2)	(0.3)
Contributions	**0.1**	**1.0**	**0.1**	**1.2**	0.1	0.8	0.4	1.3
Actuarial gain/(loss)	**-**	**(2.3)**	**-**	**(2.3)**	0.6	0.3	0.2	1.1
Balance as at 31 March 2024 / 31 March 2023 (excluding deferred tax)	**0.5**	**0.4**	**0.4**	**1.3**	0.5	2.0	0.4	2.9

The cost of the defined benefit scheme is recognised in the Profit and Loss Account, and the impact of actuarial gains and losses recognised in the Statement of Comprehensive Income, was as follows:

Expense recognised in the profit and loss account	**Year ended 31 March 2024**				Year ended 31 March 2023			
	MDS	**MWS**	**MAG**	**Total**	MDS	MWS	MAG	Total
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
Service cost	**-**	**-**	**-**	**-**	(0.1)	-	(0.1)	(0.2)
Administration cost – scheme expenses	**(0.1)**	**(0.3)**	**(0.1)**	**(0.5)**	-	-	-	-
Charge to operating profit	**(0.1)**	**(0.3)**	**(0.1)**	**(0.5)**	(0.1)	-	(0.1)	(0.2)
Expected return on pension scheme assets	**-**	**0.5**	**-**	**0.5**	-	0.3	-	0.3
Interest on pension scheme liabilities	**(0.1)**	**(0.4)**	**(0.1)**	**(0.6)**	-	(0.3)	-	(0.3)
Amount charged to other finance expense	**(0.1)**	**0.1**	**(0.1)**	**(0.1)**	-	-	-	-
Expense recognised in the profit and loss account	**(0.2)**	**(0.2)**	**(0.2)**	**(0.6)**	(0.1)	-	(0.1)	(0.2)

22 Pensions and similar obligations (continued)

Analysis of amounts recognised in the Statement of Comprehensive income	**Year ended 31 March 2024**				Year ended 31 March 2023			
	MDS	**MWS**	**MAG**	**Total**	MDS	MWS	MAG	Total
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
Difference between expected and actual returns on scheme assets	**-**	**(2.7)**	**-**	**(2.7)**	0.2	(4.4)	0.1	(4.1)
Changes in assumptions underlying the present value of the schemes' liabilities	**-**	**0.4**	**-**	**0.4**	0.4	4.7	0.1	5.2
Actuarial gains in schemes	**-**	**(2.3)**	**-**	**(2.3)**	0.6	0.3	0.2	1.1

Details of experience gains and losses	**Year ended 31 March 2024**				Year ended 31 March 2023			
	MDS	**MWS**	**MAG**	**Total**	MDS	MWS	MAG	Total
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
Defined benefit obligation	**(0.6)**	**(8.1)**	**(0.3)**	**(9.0)**	(0.5)	(8.4)	(0.2)	(9.1)
Plan assets	**1.1**	**8.5**	**0.7**	**10.3**	1.0	10.4	0.6	12.0
Surplus / (deficit)	**0.5**	**0.4**	**0.4**	**1.3**	0.5	2.0	0.4	2.9
Experience adjustment on plan assets	**-**	**(2.7)**	**-**	**(2.7)**	0.2	(4.4)	0.1	(4.1)
Experience adjustment on plan liabilities	**-**	**0.4**	**-**	**0.4**	0.4	4.7	0.1	5.2
Total amount recognised in the Statement of comprehensive income	**-**	**(2.3)**	**-**	**(2.3)**	0.6	0.3	0.2	1.1

22 Pensions and similar obligations (continued)

The fair value of the plan assets was:

	At 31 March 2024				At 31 March 2023			
	MDS	**MWS**	**MAG**	**Total**	MDS	MWS	MAG	Total
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
Corporate bonds	**-**	**-**	**-**	**-**	-	3.5	-	3.5
Insured assets	**-**	**8.1**	**-**	**8.1**	-	-	-	-
Equity instruments	**0.2**	**-**	**0.1**	**0.3**	0.3	-	0.2	0.5
Other	**0.9**	**0.4**	**0.6**	**1.9**	0.7	6.9	0.4	8.0
Total assets	**1.1**	**8.5**	**0.7**	**10.3**	1.0	10.4	0.6	12.0

Other plan assets include cash and cash equivalents, liability driven investments and diversified growth funds.

The values of the assets have been taken at bid value.

The Group operates a number of defined contribution schemes for its employees. The amount recognised as an expense for the defined contribution schemes was £16.1 million (2023: £13.0 million).

23 Provisions for liabilities

Group				**At 31 March 2024**				At 31 March 2023
	Provisions for contracts	**Other provisions**	**Deferred tax**	**Total Provisions**	Provisions for contracts	Other provisions	Deferred tax	Total Provisions
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
Brought forward as at 1 April 2023/2022	**13.4**	**1.6**	**33.0**	**48.0**	-	-	35.6	35.6
Adjustment in respect of prior years (Note 12)	**-**	**-**	**-**	**-**	-	-	0.8	0.8
Charge / (credit) for the year (Notes 9 and 12)	**19.7**	**3.6**	**(5.1)**	**18.2**	13.4	1.6	(3.4)	11.6
Amounts released (Note 9)	**(6.0)**	**(1.1)**	**-**	**(7.1)**	-	-	-	-
Utilisation for the year	**(1.8)**	**-**	**-**	**(1.8)**	-	-	-	-
Carried forward at 31 March 2024/2023	**25.3**	**4.1**	**27.9**	**57.3**	13.4	1.6	33.0	48.0

Provisions for contracts relates to the provision in respect of remedial work. See note 9

23 Provisions for liabilities (continued)

Deferred tax

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

Group	At 31 March 2024	At 31 March 2023
	£m	£m
Acquired intangible assets	**29.7**	34.2
Fixed asset timing differences	**(0.3)**	(0.1)
Pensions	**-**	0.7
Short term timing provisions	**(1.5)**	(1.8)
Total deferred tax provision	**27.9**	33.0

The amount of deferred tax expected to be reversed in the next 12 months is the deferred tax asset of £nil million (2023: £nil million) and deferred tax liability of £4.6 million (2023: £5.4 million).

Company

	At 31 March 2024	At 31 March 2023
	£m	£m
Brought forward as at 1 April	**0.2**	0.5
Adjustment in respect of prior years	**1.5**	(0.1)
Charge for the year	**(0.4)**	(0.2)
Carried forward at 31 March	**1.3**	0.2

23 Provisions for liabilities (continued)

Deferred tax (continued)

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

	At 31 March 2024	At 31 March 2023
	£m	£m
Fixed asset timing differences	**1.3**	0.2
Total deferred tax provision	**1.3**	0.2

The amount of deferred tax expected to be reversed in the next 12 months is the deferred tax liability of £nil (2023: £nil).

24 Financial instruments

Group

The Group has the following financial instruments:	**Notes**	**At 31 March 2024 £m**	At 31 March 2023 £m
Financial assets measured at amortised cost			
Loans to Group undertakings	16	**20.7**	24.1
Trade debtors	18	**109.4**	68.0
Other debtors	18	**3.8**	11.8
Amounts owed by Group undertakings	18	**6.9**	7.4
Amounts recoverable on contracts	18	**240.2**	247.6
		381.0	358.9
Financial liabilities measured at amortised cost			
Bank overdrafts	19	**-**	100.0
Finance leases	21	**11.9**	12.0
Trade creditors	19	**102.7**	95.0
Payments received on account	19	**8.0**	2.6
Amounts owed to Group undertakings	19	**219.1**	300.7
Other taxation and social security	19	**14.0**	13.0
Accruals	19,20	**238.3**	183.4
Deferred income	19	**12.0**	-
Insurance	19	**13.4**	11.0
Payroll	19	**17.6**	6.9
Subcontractors	19	**14.0**	12.8
Contingent consideration	19,20	**-**	9.3
Other creditors	19	**14.5**	7.0
		665.5	753.7

24 Financial instruments (continued)

		At 31 March 2024	At 31 March 2023
Company	Notes	**£m**	£m
The Company has the following financial instruments:			
Financial assets measured at amortised cost			
Loans to Group undertakings	16	**338.3**	349.1
Trade debtors	18	**0.2**	-
Other debtors	18	**2.6**	6.1
Amounts owed by Group undertakings	18	**20.8**	7.6
		361.9	362.8
Financial liabilities measured at amortised cost			
Bank overdrafts	19	**-**	90.4
Trade creditors	19	**2.8**	0.9
Amounts owed to Group undertakings	19, 20	**523.1**	407.9
Other creditors	19	**7.0**	3.8
Other taxation and social security	19	**0.5**	0.4
Accruals		**2.3**	3.6
		535.7	507.0

25 Financial risk management

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

(a) Liquidity risk

Liquidity and funding risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities. The Group finances its liquidity position and its operations by a combination of retained profits, bank borrowings and leases. The Group policy is to maintain a level of cash together with sufficient committed bank facilities to meet liquidity needs and to fund acquisition opportunities as they arise, to maintain a smooth debt profile and to ensure senior bank debt does not exceed the covenants ratios set in the senior facility agreement.

(b) Market risk

The Group is exposed to various elements of market risk, which include interest rate risk and inflation risk. The Group 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 Group manages this risk mainly via framework agreements with a contractual allowance for annual inflationary uplift.

(c) Credit risk

Credit risk represents the risk that a counterparty will not meet its obligations leading to a financial loss for the Group. Credit risk arises from cash at bank, and debtors. For cash at bank, the Group holds positions with an approved list of investment-grade rated counterparties. For debtors, the Group'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 Group's financial assets, cash at bank and debtors.

26 Called up share capital

Group and Company	**At 31 March 2024**	At 31 March 2023
	£m	£m
Allotted and fully paid share capital can be split as follows:		
1,008 Ordinary shares (2023: 1,008) shares of £1.00 each	-	-

The share capital consists of one class of share – ordinary. Each share has equal voting rights, equal dividend rights and equal rights to capital. The shares in issue are not redeemable but the company may issue redeemable shares.

27 Share premium account

Group and Company	**At 31 March 2024**	At 31 March 2023
	£m	£m
At 31 March	**110.3**	110.3

28 Note to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities:

	Note	**Year ended 31 March 2024**	Year ended 31 March 2023
		£m	£m
Profit / (loss) for the year		**13.7**	(0.8)
Tax on (loss) / profit		**10.2**	2.1
Finance cost (net)		**1.4**	1.3
Operating profit		**25.3**	2.6
Profit on disposal of fixed assets		**(3.5)**	(0.6)
Loss on disposal of subsidiary		**3.4**	-
Depreciation	8,14	**20.8**	12.8
Amortisation	8,13	**53.1**	55.5
(Increase) in Debtors		**(44.8)**	(34.2)
Increase in Creditors		**90.9**	29.6
(Increase) in Stock		**(0.9)**	(3.2)
Increase in Provisions		**14.5**	15.0
Net cash inflow from operating activities		**158.8**	77.5

Cash outflows of £4.8 million (2023: £11.0 million) relating to exceptional items are included in net cash inflow from operating activities.

28 Note to the cash flow statement (continued)

Analysis of changes in net debt

	At 1 April 2024	Cash flows	Acquired (note 34)	Non-cash changes	**At 31 March 2024**
	£m	£m	£m	£m	**£m**
Cash at bank	211.4	(110.6)	4.0	-	**104.8**
Bank overdrafts	(100.0)	100.0	-	-	**-**
Finance leases	(12.0)	6.4	-	(6.3)	**(11.9)**
Loans from group undertakings	(269.2)	77.8	-	-	**(191.4)**
Total	(169.8)	73.6	4.0	(6.3)	**(98.5)**

Cash and cash equivalents

	Year ended 31 March 2024	Year ended 31 March 2023
	£m	£m
Cash at bank and in hand in the consolidated balance sheet	**104.8**	211.4
Bank overdrafts	**-**	(100.0)
Cash and cash equivalents in the consolidated cash flow statement	**104.8**	111.4

In the current year there are no drawn overdrafts. In the prior year, cash and cash equivalents in the consolidated cash flow statement included overdrafts repayable on demand as they form an integral part of the Group's cash management.

29 Contingent liabilities

Group

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. As at 31 March 2024, this amounted to £nil (2023: £nil).

Group and company

There are contingent liabilities in respect of performance bonds, guarantees and claims under contracting and other agreements, entered into in the normal course of business. The value of the performance bonds in issue at 31 March 2024 was £17.2 million (2023: £22.3 million).

Notes to the financial statements for the year ended 31 March 2024 (continued)

30 Capital commitments

As at 31 March 2024, the Group had placed contracts for the purchase of assets to the value of £14.7 million (2023: £2.1 million), which were not provided for in the financial statements.

As at 31 March 2024, the Company had the following future minimum lease payments under non-cancellable operating leases for each of the following years:

	At 31 March 2024			At 31 March 2023		
	Buildings	**Plant & Machinery**	**Total**	Buildings	Plant & Machinery	Total
Payments due	**£m**	**£m**	**£m**	£m	£m	£m
Within one year	**4.7**	**29.2**	**33.9**	3.7	26.7	30.4
Between one and five years	**11.7**	**40.5**	**52.2**	7.9	41.4	49.3
After five years	**6.5**	**0.1**	**6.6**	2.5	0.1	2.6
	22.9	**69.8**	**92.7**	14.1	68.2	82.3

Additionally, there are limited instances where the Group takes advantage of customers' arrangements to receive earlier payment of invoices for a discount with no recourse to the Group.

The Company had no other off-balance sheet arrangements (2023: nil).

31 Related party transactions

The Group has taken advantage of the exemption under FRS 102.33.1A, and has not disclosed transactions with entities that are part of the Minerva Equity Limited Group, where 100% of the voting rights of these entities are controlled within the Group.

As at 31 March 2024, the Group had advanced unsecured loans of £0.9 million (2023: £0.5 million) to directors of the company. The loans have interest of 1% and a repayment term of three years or sale event.

During the year, a subsidiary of the group entered into purchase transactions valued at £1.2 million (2023: £nil) with an entity where a Director has interests. A balance of £0.1 million was outstanding as at 31 March 2024 (2023: £nil). The transactions were held at standard market terms and contracts were at arm's length.

Notes to the financial statements
for the year ended 31 March 2024 (continued)

32 Immediate and ultimate parent undertaking and controlling party

At 31 March 2024, the Company's immediate parent undertaking is Minerva Bidco 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 a private equity firm registered in France, PAI Partners.

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

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

33 Subsidiary and related undertakings

The Group's subsidiary and related undertakings at 31 March 2024 (set out below) are wholly owned subsidiaries, unless otherwise stated, with an accounting year end of 31 March. These undertakings principally operate in their country of incorporation.

Company	Registered country	Company's equity shareholding	Principal business
MGS Energy Limited	England and Wales (1)	100%	Holding Company
Alsace Bidco Limited	England and Wales (1)	100%*	Holding Company
Agility Impact Holdings Limited	England and Wales (1, 4)	96.2%*	Holding Company
Agility Eco Services Limited	England and Wales (1, 4)	100%*	Environmental consulting
Agility Survey Limited	England and Wales (1, 4)	100%*	Environmental consulting
Bierce Surveying Limited	England and Wales (1, 4)	100%*	Environmental consulting
Morrison Energy Services Limited	England and Wales (1)	100%*	Holding company
Seeka Limited	England and Wales (1)	100%*	Revenue Protection Service
Morrison Energy Services (Transmission Networks) Limited	England and Wales (1)	100%*	Overhead line services
Morrison Data Services Limited	England and Wales (1)	100%*	Data handling and processing
Callisto Data Limited	England and Wales (1)	100%*	Data handling and processing

33 Subsidiary and related undertakings (continued)

Company	Registered country	Company's equity shareholding	Principal business
Protect My Property Services Limited	England and Wales (1)	100%*	Security repair and installation
MGS Water Limited	England and Wales (1)	100%	Holding company
Z- Tech Control Systems Limited	England and Wales (1)	100%*	Supply & design of instrumentation & control systems
IDS Holdings Limited	Scotland (2)	100%*	Holding company
I&C Process Solutions Limited	Scotland (2)	100%*	Technical testing & analysis
ID Systems UK Limited	Scotland (2)	100%*	Electrical installations
Morrison Water Services Limited	England and Wales (1)	100%*	Utility contracting
Planned Maintenance (Pennine) Limited	England and Wales (1)	100%*	Pipeline leakage, engineering and rescue services
M Group Services Plant & Fleet Solutions Limited	England and Wales (1)	100%	Renting and leasing of machinery and equipment
M Group Telecoms Limited	England and Wales (1)	100%	Holding company
Avonline Network Services Limited	England and Wales (1)	100%*	Telecommunications network build and installation services
Magdalene Limited	England and Wales (1)	100%*	Telecommunications services and consultancy
Morrison Telecom Services Limited	England and Wales (1)	100%*	Telecom services
Waldon Telecom Limited	England and Wales (1)	100%*	Mobile telecoms infrastructure
M Group Transport Limited	England and Wales (1)	100%	Holding company
Antagrade Electrical Limited	England and Wales (1)	100%*	Electrical engineering
Dyer and Butler Limited	England and Wales (1)	100%*	Civil engineering
Dyer & Butler Electrical Ltd	England and Wales (1)	100%*	Electrical engineering

33 Subsidiary and related undertakings (continued)

Company	Registered country	Company's equity shareholding	Principal business
KH Engineering Services Limited	England and Wales (1)	100%*	Civil engineering
Milestone Infrastructure Limited	England and Wales (1)	100%*	Civil engineering
Alto Energy Limited	England and Wales (3)	15%*	Wholesale of hardware, plumbing, heating equipment and supplies

* denotes indirectly held

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

(2) Company's registered office: Unit 1, Axis Park Orchardton Road, Cumbernauld, Glasgow, Scotland, G68 9LB

(3) Company's registered office: Orchard Works Carterton Industrial Estate, Black Bourton Road, Carterton, Oxfordshire, England, OX18 3EZ

(4) The financial year end of these subsidiaries is 30 September 2023

Subsidiary audit exemptions

The following UK subsidiary undertakings are exempt from the requirements of the Companies Act 2006 (the Act) relating to the audit of individual accounts by virtue of section 479A of the Act, in accordance with which, Minerva Equity Limited provides a guarantee for liabilities.

Dyer & Butler Electrical Ltd (Company 07786879)

IDS Holdings Limited (Company SC526061)

I&C Process Solutions Limited (Company SC557905)

Protect My Property Services Limited (Company 01494103)

Seeka Limited (Company 13753900)

34 Business combinations

Group

Acquisition of Agility Impact Holdings Limited and its subsidiaries

On 22nd December 2023, the group acquired control of the ordinary share capital of Agility Impact Holdings Limited and its subsidiaries. The group of companies provide environmental consulting and subcontracting services and will form part of M Group Services' Energy division. Management have estimated the useful economic life of the goodwill to be 10 years.

Consideration at 22 December 2023

	£m
Cash	**57.4**
Share consideration	**2.3**
Directly attributable costs	**1.8**
Total consideration	**61.5**

For cash flow disclosure purposes, the amounts are disclosed as follows:

	£m
Cash consideration paid	57.4
Directly attributable costs	1.8
Cash outflow on acquisition	**59.2**
Less: cash acquired	(4.0)
Net cash outflow	**55.2**

34 Business combinations (continued)

Below is a summary of recognised amounts of identifiable assets acquired and liabilities assumed:

	Book values	Adjustments	Fair value
	£m	£m	£m
Tangible assets	0.1	-	0.1
Cash and cash equivalents	4.0	-	4.0
Inventories	0.1	-	0.1
Investments	1.2	-	1.2
Trade and other receivables	11.0	-	11.0
Trade and other payables	(15.0)	-	(15.0)
Total identifiable net assets	1.4	-	1.4
Goodwill			60.1
Total			**61.5**

Revenue is derived from the main trading entity Agility Eco Services Limited. Revenue included in the consolidated profit and loss account for the year ended 31 March 2024 was £31.1 million. It also contributed £1.7 million of profit over the same period.

35 Sale of subsidiary undertaking

On 20 September 2023 the Group sold its 100% interest in the ordinary share capital of Industrial Water Jetting Systems Group Limited and recognised a loss on sale of £3.4 million (Note 9).

The profit from operations of Industrial Water Jetting Systems Group Limited up to the date of disposal was £0.7 million (2023: loss £14.3 million). During the year the Group has reversed provisions previously recognised related to contracts that were accounted for prior to the disposal of the business which include £6.0 million related to onerous contracts and £1.1 million of redundancy provision (Note 9).

36 Post balance sheet events

On 27 June 2024, a share purchase agreement to sell 100% of the share capital in Minerva Equity Limited Group has been signed by PAI Partners, the ultimate parent undertaking of the Group, other management shareholders and Midas Bidco I Limited, a company controlled by CVC Capital Partners, with completion expected by the end of September 2024.