

ANNUAL REPORT AND FINANCIAL
STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2021

MUJV LIMITED

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MUJV LIMITED

COMPANY INFORMATION

| | |
|----------------------|---|
| Directors | John Abraham Jonathan Allan (resigned 31 March 2022) Xavier Aragon (resigned 14 October 2021) Colin Burke Tracy Knipe David Mitchell (resigned 14 October 2021) Ian Smyth James Towner |
| Company secretary | James Towner |
| Registered number | 05437466 |
| Registered office | Aspire Business Centre Ordnance Road Tidworth Wiltshire SP9 7QD |
| Independent auditors | Menzies LLP Chartered Accountants & Statutory Auditor 3000a Parkway Whiteley Hampshire PO15 7FX |

MUJV LIMITED

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MUJV LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

MUJV is an incorporated joint venture company that brings together and capitalises on the strengths and operational expertise of two of the largest utility companies operating in the UK marketplace: UK Power Networks and Veolia.

The Company's principal activity during the year was utilities infrastructure management for the Ministry of Defence over the Salisbury Plain and Aldershot garrisons of the British Army. It will continue in this activity until at least 2041, when the contract finishes.

The business provides a complete utility infrastructure management service to the Ministry of Defence at the sites across the Salisbury Plain and Aldershot garrisons. Responsibility extends to the long-term management of existing electricity, gas, and water networks. This includes upgrading existing infrastructure and the design and construction of significant new utility assets at these garrisons.

Business review

Operations

MUJV delivered strong operational performance in 2021, achieving all delivery related performance metrics. The Army Basing Programme (ABP) continued through 2021, but at a much lower level than in previous years. The ABP programme is expected to be fully completed in 2022. Additional capital works are being secured relating to sustainability projects and MUJV has delivered a notable programme of EV charging, with further EV and other projects in the pipeline.

Under the Services contract the operational teams continued to perform well. Planned maintenance programmes and response to incidents continued to be effective with good performance against all contract performance indicators. The company has also generated increased turnover on the Services contract in respect of the maintenance of the newly installed infrastructure and other instructed changes.

The Board has provided leadership of the Company within a strong governance framework delivering effective controls that enable risk to be assessed, reported, and managed. Strategic objectives have been set through the annual business planning process while also considering the necessary financial and human resources required for the Company to deliver these goals.

The Company continues to maintain Certification to ISO 9001:2015, ISO14001:2015 and ISO45001:2018 and has an integrated management system covering all three standards, in accordance with contractual requirements and business best practice.

Health & Safety

MUJV is committed to delivering the highest standards of health and safety, working collaboratively with both clients and our supply chain to continuously improve. 2021 was an excellent year in terms of maintaining our health and safety record. The company suffered no injuries, no lost time incidents and no at fault utility strikes.

MUJV LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Environment and Sustainability

Environmental awareness and compliance has continued to be a key focus during 2021. This has been communicated via toolbox talks and team meetings within MUJV and the supply chain. Operational processes including risk assessments have been designed to ensure that environmental risks are highlighted at both the design and construction stages programme of projects as well as routine maintenance activities. Our CO2 emissions have again reduced significantly this year partly due to reduced travel during the COVID pandemic.

No environmental incidents were reported by the company in the year ended 31 December 2021.

Looking Forward

MUJV has a long term services contract, which runs to 2041. Key focus areas for the delivery of this contract are reactive response, lifecycle works, resilience and health, safety, and environmental compliance.

In addition to this, the company is now drawing on the expertise of its shareholder organisations to deliver improved services and generate new business through sustainable solutions.

There are two key drivers, which are expected to generate additional workload for MUJV over the coming years.

A) Net Zero 2050

In an effort to reduce carbon emissions the Army are looking to carryout a number of projects including Electric Vehicle Charging, Photovoltaic installations, increased metering, LED streetlighting and projects which decarbonise heat.

B) Abstraction restriction around the Salisbury Plain Garrisons.

To reduce the abstraction of water from boreholes across the Garrisons there will be a wide number of projects carried out. They are expected to include, Automated Meter Reading, leakage reduction programmes, advanced network controls and water saving/leakage campaigns.

Principal risks and uncertainties

The principal risks faced by the Company in the year were:

- Environmental Incidents – potential harm to the environment due to infrastructure failure
- Coronavirus – impact of staff availability and wellbeing
- Utility Strikes – physical harm and damage to network
- Security – a breach of procedures resulting in restricted access to sites

The impact of the Coronavirus on the ongoing operations of the business proved to be minimal during the year. As a utilities infrastructure provider, the company provides essential services to the MOD and continued to meet its obligations during the lockdown periods. The company did not furlough staff during the year and has not needed to use any of the government schemes made available in the year.

The Company manages risk using a risk database along with management action plans and reports to the Board on a monthly basis. Risks were reviewed by the Board and by the Risk and Audit Committee on a regular basis throughout the year to ensure risks were being managed effectively.

Financial key performance indicators

Key Performance Indicators were utilised in the year to assess company performance across a range of measures. These are set by both the Board – to determine company objectives, and by the Executive Committee – to drive departmental improvement. The company reported performance against these KPIs on a monthly basis directly to the Board.

The primary financial key performance indicator was a target for profit before tax and management fee. Financial performance has been maintained in the year and the Company has achieved the profit target set by the Board. This was achieved through the securing of additional works on the existing contracts and efficiencies in delivery of the contracts.

The second financial KPI was a target for growth through new business of 14% of the business plan turnover. Due to the reduction in additional work on completion of the Army Basing Plan contract and the difficulties and delays imposed by the Coronavirus pandemic, this target was not met however good progress was made towards it and the delayed projects are

MUJV LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

expected to carry forward to 2022.

Corporate Governance

The Company is committed to high standards of corporate governance. Responsibilities are determined by a Shareholders Agreement which sets in place responsibilities of the Principal Shareholders, the Board of Directors, the Risk and Audit Committee and the Health and Safety Committee and the Executive Directors.

The committees meet and report regularly to the Board throughout the year and the Board of Directors reviews and approves the terms of reference of the sub-committees on an annual basis.

The Board

The primary responsibility of the Board is to consider the strategic direction of the Company and to promote good corporate governance. To this end, it monitors the executive management and reviews operating and financial performance. The Board has adopted a schedule of matters reserved to it, which is reviewed annually. In reaching decisions the Board takes account of the interests of its shareholders, customers, and employees, as well as the Company's responsibility to the environment. In the year, the Board has met on a regular quarterly basis.

Specific matters including Risk and Finance have been delegated to committees comprising non-executive directors who have met separately on a regular basis to discuss performance, review Executive Director performance and to recommend targets for MUJV.

The Company Secretary is responsible for the provision of advice to directors of the Board on governance matters and ensuring that Board procedures are followed. All directors have access to his advice and services. By arrangement with the Company Secretary, directors may obtain independent professional advice at the Company's expense. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Roles of the Chairman and Managing Director

There is a clear division of responsibility between the Chairman and Managing Director of the Company, set out and agreed in the Board's Terms of Reference. Although the Chairman is an employee of a shareholding company, and thus not fully independent, the role is one of a non-executive Director of the Company. The Board believes this is appropriate for the Company.

MUJV LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Board Committees

The MUJV Board has formally delegated specific responsibilities to two Board committees, being the Risk and Audit Committee and the Health and Safety Committee. Their terms of reference are set by the Board and reviewed annually.

Risk and Audit Committee

The primary objectives of the Risk and Audit Committee are to assist the Board in fulfilling its responsibilities relating to the adequacy and effectiveness of the Company's systems of internal control, and in the management of its financial and business risks. Terms of reference have been approved by the Board.

The Risk and Audit Committee is composed entirely of non-executive directors. It meets with executive directors and management and privately with the external and internal auditors when appropriate. Internal and external audit services are pre-approved by the Risk and Audit Committee each year.

Health and Safety Committee

The Company has a proactive commitment to effective health and safety risk management and the primary objective of the Health and Safety Committee is to assist the Board in fulfilling its responsibilities relating to this.

Internal Control

The MUJV Board has overall responsibility for maintaining robust processes for management controls, including financial, operational and compliance and risk management for reviewing its effectiveness. The internal control system is designed to manage risks of meeting business objectives. The system has been in place in the year under review and up to the date of approval of the annual report and accounts and is subject to regular external audit.

The directors routinely review the effectiveness of the system of internal control and risk management, principally by means of regular presentations to the Board by the Executive Committee describing the risk management strategies and detailing the status of significant business risks and regular reports to the Risk and Audit Committee.

This report was approved by the board and signed on its behalf.

James Towner
Director

Date: 27 June 2022

MUJV LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £48,409 (2020 - £71,004).

Directors

The directors who served during the year were:

John Abraham
Jonathan Allan (resigned 31 March 2022)
Xavier Aragon (resigned 14 October 2021)
Colin Burke
Tracy Knipe
David Mitchell (resigned 14 October 2021)
Ian Smyth
James Towner

Future developments

Please refer to the Strategic Report.

Matters covered in the Strategic report

The company has chosen in accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out within the company's Strategic Report the Company's Strategic Report Information Required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review and details of the principal risks and uncertainties.

MUJV LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Under section 487(2) of the Companies Act 2006, Menzies LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.

James Towner
Secretary

Date: 27 June 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MUJV LIMITED

Opinion

We have audited the financial statements of MUJV Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of income and retained earnings, the Statement of financial position, the Statement of cash flows and the related notes, including a summary of significant accounting policies. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MUJV LIMITED (CONTINUED)

Opinion 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.

Matters on which we are required to report by exception

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 material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 5, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MUJV LIMITED (CONTINUED)

Auditors' 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 Auditors' 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.

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:

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, and general regulations such as health and safety. There are no industry specific laws and regulations which would be deemed to have a significant impact on the financial statements. We assessed the extent of compliance with the appropriate laws and regulations as part of our procedures on the related financial statement items.

We understood how the Company is complying with the legal and regulatory frameworks by, making inquiries to management, those responsible for legal and compliance procedures and the company secretary. We corroborated our inquiries through our review of board minutes.

The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognize non-compliance with laws and regulations. The assessment did not identify any issues in this area.

We assessed the susceptibility of the Company financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:

- Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
- Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- Challenging assumptions and judgments made by management in its significant accounting estimates; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

As a result of the above procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

- Posting of unusual journals and complex transactions.
- Misappropriation of funds through fraudulent purchase ledger.
- Manipulation of amounts subject to significant judgment or estimate.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MUJV LIMITED (CONTINUED)

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 Auditors' 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.

James Hadfield FCA (Senior statutory auditor)

for and on behalf of

Menzies LLP

Chartered Accountants
Statutory Auditor

3000a Parkway
Whiteley
Hampshire
PO15 7FX

27 June 2022

MUJV LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2021

| | Note | 2021 £ | 2020 £ |
|---|------|------------------|------------------|
| Turnover | 4 | 17,695,446 | 20,168,577 |
| Cost of sales | | (13,596,758) | (16,092,205) |
| Gross profit | | 4,098,688 | 4,076,372 |
| Administrative expenses | | (4,034,910) | (3,992,109) |
| Operating profit | | 63,778 | 84,263 |
| Interest receivable and similar income | 7 | 151 | 2,057 |
| Profit before tax | | 63,929 | 86,320 |
| Tax on profit | 8 | (15,520) | (15,316) |
| Profit after tax | | 48,409 | 71,004 |
| Retained earnings at the beginning of the year | | 214,884 | 143,880 |
| | | 214,884 | 143,880 |
| Profit for the year | | 48,409 | 71,004 |
| Retained earnings at the end of the year | | 263,293 | 214,884 |

The notes on pages 15 to 26 form part of these financial statements.

MUJV LIMITED

REGISTERED NUMBER:05437466

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

| | Note | 2021 £ | 2020 £ |
|---|------|-----------------------|-----------------------|
| Fixed assets | | | |
| Tangible assets | 9 | 48,612 | 64,816 |
| | | <u>48,612</u> | <u>64,816</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 10 | 2,857,842 | 3,100,309 |
| Cash at bank and in hand | | 849,004 | 2,079,960 |
| | | <u>3,706,846</u> | <u>5,180,269</u> |
| Creditors: amounts falling due within one year | 11 | (2,829,848) | (4,294,238) |
| Net current assets | | <u>876,998</u> | <u>886,031</u> |
| Total assets less current liabilities | | <u>925,610</u> | <u>950,847</u> |
| Creditors: amounts falling due after more than one year | 12 | (649,164) | (723,030) |
| Provisions for liabilities | | | |
| Deferred tax | | (12,153) | (11,933) |
| | | <u>(12,153)</u> | <u>(11,933)</u> |
| Net assets | | <u><u>264,293</u></u> | <u><u>215,884</u></u> |
| Capital and reserves | | | |
| Called up share capital | 14 | 1,000 | 1,000 |
| Profit and loss account | 15 | 263,293 | 214,884 |
| | | <u><u>264,293</u></u> | <u><u>215,884</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

James Towner
Director

Date: 27 June 2022

The notes on pages 15 to 26 form part of these financial statements.

MUJV LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

| | 2021 £ | 2020 £ |
|---|--------------------|------------------|
| Cash flows from operating activities | | |
| Profit for the financial year | 48,409 | 71,004 |
| Adjustments for: | | |
| Depreciation of tangible assets | 16,204 | 16,204 |
| Interest received | (151) | (2,057) |
| Taxation charge | 15,520 | 15,316 |
| Decrease in debtors | 242,468 | 3,743,011 |
| (Decrease) in creditors | (1,552,578) | (2,488,019) |
| Corporation tax (paid)/received | (979) | - |
| Net cash generated from operating activities | (1,231,107) | 1,355,459 |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | - | (81,020) |
| Interest received | 151 | 2,057 |
| Net cash from investing activities | 151 | (78,963) |
| Net (decrease)/increase in cash and cash equivalents | (1,230,956) | 1,276,496 |
| Cash and cash equivalents at beginning of year | 2,079,960 | 803,464 |
| Cash and cash equivalents at the end of year | 849,004 | 2,079,960 |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 849,004 | 2,079,960 |
| | 849,004 | 2,079,960 |

The notes on pages 15 to 26 form part of these financial statements.

MUJV LIMITED

ANALYSIS OF NET DEBT FOR THE YEAR ENDED 31 DECEMBER 2021

| | At 1 January 2021 £ | Cash flows £ | At 31 December 2021 £ |
|--------------------------|---------------------------|--------------------|-----------------------------|
| Cash at bank and in hand | 2,079,960 | (1,230,956) | 849,004 |
| | <u>2,079,960</u> | <u>(1,230,956)</u> | <u>849,004</u> |

The notes on pages 15 to 26 form part of these financial statements.

MUJV LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

MUJV Limited is private company limited by shares incorporated in England and Wales. the address of the registered office is disclosed on the company information page. The registered address is also the principal place of business.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Revenue

Turnover, which is stated net of value added tax, represents the fair value of consideration receivable for the company's activities, less amounts deferred against future obligations.

Works (ABP) Contract Turnover

Works contract turnover is recognised in relation to milestones completed under the contract. Payments received in advance of the completion of milestones are deferred in the balance sheet and released on an asset-by-asset basis as completion obligations are fulfilled.

Service Contract Turnover

Service contract turnover is recognised by reference to the completion to date of the Company's obligation to provide utility outputs over the period of the contract on a proportional basis. Where it is not practical to determine the stage of completion of the contract, turnover is recognised to the extent costs have been incurred.

2.3 Interest income

Interest income is recognised in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.4 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | | | |
|--------------------|---|-----|---------------|
| Computer equipment | - | 20% | straight line |
|--------------------|---|-----|---------------|

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.6 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.7 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.8 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.9 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The Company recognises revenue for its Services Contract by considering the stage of completion of its contractual obligations. As the obligations, and hence the Company's right to consideration, are fulfilled over the full 35 year life of the contract, the revenue associated with value of the contract is similarly recognised evenly over the full 35 year term of the contract on a time basis of apportionment.

This involves deferring income, including gas lifecycle and backlog, to the balance sheet and then releasing it to recognise when the responsibility for providing the obligations has been fulfilled, on a monthly basis for the duration of the contract. The Company has to make estimates as to the future level of income which is dependent only on future indexation. This indexation formula is based on the variable indices, the Retail Price Index and Average Weekly Earnings.

Estimates are made on the basis of historical knowledge and with reference to the Government Paper 'Forecasts for the UK economy' published each month by H M Treasury.

Where actual indices vary materially from estimated indices, the Company recognises an adjustment to bring the future release of deferred income into alignment with revised expectations.

MUJV LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

4. Turnover

An analysis of turnover by class of business is as follows:

| | 2021 £ | 2020 £ |
|------------------|-------------------|-------------------|
| Service contract | 16,031,186 | 14,984,965 |
| Works contract | 1,664,260 | 5,183,612 |
| | <u>17,695,446</u> | <u>20,168,577</u> |

Analysis of turnover by country of destination:

| | 2021 £ | 2020 £ |
|----------------|-------------------|-------------------|
| United Kingdom | 17,695,446 | 20,168,577 |
| | <u>17,695,446</u> | <u>20,168,577</u> |

5. Auditors' remuneration

| | 2021 £ | 2020 £ |
|---|---------------|---------------|
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements | <u>26,780</u> | <u>26,000</u> |

Fees payable to the Company's auditor and its associates in respect of:

| | | |
|------------------------------|--------------|--------------|
| Taxation compliance services | <u>3,605</u> | <u>3,500</u> |
| | <u>3,605</u> | <u>3,500</u> |

MUJV LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

6. Employees

The Company employed no staff in the year directly, but seconded staff from the shareholder group companies. Staff costs represent a charge by the seconding companies for the services to MUJV Limited of seconded staff, comprising all direct costs of employment and an agreed fixed margin.

Seconded staff costs, including seconded executive directors' remuneration, were as follows:

| | 2021 £ | 2020 £ |
|--------------------|------------------|------------------|
| Wages and salaries | 1,216,506 | 1,170,816 |
| | <u>1,216,506</u> | <u>1,170,816</u> |

The average monthly number of seconded staff, including the seconded executive directors, during the year was as follows:

| | 2021 No. | 2020 No. |
|----------------|-------------|-------------|
| Seconded staff | 13 | 13 |
| Directors | 2 | 2 |
| | <u>15</u> | <u>15</u> |

In addition, there were a maximum of 6 non-executive directors (2020: 6).

The non-executive directors received no remuneration for services in the year. No director held any interests in the shares or debentures of the Company.

7. Interest receivable

| | 2021 £ | 2020 £ |
|---------------------------|------------|--------------|
| Other interest receivable | 151 | 2,057 |
| | <u>151</u> | <u>2,057</u> |

MUJV LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

8. Taxation

| | 2021 £ | 2020 £ |
|--|---------------|---------------|
| Corporation tax | | |
| Current tax on profits for the year | 15,225 | 3,001 |
| Adjustments in respect of previous periods | 75 | - |
| | <u>15,300</u> | <u>3,001</u> |
| Total current tax | <u>15,300</u> | <u>3,001</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | (4,051) | 12,315 |
| Changes to tax rates | 3,889 | - |
| Adjustments in respect of previous periods | 382 | - |
| | <u>220</u> | <u>12,315</u> |
| Total deferred tax | <u>220</u> | <u>12,315</u> |
| Taxation on profit on ordinary activities | <u>15,520</u> | <u>15,316</u> |

Factors affecting tax charge for the year

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

| | 2021 £ | 2020 £ |
|--|---------------|---------------|
| Profit on ordinary activities before tax | <u>63,929</u> | <u>86,320</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%) | 12,147 | 16,401 |
| Effects of: | | |
| Adjustments to tax charge in respect of prior periods | 456 | - |
| Unrelieved tax losses carried forward | - | (1,085) |
| Changes in tax rates | 2,917 | - |
| Total tax charge for the year | <u>15,520</u> | <u>15,316</u> |

MUJV LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

9. Tangible fixed assets

| | Computer equipment £ |
|-------------------------------------|----------------------------|
| Cost or valuation | |
| At 1 January 2021 | 81,020 |
| | <hr/> |
| At 31 December 2021 | 81,020 |
| | <hr/> |
| Depreciation | |
| At 1 January 2021 | 16,204 |
| Charge for the year on owned assets | 16,204 |
| | <hr/> |
| At 31 December 2021 | 32,408 |
| | <hr/> |
| Net book value | |
| At 31 December 2021 | 48,612 |
| | <hr/> |
| <i>At 31 December 2020</i> | <i>64,816</i> |
| | <hr/> |

MUJV LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

10. Debtors

| | 2021 £ | 2020 £ |
|--|------------------|------------------|
| Trade debtors | 1,385,933 | 1,284,577 |
| Other debtors | 177,002 | - |
| Prepayments and accrued income | 11,355 | 14,000 |
| Amounts recoverable on long term contracts | 1,283,552 | 1,801,732 |
| | <u>2,857,842</u> | <u>3,100,309</u> |

11. Creditors: Amounts falling due within one year

| | 2021 £ | 2020 £ |
|------------------------------------|------------------|------------------|
| Payments received on account | 57,794 | 70,193 |
| Trade creditors | 1,849,025 | 2,995,995 |
| Corporation tax | 15,225 | 904 |
| Other taxation and social security | - | 141,332 |
| Other creditors | 440 | 454 |
| Accruals and deferred income | 907,364 | 1,085,360 |
| | <u>2,829,848</u> | <u>4,294,238</u> |

12. Creditors: Amounts falling due after more than one year

| | 2021 £ | 2020 £ |
|------------------------------|----------------|----------------|
| Accruals and deferred income | 649,164 | 723,030 |
| | <u>649,164</u> | <u>723,030</u> |

The aggregate amount of liabilities repayable wholly or in part more than five years after the reporting date is:

| | 2021 £ | 2020 £ |
|------------------------------|----------------|----------------|
| Accruals and deferred income | 386,099 | 445,018 |
| | <u>386,099</u> | <u>445,018</u> |

MUJV LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

13. Deferred taxation

| | 2021 £ |
|---------------------------|---------------|
| At beginning of year | 11,933 |
| Charged to profit or loss | 220 |
| At end of year | 12,153 |

The provision for deferred taxation is made up as follows:

| | 2021 £ | 2020 £ |
|--------------------------------|---------------|---------------|
| Accelerated capital allowances | 12,153 | 11,933 |
| | 12,153 | 11,933 |

14. Share capital

| | 2021 £ | 2020 £ |
|--|--------------|--------------|
| Allotted, called up and fully paid | | |
| 100,000 (2020 - 100,000) Ordinary shares of £0.01 each | 1,000 | 1,000 |

Each ordinary share has equal voting and dividend rights.

15. Reserves

Profit and loss account

This reserve records retained earnings and accumulated losses.

MUJV LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

16. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | 2021 £ | 2020 £ |
|-----------------------|---------------|---------------|
| Not later than 1 year | 20,502 | 20,502 |
| | <u>20,502</u> | <u>20,502</u> |

During the year, the company paid £38,137 (2020 - £41,004) in respect of operating lease commitments.

17. Related party transactions

MUJV Limited is a joint venture company under the joint control of UK Power Networks Services (Asset Management) Limited and Veolia Water Outsourcing Limited.

The Company's shares are held in the following ratio:

UK Power Networks Services (Asset Management) Limited 49.999%

Veolia Water Outsourcing Limited 49.999%

Other Shareholders 0.002%

A shareholders' agreement further allows Veolia Water Outsourcing Limited and UK Power Networks Services (Asset Management) Limited to appoint two directors each to the Board of MUJV Limited. These companies therefore hold significant influence over the Company and all related party transactions have been disclosed in accordance with FRS 102.

During the year the following transactions took place with these groups of companies:

| | 2021 £ | 2020 £ |
|---|-------------------|-------------------|
| UK Power Networks Services Limited | | |
| Purchases | | |
| Cost of Sales | 8,970,000 | 10,303,000 |
| Seconded Staff | 609,000 | 673,000 |
| Management Fee | 1,315,000 | 1,305,000 |
| Other Costs | 4,000 | 15,000 |
| | <u>10,898,000</u> | <u>12,296,000</u> |

MUJV LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

| | 2021 £ | 2020 £ |
|---|------------------|------------------|
| Veolia Water Outsourcing Limited | | |
| Purchases | | |
| Cost of Sales | 4,534,000 | 5,654,000 |
| Seconded Staff | 600,000 | 521,000 |
| Management Fee | 1,315,000 | 1,305,000 |
| Other Costs | 21,000 | 34,000 |
| | <u>6,470,000</u> | <u>7,514,000</u> |

Amounts owed by related parties at the balance sheet date were:

| | 2021 £ | 2020 £ |
|---|-----------|--------------|
| Veolia Water Outsourcing Limited | | |
| Trade Debtors | - | 1,000 |
| | <u>-</u> | <u>1,000</u> |

Amounts owed to related parties at the balance sheet date were:

| | 2021 £ | 2020 £ |
|---|------------------|------------------|
| UK Power Networks Services Limited | | |
| Trade Creditors | 866,000 | 756,000 |
| Amounts payable on contract | 124,000 | 936,000 |
| Accruals | 61,000 | 249,000 |
| | <u>1,051,000</u> | <u>1,941,000</u> |

| | 2021 £ | 2020 £ |
|---|----------------|------------------|
| Veolia Water Outsourcing Limited | | |
| Trade Creditors | 521,000 | 526,000 |
| Amounts payable on contract | 149,000 | 315,000 |
| Accruals | 75,000 | 248,000 |
| | <u>745,000</u> | <u>1,089,000</u> |

Key management personnel

The company considers the key management personnel to be the executive directors.

MUJV LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

18. Controlling party

The Company is owned and jointly controlled by UK Power Networks Services (Asset Management) Limited (49.999%) and Veolia Water Outsourcing Limited (49.999%). The Directors consider there to be no ultimate controlling party or ultimate parent company.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.