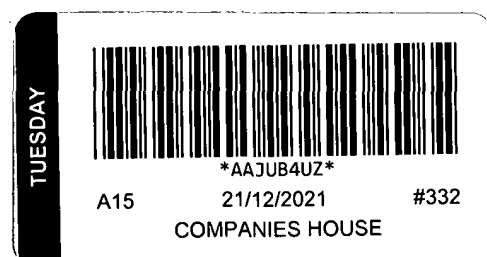


**Morrison Water Services Limited (formerly
Morrison Utility Services Limited)**

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

Registered number 04530602



Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

Contents	Page
Company information	1
Strategic report for the year ended 31 March 2021	2
Directors' report for the year ended 31 March 2021	10
Independent auditors' report to the members of Morrison Water Services Limited (formerly Morrison Utility Services Limited)	16
Profit and loss account for the year ended 31 March 2021	20
Statement of comprehensive income for the year ended 31 March 2021	21
Balance sheet as at 31 March 2021	22
Statement of changes in equity for the year ended 31 March 2021	23
Notes to the financial statements for the year ended 31 March 2021	24

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

Company information

Directors	J M Arnold S D Beard P V Carolan W J Cooper J M Edwards A R Findlay J M Hobson M Standen L J Summers J R Winnicott
Company secretary	W J Cooper
Registered office	Abel Smith House Gunnels Wood Road Stevenage Hertfordshire SG1 2ST
Registered number	04530602
Independent auditors	Deloitte LLP 1 New Street Square London EC4A 3HQ
Bankers	National Westminster Bank PLC 1 Princes Street London EC2R 8PA

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

Strategic report for the year ended 31 March 2021

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

Principal activities

The company provides essential infrastructure services through multi-year framework agreements to utilities in the electricity, gas and water sectors in the UK. Its services range from implementing planned capital investment schemes to reactive repair and maintenance.

Business description

The company is the leading utility services provider in the UK focused on regulated infrastructure markets covering the gas, electricity and water sectors. The company's experience and expertise in managing and safely performing work in these sectors enables its clients to make the investment necessary to maintain and enhance these essential services to businesses and consumers.

The company has a long-term track record of growth resulting from concentrating on its core skills in markets in which it has experience, competitive advantage and an established supply chain. In this way, risk and start-up costs are controlled, leading to more efficient operations.

Having built and maintained relationships with its clients over a significant period of time, and with a business culture focused on safety, operational delivery, efficiency and customer service, Morrison Water Services Limited (formerly Morrison Utility Services Limited) ("MWS") delivers work via long-term framework contracts which provide high levels of revenue security and visibility.

The business operates under framework contracts of typically three to ten years' duration. Contracts operate either on a schedule of rates basis with adjustments each year to allow for inflation, or on a target cost basis with some sharing of out-performance or under-performance with the client. Each contract has its own unique set of key performance indicators (KPIs) agreed with the client. These can influence profit on the contracts.

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

COVID-19

The year has been dominated by the impact of the coronavirus pandemic. Throughout the year the company has continued to deliver essential services across the UK within the limitations set by the government, and our operational responses reflected the discussions with our clients and our overriding objective to protect the safety of our people and the members of public with whom we come into contact.

Much of our activities have remained resilient to the impacts of COVID-19 reflecting the essential services we support within the gas, electricity, water and renewable sectors, however consumer facing activities (meter installation and gas mains replacement) were impacted. The company has shown significant resilience and returned to near normal levels of activity, despite further national lockdowns, in the second half of the financial year. This is testament to our ability to work with and effectively support our clients to ensure that activities could continue.

Business review

At the start of the year, the plant hire activity previously in MWS was sold to the subsidiary M Group Services Plant & Fleet Solutions Limited. In the prior year, turnover relating to plant hire totalled £15.6 million. As a result, comparative amounts are not entirely comparable.

Turnover has decreased by 7.8% to £670.6 million (2020: £727.7 million) and EBITDA before exceptionals (profit before interest, tax, depreciation, amortisation and exceptional items) has decreased to £7.3 million (2020: £26.6 million).

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

Business review (continued)

EBITDA before exceptional items for 31 March 2021 has been stated after charging stranded costs relating to the COVID-19 pandemic totalling £2.6 million, largely reflecting furlough top-up costs and stranded asset costs. After adjusting for these items normalised EBITDA before exceptional items was £9.9 million.

Net assets have increased by 1.8% to £259.4 million (2020: £254.8 million).

The company utilised the COVID-19 Job Retention Scheme ('CJRS') during the year, receiving government grants of £7.7 million

During the year the company continued to grow its portfolio within the gas, electricity and renewable sectors with framework contracts being secured with Cadent to manage gas mains replacement (replacing the JV with Cadent and Skanska (tRiIO) which reached maturity on 31 March 2021 after eight years) and with National Grid for a substation build.

On 1 April 2021 the energy trade and assets of the company were sold to its subsidiary Morrison Energy Services Limited ("MES"). This is part of the continued development of the group's service offering, supporting the growing divisions, allowing MWS to focus solely on the water market and MES to focus solely on the energy market.

Within the water sector, MWS provides services from reactive maintenance, refurbishment and renewal associated with water infrastructure markets. The associated turnover grew during the year, predominantly due to additional works for Thames Water and Welsh Water.

MWS secured new frameworks with a number of key clients including two major contracts to deliver water and wastewater network infrastructure projects in South London and the Thames Valley in support of Thames Water's infrastructure capital programme.

We were also very pleased to have extended one of our longest client relationships after being awarded a place on Yorkshire Water's AMP7 clean water network repair and maintenance framework and have been appointed by Scottish Water as a strategic contractor partner to support the delivery of one of Scotland's biggest capital investment infrastructure programmes.

Future developments

The company made good progress in securing new framework contracts and extending existing contracts.

After the year end the energy trade and assets of the company were sold to its subsidiary Morrison Energy Services Limited. This is part of the continued development of the group's service offering, supporting the growing divisions, allowing Morrison Water Services Limited (formerly Morrison Utility Services Limited) to focus solely on the water market.

Our strong long-term order book provides a sound platform to further develop the business and deliver continued growth. We remain focussed on delivering quality services for our clients that also drives profitable growth for our shareholders whilst ensuring we maintain our ethos which has safety, service delivery, and customers at the heart of our business.

Key performance indicators (KPIs)

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

ESG: Environmental, Social and Governance

We are committed to our communities, promoting inclusion, diversity and social equality and protecting the environment.

The increasing focus and interest in ESG and Innovation by our clients, people, and stakeholders represents a considerable opportunity across the company. While current core indices include

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

ESG: Environmental, Social and Governance (continued)

monitoring and controlling greenhouse gas emissions, key social indicators, and good governance practices; the growing scale and scope of expertise offered by MWS means we are well placed to accelerate our ESG & Innovation ambition. The stage is now set for a systematic enhancement of our ESG & Innovation position which will support our own and our client's ESG trajectories, inspire our people and supply chain, and satisfy emerging non-financial disclosure requirements.

Building upon some of the core indicators set out in this report, further work will be undertaken during the next reporting period to capitalise on the wider indices as described by bodies such as TCFD (Task Force on Climate related Financial Disclosure). We will underpin our ESG & Innovation ambition with quantitative targets using leading methodologies such as Achilles CEMARS, and SBTi (Science Based Targets).

Our approach will further augment the positive steps we have already undertaken on key ESG & Innovation topics such as community engagement, developing our people, and equality & diversity set out below.

Environmental

Promoting good environmental practise across all our operations, 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. The group is developing specific business decarbonisation policies as part of a carbon reduction plan.

Page 11 to 13 details our Greenhouse Gas emission and energy usage, including our ongoing energy efficiency actions.

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 company's core values; putting health, safety and wellbeing of people first. Our ethos runs through the heart of our businesses and we continue to strive to improve health and safety performance across all operational areas.

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

As testament to our core values our consistent safety performance resulted in the following awards:

- Sir George Earle Trophy 2020 (highest accolade in the RoSPA Health and Safety Awards Scheme)
- RoSPA Construction Sector Award 2021
- British Safety Council – International Safety Award 2021

Community Engagement

Investing in the communities we work in through local employment and community engagement, is important to us. We create 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. We have c. 30 STEM Ambassadors who in the last year have been limited as to the number of face to face school visits that could be conducted as a result of the COVID-19 pandemic.

As social distancing and restrictions start to be lifted across the UK, their work in schools will continue to be critical to bringing the world of work to life.

Our people have also supported numerous charities with various endeavours, including company matched funding, individuals and team donations.

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

ESG: Environmental, Social and Governance (continued)

Developing our People

MWS is a trusted employer to over 4,100 skilled people, working from locations across the UK.

As a company we recognise that engaging and empowering our people to deliver and grow is pivotal to driving our business and achieving continued success. We are committed to creating an environment in which our people feel valued, supported and fulfilled. We endeavour to listen to our people, to provide feedback and keep them engaged and informed.

A broad range of recognition and reward schemes are designed to highlight the achievements and successes of our people and to thank them for their hard work and dedication.

Equally important is the development of a resilient and sustainable workforce that is equipped to deliver on our promise to clients. Attracting, developing and retaining the next generation of highly skilled forward-thinking, customer-focused and technically competent people who can help us to continually develop the scope of our core capabilities is imperative.

We continue to develop strategies which support exceptional career and training opportunities, which facilitate our long-term growth. Innovative and targeted recruitment solutions create opportunities for individuals to join our business and make our business an inclusive and exciting place to develop careers. Apprenticeships and graduate programmes offer a targeted and tailored way to do this.

We continue to expand our apprentice and graduate intake as well as creating new programmes for the long-term unemployed and service leavers. Our intention is to continue to build our sustainable and resilient workforce and help to address the skills shortage across the UK.

An example of our targeted recruitment solutions with service leavers resulted in the gold award from the Defence Employer Recognition Scheme, ("ERS") in April 2021. The ERS recognises commitment and support from UK employers for current and former defence personnel and has been developed by the Ministry of Defence. Awards are given to employer organisations that pledge, demonstrate or advocate support to the defence and Armed Forces community.

It is key that we continue to engage and listen to all feedback to harness the talent that we already have within the company and also ensure there exists a working environment that allows people to flourish. In order to increase people engagement our people are encouraged to participate in the confidential annual People Opinion survey. We have also introduced an employee engagement tool and intranet system called Stay Connected to continue to encourage our people to share best practice and create two-way dialogue.

Equality and Diversity

MWS recognises that harnessing diversity and applying the experiences, abilities and unique qualities of all our people will enhance our business. We are committed to promoting equal opportunities and inclusivity as part of creating a diverse working environment that attracts, develops and retains the best people.

Governance and compliance

The company 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. All our people must undertake online training courses in regard to: Anti-bribery and Corruption, Inclusion and Diversity, Modern Slavery, Information Security and GDPR.

The board meets regularly and leads the strategic direction of the company. Regular meetings are scheduled throughout the year in which financial, commercial and strategic initiatives are reviewed at every meeting, supported by reports and presentations from the Managing Director. Through the ongoing review of suitably detailed management information the Board ensures that risks are appropriately monitored and managed.

The Board for the group has formally established Audit and Remuneration Committees. The key responsibilities of each committee is set out below.

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

Governance and compliance (continued)

Audit Committee

To monitor the integrity of the 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 for all Directors including pension and any compensation payments.

Tax Strategy

The company approaches tax matters with integrity, in line with the company's values. The company 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.

Stakeholder engagement

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

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

People

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

Additional details are set out in the Employee Engagement statement on page 11.

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

Clients

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

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

Suppliers

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

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

Communities

Giving back to the communities we work in through local employment and community engagement is important to us and well documented in our Corporate Social Responsibility report.

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

Stakeholder engagement (continued)

Communities (continued)

We create relationships with our clients, local councils, community groups, schools and colleges to deliver long-term benefits.

Encouraging an interest in STEM (science, technology, engineering and maths) subjects among school students helps us to raise awareness of careers in our sector. We have a number of STEM Ambassadors, all volunteers from across our business, who in the last year have been limited as to the number of face to face school visits that could be conducted as a result of the coronavirus pandemic. As social distancing and restrictions start to be lifted across the UK, their work in schools will continue to be critical in bringing the world of work to life.

MWS is delighted to have received the gold award from the Armed Forces Covenant Employer Recognition Scheme ("ERS"), an example of our targeted recruitment solutions with service leavers. The ERS recognises commitment and support from UK employers for current and former defence personnel and has been developed by the Ministry of Defence. Awards are given to employer organisations that pledge, demonstrate or advocate support to the defence and Armed Forces community.

Shareholders

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

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

Lenders

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

As part of the wider group, we regularly share financial and operational information with our lenders and the progress against the strategic objectives set by the board.

Principal business risks

Business interruption

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

Throughout the COVID-19 pandemic the group has continued to deliver essential services across the UK from its four divisions within the limitations set by the government. The group works in resilient markets where demand remains strong. The impact on operational activity has varied by division and our operational responses reflect the discussions with our clients and our overriding objective to protect the safety of our people and all those with whom we come into contact.

Economic conditions

Much of the company's activities operate within framework agreements with utility operators, which do not provide guaranteed levels of turnover. Economic conditions impact our clients and our contracts. In addition, our clients rely on borrowing in the financial markets to finance their operations. There is a risk that clients will seek to reduce expenditure or extend payment terms in order to manage their cash resources.

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

Principal business risks (continued)

Economic conditions (continued)

We engage in regular dialogue with our clients to continually assess these risks and adjust our resources accordingly, whilst recognising the essential nature of our work which ensures the spend in the medium term is resilient.

Economic regulation

The significant majority of the company's contracts are with major blue-chip clients who operate in regulated industries. Both the funding of programmes and the political support for private involvement may be subject to change.

The regulatory risks for the company's utility clients are cyclical. In the water, electricity distribution and gas distribution industries in which the company principally operates, prices are set every five to eight years. There is a risk that the operating cost targets and capital investment programmes approved by Regulators will impact our turnover and profitability. However, once final determinations are announced, our clients have considerable visibility of workload. We engage in regular dialogue with our clients to continually assess these risks and adjust our resources accordingly.

Contract renewals

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

Skills shortages

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

Reliance on supply chain

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

Health and safety

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

New Business

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

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

Financial risks

The company has no external debt and is financed through intercompany loans. Cash flows are reviewed regularly and liquidity risk is managed by ensuring sufficient funds are available to meet obligations as they fall due.

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

On behalf of the board,



J M Hobson

Director

17 December 2021

Registered Number: 04530602

Abel Smith House
Gunnels Wood Road
Stevenage
Hertfordshire
SG1 2ST

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

Directors' report for the year ended 31 March 2021

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

The company changed its name from Morrison Utility Services Limited to Morrison Water Services Limited on 3 April 2021.

Business review

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

Dividends

No dividends were paid in the year (2020: £nil). The directors do not recommend the payment of a dividend (2020: £nil).

Political donations

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

Directors

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

J M Arnold	
S D Beard	(Appointed 1 April 2021)
M G Beesley	(Resigned 22 October 2021)
P V Carolan	
W J Cooper	
J M Edwards	
A R Findlay	(Appointed 18 August 2021)
A P Gosnold	(Resigned 1 April 2021)
J Harrison	(Resigned 1 April 2021)
J M Hobson	(Appointed 1 April 2021)
S D Kelly	(Resigned 1 April 2021)
M Standen	
L J Summers	
J D Wilson	(Resigned 1 April 2021)
J R Winnicott	

Third party indemnity

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

Going concern

The directors have taken into account the impact of the COVID-19 pandemic in preparing financial projections and assessing the future prospects for the company. Cash flow has been and continues to be robust, in line with management's expectations, as the company continues to collect cash from clients and pay our suppliers and sub-contractors normally. Demand in our resilient markets remains strong and the group has significant levels of liquidity available.

The directors have prepared the financial statements on the going concern basis. This is based on the financial projections and the current expectations of the directors about the prospects of the company and the group. Based on these projections, the directors consider that the company can meet its obligations as they fall due for a period of at least twelve months from the date of the directors' approval of these financial statements.

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

Post balance sheet events

After the year end the energy trade and assets of the company were sold to its subsidiary Morrison Energy Services Limited. This is part of the continued development of the group's service offering, supporting the growing divisions, allowing Morrison Water Services Limited (formerly Morrison Utility Services Limited) to focus solely on the water market and Morrison Energy Services Limited to focus solely on the energy market.

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 6 & 7.

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

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

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

Stakeholders engagement – Other stakeholders

Based on our engagement with and feedback from stakeholders, we factor their views into the decision making of the Board. Our statement describing how the Board has had regard to the matters set out in section 172 (1) (a) to (f) of the Companies Act 2006 when performing its duty under section 172 is set out on pages 6 & 7.

Environmental performance

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 13 details energy efficiency actions undertaken by the Group.

Greenhouse Gas Emissions and Energy Use

The energy consumption and associated greenhouse gas emissions are summarised by activity and Greenhouse Gas Protocol Scope in the tables below. The reduction in energy consumption and associated greenhouse gas emissions is mainly due to lower transport emissions, as a result of reduced travel due to the impact of COVID-19.

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

Greenhouse Gas Emissions and Energy Use (continued)

Energy Consumption	2020/2021	2019/2020
	kWh	kWh
Sites (gas and electricity)	1,388,920	1,528,761
Mobile Plant (gas oil and LPG)	14,193,876	14,377,506
Transport (diesel and petrol)	99,596,767	150,792,143
TOTAL energy use / kWh	115,179,563	166,698,410

Greenhouse Gas Emissions	2020/2021	2019/2020
	tCO ₂ e	tCO ₂ e
Scope 1 Emission Sources		
Sites, combustion of gas	63	96
Fuel use for mobile plant	3,621.01	3,677.92
Emissions from fuel use for travel and transport	22,681.39	33,682.83
Scope 2 Emission Sources		
Purchased electricity	251.16	271.08
Scope 3 Emission Sources		
Employee owned vehicles used for business travel	2,757.26	5,522.97
Total GHG emissions / tCO₂e	29,373.82	43,250.80

Emissions Intensity

GHG emission intensity / tCO ₂ e/£ million of turnover	43.8	60.6
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Methodology and Scope of Reporting

- i) The scope of reporting encompasses UK based sites and activities.
- ii) Reporting of energy use and greenhouse gas emissions is based on operational control, with the exception of tRiIO a 50:50 joint venture with Skanska, which is reported on the basis of a 50:50 share.
- iii) Reported activity and greenhouse gas emissions are for the 12 months, 1 April 2020 to 31 March 2021.
- iv) Greenhouse gas emissions are calculated and presented in accordance with the GHG Reporting Protocol – Corporate Standard and the UK Government's Environmental Reporting Guidelines, including streamlined energy and carbon reporting guidance, March 2019.
- v) Greenhouse gas emissions are calculated using UK Government's 2020 conversion factors for carbon dioxide, methane and nitrous oxide, rather than just carbon dioxide and reported as tonnes of carbon dioxide equivalent (tCO₂e).
- vi) Scope 1 greenhouse gas emissions sources are: energy used for buildings (gas), vehicles (white diesel and petrol) and mobile plant (gas oil and LPG). Scope 2 emissions are emissions associated with electricity used in MWS' offices. Business travel by employee car is reported under Scope 3.

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

Greenhouse Gas Emissions and Energy Use (continued)

Methodology and Scope of Reporting (continued)

vii) 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.

viii) The energy use and associated greenhouse gas emissions, has been calculated internally (2020: externally) and has not been independently verified.

Energy Efficiency Actions undertaken by the Group during 2020/2021

There has been a number of on-going activities across the Group to improve energy efficiency associated with travel and transport, our main area of energy use. A 'Green Fleet' Strategy was developed and implemented in 2012 which is reviewed and updated annually. Key actions undertaken during 2020 include:

- Reduction of setting for speed limiters from 70 mph to 62 mph on additional vehicles over and above the large panel van where already installed at 62 mph.
- Use of telematics to monitor driver behaviour and other key factors affecting fuel efficiency across the fleet (non-short term hire fleet) with additional training of 'less efficient' drivers to help improve efficiency.
- Operation of a cash allowance scheme in lieu of providing company cars for eligible employees and a launch of a new company car list with significant shift towards low carbon vehicles that include hybrid and electric vehicles.
- Maintaining a watching brief of emerging technology in Commercial Vehicles. Electric and hybrid vehicles are introduced based on practicality and cost effectiveness.
- Introduction of electric and solar powered equipment.

The continued energy efficiency actions as well as the impact of COVID-19 have resulted in a significant reduction in Energy Consumption and Greenhouse Gas Emissions. In summary the Energy Consumption has fallen from 166.7 GWh in 2019/20 to 115.2 GWh in 2020/21; the Greenhouse Gas Emissions have reduced from 43,251 tCO₂e to 29,374 tCO₂e in the same period.

Statement of Corporate Governance

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

Principle 1 – Purpose and leadership

Our vision is to be the leading service provider for the water and wastewater infrastructure sectors in the UK and Ireland. Morrison Water Services Ltd (formerly Morrison Utility Services Ltd) ("MWS") has become synonymous with 'Delivering what we promise', both to our clients and our people. Working collaboratively with utility asset owners in the water, gas and electricity sectors helping them repair, renew, refurbish and maintain their infrastructure, our purpose is to keep households and businesses warm, taps flowing and the lights on.

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

- People: Engaging and empowering everyone to deliver and grow
- Safety: Putting the safety, health and wellbeing of people first

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

Statement of Corporate Governance (continued)

Principle 1 – Purpose and leadership (continued)

- Delivery: Helping deliver our clients business needs
- Integrity: Conducting ourselves respectfully, being open, accountable and honest in all our operations

Principle 2 – Board composition

The Board is made up of the directors listed on page 10 who have broad industry experience. The Directors are highly experienced business leaders and frequently consider the interests of a broad range of stakeholders in their decision-making processes.

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

Principle 3 – Director responsibilities

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

The Directors receive detailed information relating to the operations and performance of the company through monthly meetings and full Board meetings when required.

Principle 4 – Opportunity and risk

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

We seek to capitalise on opportunities, while mitigating risks where possible, by ensuring that the company has the expertise and industry knowledge to deliver innovative solutions that help us meet our client's business needs.

Principle 5 – Remuneration

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

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

Principle 6 – Stakeholders

The board understands the importance of forging positive relationships with the stakeholders of the business and considers how they are impacted as part of the decision-making process. The Stakeholder Engagement Statement on pages 6 and 7 sets out how we engage with some of our key stakeholders, including our workforce, clients, suppliers, local communities and shareholders.

Statement of directors' responsibilities

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

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

Statement of directors' responsibilities (continued)

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

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

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

Statement of disclosure of information to auditors

In the case of each director in office at the date the directors' report is approved:

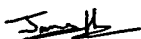
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's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

Auditors

Deloitte LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing they be re-appointed will be put at a general meeting.

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

On behalf of the board,



J M Hobson
Director
17 December 2021

Registered Number: 04530602

Abel Smith House
Gunnels Wood Road
Stevenage
Hertfordshire
SG1 2ST

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

Opinion

In our opinion the financial statements of Morrison Water Services Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 30.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

- assumptions used in the forecasts
- sensitivity analysis
- sophistication of the model used to prepare the forecasts, testing of clerical accuracy of those forecasts and our assessment of the historical accuracy of forecasts prepared by management

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

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

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, Tax legislation, Pension legislation and the EC Working Time Directive; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the UK Bribery Act, employee laws, carbon reduction regulations as well as health, safety and environmental matters.

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

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

- The judgements and estimates involved in accounting for different aspects of turnover contracts, as relevant to each part of the business, such as pain/gain mechanisms, foreseeable losses, penalty provisions and provisions for remedial work. The procedures performed to address this risk included:
 - Documenting our understanding of the design of the key controls surrounding turnover recognition in the year;
 - Understanding the basis of turnover recognition for each type of contractual arrangement, including by reference to contractual documentation;
 - Challenging the judgements made on the key contracts;
 - Recalculating the turnover recognised in the year on a substantive sample of contracts;
 - Performing a reconciliation of cash collections to turnover within the financial year; and
 - Testing the cut-off of turnover by ensuring that a sample of costs incurred in the pre- and post- year end period have been correctly allocated in the corresponding period.
- The recoverability and valuation of contract work in progress and amounts receivable on contracts (AROC). The procedures performed to address this risk included:
 - Documenting our understanding of the design of the key controls surrounding AROC valuation and recoverability;
 - Obtaining an understanding from the commercial teams as to the composition of the AROC, and challenging judgements that they have taken in terms of recoverability on a sample of contracts; and
 - Obtaining evidence of post year end cash collection or ongoing negotiations in relation to the recoverability of AROC on a sample of contracts

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

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

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



Tobias Wright, FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

17 December 2021

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

Profit and loss account for the year ended 31 March 2021

	Note	Year to 31 March 2021 £'000	Year to 31 March 2020 £'000
Turnover	5	670,575	727,658
Cost of sales		(652,080)	(686,185)
Gross profit		18,495	41,473
Administrative expenses		(20,540)	(21,454)
Other operating income	6	7,727	-
EBITDA (excluding exceptional items)		7,340	26,563
Exceptional items	7	(1,069)	(1,031)
Amortisation	7,12	(114)	(165)
Depreciation	7,13	(475)	(5,348)
Operating profit	7	5,682	20,019
Other income	9	-	25,000
Interest receivable and similar income	10	9	3
Interest payable and similar expenses	10	(23)	(146)
Net interest payable	10	(14)	(143)
Profit before taxation		5,668	44,876
Tax on profit	11	(1,188)	(3,254)
Profit for the financial year		4,480	41,622

The accompanying notes on pages 24 to 52 form part of these financial statements.

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

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

**Statement of comprehensive income
for the year ended 31 March 2021**

		Year to 31 March 2021	Year to 31 March 2020
	Note	£'000	£'000
Profit for the financial year		4,480	41,622
Other comprehensive income:			
Remeasurements of net defined benefit obligation	21	138	315
Total tax (expense)/income on components of other comprehensive income	11	(26)	8
Other comprehensive income for the year		112	323
Total comprehensive income for the year		4,592	41,945

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

Balance sheet as at 31 March 2021

	Note	At 31 March 2021 £'000	Restated At 31 March 2020 £'000
Fixed assets			
Intangible assets	12	43	157
Tangible assets	13	1,040	18,935
Investments	14	1,000	-
Loans to group undertakings	15	284,801	257,724
		286,884	276,816
Current assets			
Inventories	16	-	594
Debtors	17	172,748	151,512
Cash at bank and in hand		42,318	29,933
		215,066	182,039
Creditors: amounts falling due within one year	18	(242,226)	(201,459)
Net current liabilities		(27,160)	(19,420)
Total assets less current liabilities		259,724	257,396
Creditors: amounts falling due after more than one year	19	-	(1,453)
Net assets excluding provisions		259,724	255,943
Post-employment benefits	21	(311)	(1,122)
Net assets		259,413	254,821
Capital and reserves			
Called up share capital	23	20,000	20,000
Retained earnings		239,413	234,821
Total equity		259,413	254,821

Note 29 details the prior year restatement.

The notes on pages 24 to 52 are an integral part of these financial statements.

The financial statements on pages 20 to 52 were approved and authorised for issue by the board of directors on 17 December 2021 and were signed on its behalf by:



J M Hobson
Director



W J Cooper
Director

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

Registered Number: 04530602

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

**Statement of changes in equity
for the year ended 31 March 2021**

	Called up share capital	Retained earnings	Total equity
	£'000	£'000	£'000
Balance as at 1 April 2019	20,000	192,876	212,876
Profit for the financial year	-	41,622	41,622
Other comprehensive income for the year	-	323	323
Total comprehensive income for the year	-	41,945	41,945
Balance as at 31 March 2020 / 1 April 2020	20,000	234,821	254,821
Profit for the financial year	-	4,480	4,480
Other comprehensive income for the year	-	112	112
Total comprehensive income for the year	-	4,592	4,592
Balance as at 31 March 2021	20,000	239,413	259,413

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

1 General Information

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

The company changed its name from Morrison Utility Services Limited to Morrison Water Services Limited on 3 April 2021.

2 Statement of compliance

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

3 Summary of significant accounting policies

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

Basis of preparation

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

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

Going concern

The directors have taken into account the impact of the COVID-19 pandemic in preparing financial projections and assessing the future prospects for the company. Cash flow has been and continues to be robust, in line with management's expectations, as the company continues to collect cash from clients and pay our suppliers and sub-contractors normally. Demand in our resilient markets remains strong and the group has significant levels of liquidity available.

The directors have prepared the financial statements on the going concern basis. This is based on the financial projections and the current expectations of the directors about the prospects of the company and the group. Based on these projections, the directors consider that the company can meet its obligations as they fall due for a period of at least twelve months from the date of the directors' approval of these financial statements.

Exemptions for qualifying entities under FRS 102

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

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

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

3 Summary of significant accounting policies (continued)

Exemptions for qualifying entities under FRS 102 (continued)

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

Consolidated financial statements

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

Foreign currencies

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

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

Revenue recognition

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

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

Contract income

The activities of the company 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.

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. 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.

On target cost contracts with pain / gain mechanism, gain is recognised when there is a higher degree of confidence it will be received and pain is recognised to the extent incurred on activities to date as soon as that pain is foreseeable.

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

3 Summary of significant accounting policies (continued)

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value where there is reasonable assurance that the grant will be received. Amounts received are recognised over the period in which the related costs are recognised. In the current year, grant accounting has only been applied to the Job Retention Scheme launched as part of HM Governments response to the COVID-19 pandemic. This is shown within Other Operating Income.

Exceptional items

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

Employee Benefits

Short-term benefits

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

Defined contribution pension plans

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

Defined benefit pension plan

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

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

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

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

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

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

- (a) The increase in pension benefit liability arising from the employee service during the period; and
- (b) The cost of the plan introductions, benefit changes, curtailments and settlements.

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

3 Summary of significant accounting policies (continued)

Employee Benefits (continued)

Defined benefit pension plan (continued)

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the profit and loss account as 'Interest payable and similar expenses'.

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

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

Current tax

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

Intangible assets

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

Software	- 3 to 8 years
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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 company 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;

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

3 Summary of significant accounting policies (continued)

Intangible assets (continued)

- 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.

Tangible assets

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

Depreciation and residual values

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

Land & buildings	Over the remaining life of the asset
Plant & machinery	2 - 6 years straight line
Motor vehicles	1 - 6 years straight line
Computer equipment	2 - 4 years straight line

Derecognition

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

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

3 Summary of significant accounting policies (continued)

Leased assets (continued)

Operating leased assets

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

Lease incentives

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

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

Investments

Investments held by the company as fixed assets are stated at historical cost less accumulated impairment losses.

Inventories

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

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 creditors falling due within one year.

Provisions and contingencies

Provisions

A provision is recognised when the company has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The increase in the provision due to passage of time is recognised as a finance cost.

Contingencies

Contingent liabilities arising as a result of past events are not recognised when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

3 Summary of significant accounting policies (continued)

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

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

Financial liabilities

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

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

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

Offsetting

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

Joint ventures

Jointly controlled assets

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

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

Share capital

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

Distributions to equity holders

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

Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

4 Critical accounting judgements and estimation uncertainty

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

Critical judgements in applying the entity's accounting policies

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

Critical accounting estimates and assumptions

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

Amounts recoverable on contract

The Company 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 Company makes an estimate of the recoverable value and makes a provision for any known or anticipated losses. See note 17 for the net carrying amount of amounts recoverable on contracts.

Revenue recognition

The company has pain/gain mechanisms built into 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 Company to judge the uncertainties and make the required estimations.

5 Turnover

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

6 Other operating income

	2021	2020
	£'000	£'000
Grants received under Coronavirus Job Retention Scheme	7,727	-

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

7 Operating profit

	Year to 31 March 2021 £'000	Year to 31 March 2020 £'000
Operating profit is stated after charging/(crediting):		
Wages and salaries	159,394	184,617
Social security costs	16,403	16,662
Other pension costs (see note 21)	5,281	5,871
Staff costs	181,078	207,150
Amortisation (see note 12)	114	165
Depreciation – owned assets (see note 13)	475	4,638
Depreciation – leased assets (see note 13)	-	710
Total depreciation	475	5,348
Operating lease rentals – plant and machinery	-	20,046
Operating lease rentals – other	3,214	3,820
Hire of plant and machinery	-	26,025
Profit on sale of fixed assets	-	(547)
Stranded costs related to COVID-19	2,580	969
Exceptional items	1,069	1,031
Services provided by the company's auditors		
Fees payable to the company's auditors for the audit of the financial statements	139	86

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

Exceptional items in the current year includes restructure costs of £369,000 (2020: £49,000) and £700,000 (2020: £982,000) of incremental costs, which include demobilisation costs and PPE, incurred in relation to the Coronavirus pandemic.

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

8 Employees and directors

	Year to 31 March 2021	Year to 31 March 2020
	Number	Number
Average monthly number of full time equivalent management and supervisory staff employed (including executive directors)	2,098	2,322
Average monthly number of full time equivalent operational staff employed (including executive directors)	2,057	2,676
	4,155	4,998

Directors' remuneration	Year to 31 March 2021	Year to 31 March 2020
	£'000	£'000
Emoluments	3,537	4,669
Pension contributions	126	54
	3,663	4,723

Amounts included above relate to all statutory directors of the company paid by the company itself or other group entities for their services.

Highest paid director		
Emoluments	722	778
Pension contributions	4	8
	726	786

Retirement benefits are accruing to eight directors under a defined contribution scheme (2020: ten). None are accruing under a defined benefit scheme (2020: none).

Key management compensation

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	Year to 31 March 2021 £'000	Year to 31 March 2020 £'000
Aggregate emoluments	4,117	5,354
Pension contributions	213	94
	4,330	5,448

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

9 Other income

	Year to 31 March 2021	Year to 31 March 2020
	£'000	£'000
Intra-group sale of subsidiary	-	25,000
	-	25,000

In the prior year, the subsidiary Morrison Telecom Services Limited was sold within the group to M Group Telecoms Limited. This is part of the continued development of the group's service offering, supporting the growing division focussing solely on the telecoms market.

10 Net interest payable

	Year to 31 March 2021	Year to 31 March 2020
	£'000	£'000
Interest receivable and similar income		
Interest receivable and similar income	9	3
Total interest receivable and similar income	9	3
Interest payable and similar expenses		
Interest payable on overdrafts and bank loans	-	(24)
Interest payable on other loans	(4)	-
Finance lease interest	-	(81)
Net interest expense on post-employment benefits	(19)	(41)
Total interest payable and similar expenses	(23)	(146)
Net interest payable	(14)	(143)

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

11 Tax on profit

Tax expense included in profit or loss	Year to 31 March 2021	Year to 31 March 2020
	£'000	£'000
Current tax:		
UK Corporation tax on profits for the year	1,089	3,692
Adjustments in respect of prior years	107	(768)
Total current tax	1,196	2,924
Deferred tax:		
Origination and reversal of timing differences	81	159
Effect of changes in tax rates	-	18
Adjustments in respect of prior years	(89)	153
Total deferred tax	(8)	330
Tax on profit	1,188	3,254

Tax credit included in other comprehensive income	Year to 31 March 2021	Year to 31 March 2020
	£'000	£'000
Deferred tax:		
Charge on current year gains	26	60
Effect of changes in tax rates	-	(68)
Total deferred tax	26	(8)
Total tax charge/(credit) included in other comprehensive income	26	(8)

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

11 Tax on profit (continued)

Reconciliation of tax charge

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

	Year to 31 March 2021	Year to 31 March 2020
	£'000	£'000
Profit before taxation	5,668	44,876
Profit before taxation multiplied by the standard UK rate of tax 19% (2020: 19%)	1,077	8,526
Effects of:		
Items not deductible for tax purposes	109	75
Income not taxable	(9)	(4,750)
Transfer pricing adjustment	(7)	-
Change in tax rates	-	18
Adjustments in respect of prior years	18	(615)
Total tax charge for the year	1,188	3,254

The £4,750,000 income not taxable adjustment in the prior year relates to the intra-group sale of Morrison Telecom Services Ltd.

An increase to the UK corporation tax rate to 25% with effect from 1 April 2023 was announced on 3 March 2021 and included in Finance Bill 2021. As at the Balance Sheet date this increase was not substantively enacted and deferred taxes at the balance sheet date have been measured at 19%, being the enacted tax rate at the year end. If the announced increase in the corporation tax rate had been substantively enacted at the balance sheet date the impact on the deferred tax charge is estimated to be a credit of £68k.

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

12 Intangible assets

	Software
	£'000
Cost at 1 April 2020	973
Disposals	-
Cost at 31 March 2021	973
Accumulated amortisation at 1 April 2020	(816)
Charge for the year	(114)
Accumulated amortisation at 31 March 2021	(930)
Net book value at 31 March 2021	43
Net book value at 31 March 2020	157

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

13 Tangible assets

	Land & buildings	Plant & machinery	Motor vehicles	Computer equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost at 1 April 2020	2,967	28,830	4,030	4,887	40,714
Additions	8	-	-	-	8
Disposals	(1,457)	(28,830)	(4,030)	(3,123)	(37,440)
Cost at 31 March 2021	1,518	-	-	1,764	3,282
Depreciation at 1 April 2020	(1,129)	(15,264)	(2,050)	(3,336)	(21,779)
Charge for the year	(158)	-	-	(317)	(475)
Depreciation on disposal	496	15,264	2,050	2,202	20,012
Accumulated depreciation at 31 March 2021	(791)	-	-	(1,451)	(2,242)
Net book value at 31 March 2021	727	-	-	313	1,040
Net book value at 31 March 2020	1,838	13,566	1,980	1,551	18,935

The net book value of the company's tangible assets held under finance leases at 31 March 2021 was £nil (2020: £2,484,000). Depreciation charged on assets held under finance leases during the year ended 31 March 2021 amounted to £nil (2020: £710,000).

On 1 April 2020 the plant hire trade and assets were sold to the subsidiary M Group Services Plant & Fleet Solutions Limited. This sale included a significant number of tangible assets, including those held under finance lease, which are disclosed as disposals above.

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

14 Investments

	£'000
Cost as at 1 April 2020	-
Additions in the year	1,000
Cost as at 31 March 2021	1,000

Fixed asset investments comprise ordinary shares in subsidiary undertakings detailed in note 28.

During the year the company acquired a further 100,000 ordinary shares in the subsidiary M Group Services Plant & Fleet Solutions Limited for £1,000,000.

15 Loans to group undertakings

	<i>Restated</i>	
	At 31 March 2021	At 31 March 2020
	£'000	£'000
Loans to group undertakings	284,801	257,724

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

The company's loans to group undertakings have been reclassified from debtors to fixed assets (note 29). The amounts classified as fixed assets were intended as part of continued use in the group financing and are part of the long term financing structure in the business.

16 Inventories

	At 31 March 2021	At 31 March 2020
	£'000	£'000
Raw materials	-	594

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

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

17 Debtors

	At 31 March 2021 £'000	<i>Restated</i> At 31 March 2020 £'000
Trade debtors	9,452	13,404
Amounts owed by group undertakings	10,121	9,735
Deferred tax (see note 22)	261	260
Corporation tax	9,090	10,060
Other debtors	381	1,275
Amounts recoverable on contracts	130,276	107,810
Amounts owed by joint ventures	3,234	-
Prepayments and accrued income	9,933	8,968
	172,748	151,512

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

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

18 Creditors: amounts falling due within one year

	At 31 March 2021 £'000	At 31 March 2020 £'000
Payments received on account	234	972
Trade creditors	79,467	54,290
Amounts owed to group undertakings	87,081	69,046
Taxation and social security	5,156	6,632
Other creditors	26,298	38,165
Obligations under finance leases (see note 20)	-	718
Amounts owed to joint ventures	18,131	7,773
Accruals and deferred income	25,859	23,863
	242,226	201,459

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

19 Creditors: amounts falling due after more than one year

	Note	At 31 March 2021 £'000	At 31 March 2020 £'000
Obligations under finance leases	20	-	1,453
Amounts falling due between one and five years		-	1,453

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

20 Loans and other borrowings

	At 31 March 2021 £'000	At 31 March 2020 £'000
Obligations under finance leases	-	2,171

Finance leases

The future minimum finance lease payments are as follows:

	At 31 March 2021 £'000	At 31 March 2020 £'000
Less than one year	-	718
Between one and two years	-	933
Between two and five years	-	520
Carrying amount of liability	-	2,171

The finance leases were held by the plant hire business which was sold to the subsidiary M Group Services Plant & Fleet Solutions Limited on 1 April 2020.

The finance leases relate to plant and machinery used on the various contracts and includes items such as excavators, compressors and trailers.

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

21 Post-employment benefits

Defined benefit scheme

The company operates one defined benefit scheme, which is closed to future accrual - the Morrison CARE Pension Scheme ('MCARE' or 'the Scheme').

The scheme provides retirement benefits on the basis of members' average salary over their working life with the company. The plan is administered by an independent trustee. Contributions are agreed with the trustee to reduce the funding deficit where necessary.

A comprehensive actuarial valuation of the scheme was carried out at 1 April 2020 by an independent actuary. Adjustments to the valuation have been made based on current market conditions and the following assumptions:

	2021	2020
	% pa	% pa
Discount rate	2.00	2.40
Inflation rate	3.25	2.80
Increase to deferred benefits during deferment	3.25	2.80
Increases to inflation related pension in payment	3.15	2.70

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

21 Post-employment benefits (continued)

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

Amounts recognised in the balance sheet	At 31 March 2021	At 31 March 2020
	£'000	£'000
Present value of funded obligations	(13,988)	(11,696)
Fair value of scheme assets	13,677	10,574
Net liability at the end of the year excluding deferred tax	(311)	(1,122)
Related deferred tax asset	59	213
Net pension liability	(252)	(909)

Changes in scheme assets	Year to 31 March 2021	Year to 31 March 2020
	£'000	£'000
Balance b/fwd	10,574	11,360
Expected return on scheme assets	259	284
Employer contributions	800	520
Benefits paid	(231)	(398)
Administration costs	(108)	(88)
Actuarial gain/(loss)	2,383	(1,104)
Balance as at 31 March	13,677	10,574
Actual return on scheme assets	2,642	(820)

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

21 Post-employment benefits (continued)

Changes in scheme liabilities	Year to 31 March 2021 £'000	Year to 31 March 2020 £'000
Balance b/fwd	(11,696)	(13,188)
Interest cost	(278)	(325)
Benefits paid	231	398
Actuarial (loss)/gain	(2,245)	1,419
Balance as at 31 March	(13,988)	(11,696)

The overall deficit movement may be summarised as follows:

Movements in balance sheet net liability	2021 £'000	2020 £'000
Deficit b/fwd	(1,122)	(1,828)
Administration costs	(108)	(88)
Contributions	800	520
Net interest	(19)	(41)
Actuarial gains	138	315
Net liability at the end of the year (excluding deferred tax)	(311)	(1,122)

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

21 Post-employment benefits (continued)

The cost of the defined benefit scheme is recognised in the profit and loss account, and the impact of actuarial gains and losses recognised in the Statement of comprehensive income, was as follows:

Expense recognised in the profit and loss account	2021	2020
	£'000	£'000
Administration cost – scheme expenses	(108)	(88)
Charge to operating profit	(108)	(88)
Expected return on pension scheme assets	259	284
Interest on pension scheme liabilities	(278)	(325)
Amount charged to other finance expense	(19)	(41)
Expense recognised in the profit and loss account	(127)	(129)
Analysis of amounts recognised in the Statement of Comprehensive income	2021	2020
	£'000	£'000
Difference between expected and actual returns on scheme assets	2,383	(1,104)
Changes in assumptions underlying the present value of the schemes' liabilities	(2,245)	1,419
Actuarial gains in schemes	138	315

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

21 Post-employment benefits (continued)

Amounts for current and previous four years

Details of experience gains and losses	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Defined benefit obligation	(13,988)	(11,696)	(13,188)	(12,668)	(12,828)
Plan assets	13,677	10,574	11,360	11,156	10,974
Deficit	(311)	(1,122)	(1,828)	(1,512)	(1,854)
Experience adjustment on plan assets	2,383	(1,104)	277	(93)	1,587
Experience adjustment on plan liabilities	(2,245)	1,419	(793)	117	(2,718)
Total amount recognised in the Statement of comprehensive income	138	315	(516)	24	(1,131)

The fair value of the plan assets was:

	Year to 31 March 2021 £'000	Year to 31 March 2020 £'000
Equities	6,649	5,027
Other	7,028	5,547
Total assets	13,677	10,574

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

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

21 Post-employment benefits (continued)

Defined contribution scheme

Following the closure of the defined benefit scheme to new entrants, the company provides a defined contribution scheme for its employees.

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

	Year to 31 March 2021	Year to 31 March 2020
	£'000	£'000
Current year contributions	5,173	5,783

22 Deferred tax asset

	2021 £'000	2020 £'000
Brought forward at 1 April	260	582
Adjustment in respect of prior years	89	(153)
Charge for the year	(81)	(177)
Movement arising from the disposal of business	19	-
(Charge)/credit in other comprehensive income for the year	(26)	8
Carried forward at 31 March	261	260

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

	At 31 March 2021 £'000	At 31 March 2020 £'000
Fixed asset timing differences	94	(42)
Short term timing provisions	167	302
Total deferred tax asset (Note 17)	261	260

The amount of deferred tax expected to be reversed in the next 12 months is the deferred tax asset of £81,000 (2020: £89,000).

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

23 Called up share capital

	At 31 March 2021 £'000	At 31 March 2020 £'000
Allotted and fully paid share capital		
20,000,000 (2020: 20,000,000) ordinary shares of £1 each	20,000	20,000

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

24 Contingent liabilities

There exist cross guarantees under a group banking arrangement whereby group companies have guaranteed the liabilities of other group companies to their clearing banks. Net indebtedness recognised by the company under this arrangement at 31 March 2021 was £nil (2020: £nil). Group bank debt is disclosed in the financial statements of M Group Services Limited.

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 2021 was £2.1 million (2020: £2.1 million).

25 Capital commitments

As at 31 March 2021, the company had placed contracts for the purchase of assets to the value of £nil (2020: £0.4m), which were not provided for in the financial statements.

As at 31 March 2021, the company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	At 31 March 2021			At 31 March 2020		
	Buildings	Plant & Machinery	Total	Buildings	Plant & Machinery	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Payments due						
Within one year	1,374	-	1,374	1,737	14,618	16,355
Between one and five years	1,991	-	1,991	4,397	22,669	27,066
After five years	273	-	273	2,468	190	2,658
	3,638	-	3,638	8,602	37,477	46,079

The company had no other off-balance sheet arrangements.

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

26 Related party transactions

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

27 Immediate and ultimate parent undertaking and controlling party

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

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

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

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

28 Subsidiary undertakings

The company's subsidiary undertakings at 31 March 2021 and 31 March 2020 (set out below) are wholly owned subsidiaries, with an accounting year end of 31 March. These undertakings principally operate in their country of incorporation.

Company	Registered Country	Company's equity shareholding at 31 March 2021	Principal business
Morrison Utility Technologies Limited	England (1)	100%	Holding company
Morrison Energy Services Limited	England (1)	100%	Dormant
M Group Services Plant & Fleet Solutions Limited	England (1)	100%	Plant & Fleet Hire
Pipe Restoration Services Limited	England (1)	50% *	Pipe Restoration Services

* denotes shareholding is indirectly held

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

Morrison Water Services Limited (formerly Morrison Utility Services Limited)

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

29 Prior year adjustment

The company's loans to group undertakings of £257,724,000 have been reclassified from debtors to fixed assets. This represents the fact that these amounts are intended for the continuing use of the borrowing companies as part of the capital structure of those companies. As such they represent fixed assets of Morrison Water Services Limited (formerly Morrison Utility Services Limited). The prior year ended 31 March 2020 has been restated to reflect the above.

	As originally presented At 31 March 2020	Restated At 31 March 2020
	£'000	£'000
Fixed Assets	19,092	276,816
Debtors	409,236	151,512

30 Post balance sheet events

After the year end the energy trade and assets of the company were sold to its subsidiary Morrison Energy Services Limited. This is part of the continued development of the group's service offering, supporting the growing divisions, allowing Morrison Energy Services Limited to focus solely on the energy market and Morrison Water Services Limited (formerly Morrison Utility Services Limited) to focus solely on the water market.