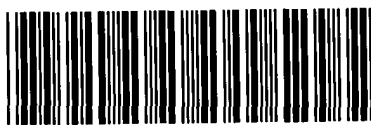


M Group Services Limited  
(formerly Thor Bidco Limited)  
Annual report and financial statements  
for the period 4 July 2016 to 31 March 2017

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# **M Group Services Limited (formerly Thor Bidco Limited)**

## **Annual report and financial statements for the period ended 31 March 2017**

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# **M Group Services Limited (formerly Thor Bidco Limited)**

## **Group information**

<b>Directors</b>	J M Arnold M G Beesley N J Hartley P S Petrov J K Quake
<b>Company secretary</b>	I V Cusden
<b>Registered office</b>	Abel Smith House Gunnels Wood Road Stevenage Hertfordshire SG1 2ST
<b>Registered number</b>	10260164
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 10 Bricket Road St Albans Hertfordshire AL1 3JX
<b>Bankers</b>	National Westminster Bank PLC 1 Princes Street London EC2R 8PA

# **M Group Services Limited (formerly Thor Bidco Limited)**

## **Chief Executive's review**

### **Introduction**

I am pleased to present the first annual report for M Group Services Limited, a leading services group of companies which provides repair and maintenance, refurbishment, upgrade and data management services to owners and users of critical infrastructure in the UK.

M Group Services Limited is owned by First Reserve, a leading global private equity and infrastructure investment firm focused on the energy sector (including resources, equipment, services and infrastructure), and our management team.

### **Strategic Development**

The company was formed to acquire Morrison Utility Services Group Limited ('Morrison Utility Services' or 'MUS'), the leading utility services provider in the UK focused on regulated infrastructure markets covering the gas, electricity, water and telecoms sectors. MUS's experience and expertise in managing and safely performing work on these networks enables its clients to make the investment necessary to maintain and enhance these essential services to businesses and consumers throughout the country. Having built and maintained relationships with its clients over a significant period of time, and with a strong business culture focused on safety, operational delivery, efficiency, and customer service, MUS delivers this work via long-term framework contracts which provide a high level of revenue security and visibility.

The management team and First Reserve are confident that MUS provides a sound platform for growth and consequently we have embarked on a strategy of seeking accretive bolt-on acquisitions to augment existing organic growth opportunities. Accordingly, the group has acquired two further businesses in the period to 31 March 2017; Dyer & Butler (2014) Limited ('Dyer & Butler') and G4S Utility & Outsourcing Services which was rebranded as Morrison Data Services ('MDS'), both of which were acquired in December 2016.

Based in Southampton and operating principally in the south of England and Wales, Dyer & Butler is one of the leading providers of repair, maintenance and replacement services to the Airport and Rail sectors in the UK. In addition, it provides specialist services to other sectors including Highways. Its strong reputation in these key regulated markets, focus on safety, established blue-chip client relationships, track record of steady and sustained growth via framework agreements, and an experienced and knowledgeable management team means it was ideally placed to join the group to provide a platform for growth in these markets. Dyer & Butler shares many key business characteristics with MUS and, as part of M Group Services, it has access to additional financial capacity and wider management experience that should enable it to target larger and more complex framework agreements with existing clients, and expand geographically with the support of the group's existing network of operations.

Morrison Data Services is headquartered in Newcastle and operates across the UK as the leading provider of energy data collection and data management services for UK energy retailers. Its long term contracts with blue-chip clients provide a high degree of revenue visibility. Its key activities are supplemented by the provision of installation and maintenance services for electricity and gas traditional and smart energy meters giving MDS the capability to provide end to end metering services for its clients. In addition MDS includes a property services business and an assessment services business focused mainly on the tourism and customer services industries.

Subsequent to the period end, in May 2017, MDS has acquired Meter-U Limited in order to enter the Water Data Collection market. The opportunity for this branch of the business will be in the expansion of domestic metering and the increasingly deregulated water supply market which is likely to lead to greater activity in data collection and data management activities for new suppliers entering the market.

Together, the group is progressively organising itself to report in divisions that reflect these business segments, i.e. Regulated Utilities, Regulated Transport and Regulated Data.

# **M Group Services Limited (formerly Thor Bidco Limited)**

## **Chief Executive's review (continued)**

### **Financial performance**

The financial review on pages 7 to 10 summarises our financial performance. I am pleased to report that the trading of the businesses acquired during the period was in line with our expectations at the point of acquisition. A full year's result is not presented in these accounts, and proforma information is therefore also provided in the financial review.

On a full year basis to 31 March 2017 the group would have had turnover of nearly £900 million (excluding Meter-U Limited) with normalised EBITDA (profit before interest, tax, depreciation, amortisation and exceptional items) of over £50 million. Cash flow is a key measure for the group and this has been ahead of our expectations, reflecting a focus on working capital management throughout the group. We operate a lean overhead model which means our structure is fit for purpose, especially in a competitive environment, and provides an ideal platform for us to benefit from market opportunities.

### **Operational performance**

M Group Services businesses typically operate under long term framework contracts secured in regulated markets for major asset owners and operators such as Thames Water, Cadent, Network Rail, Heathrow Airport, e.on, British Gas and BT Openreach. We take pride in having very long term relationships with our clients and aim to ensure that we invest in our contracts and client relationships to deliver an excellent service to our client and our client's customers. The group has a secured order book of c. £2.2 billion (c. £3.7 billion including extensions) at 31 March 2017, providing good visibility of future revenues and activity.

### **Safety**

We are fully committed to the safety and well-being of all our employees and all those who come into contact with our business. We stand firmly behind the statement that: 'Nothing that we do is so important that we cannot find the time to do it safely'. This ethos runs through the heart of our businesses and we continue to strive to improve health and safety performance across all operational areas. Continued safety performance benchmarking against competitors and clients demonstrate that we continue to move in the right direction. At 31 March 2017, the Accident Frequency Rate (AFR) for MUS was 0.05, for Dyer & Butler 0.14 and for MDS 0.32.

Over the last 12 months our businesses have been recognised with a number of notable industry accolades. For example, in MUS these included the 2016 Utility Week Stars Health and Safety Champion Award for the development of safety awareness films for our Western Gas Alliance contract and the 2016 Future Water Association Safety Award for our bespoke Lone Worker App, designed and developed in-house to provide greater safety measures for our operatives working in isolation or out of hours. The Heathrow team at Dyer & Butler also won the Team Heathrow Partnership Award 2016, Working Together for Success in the 'Keeping Everyone Safe' category.

In addition, MUS was awarded the RoSPA Sector Award for Occupational Health and Safety; its seventh sector award in the last 11 years. Dyer & Butler have also achieved the RoSPA President's Award for achieving 12 consecutive gold awards.

Vehicle safety remains an intrinsic part of our vehicle specification. Plant & Fleet Solutions, the group's in-house service provider, continuously looks to improve and innovate in key focus areas such as vulnerable person systems and improved vehicle access. A best practice example of this is the installation of passenger airbags in all of our Light Commercial Vehicles which goes above and beyond industry standards.

# **M Group Services Limited (formerly Thor Bidco Limited)**

## **Chief Executive's review (continued)**

### **Business development**

All of the group's business units have made good progress in developing new business for the group during the period.

Openreach (a BT group company) has appointed MUS to undertake network installation and network maintenance activities across the south east and north west of England across a two year contract. The scope of works to be undertaken includes civils, cabling, jointing and poling activities.

MUS were also appointed by Affinity Water to deliver mains renewal and developer services programmes across North London and the home counties, in a four year framework contract worth c. £80m over its term. The scope of this work includes design and build responsibility for over 100km of mains renewal per annum, as well as over 600 developer services projects and associated connections each year.

MUS were chosen by e.on to deliver electricity and gas traditional and smart metering installation and maintenance services across London, the South of England and Scotland. Under the terms of the agreement, MUS are delivering a full MOP (Meter Operator)/MAM (Meter Asset Manager) managed service that includes campaign management, appointment booking, logistics, installation and data management. The core delivery contract began in December 2016 and supports e.on's objective to exchange meters for its five million customers for smart meters in line with government targets.

During the period, MUS also extended its existing Water Services Agreement with Yorkshire Water for a further 3 years, retaining its responsibility for all water networks repair and maintenance activities, as well as developer and metering services across Yorkshire Water's geographical footprint.

Commencing in September 2016, MUS's Severn Trent Water contract extension has an estimated value of £50m over the two year period. Under the terms of the contract, MUS will continue to work alongside Severn Trent Water staff and field teams, manage the support and delivery of repair and maintenance (R&M) services and associated activities across the entire Severn Trent Water clean water network.

MUS is working with the energy storage company Younicos to build and connect what is set to be one of the world's largest and most sophisticated battery-based energy storage systems. The battery plant will be owned and operated by Centrica. The 49MW lithium-ion system will respond to fluctuations in electrical demand in less than a second, supporting the creation of a smart grid. The scope of works includes the design and construction of the buildings, civils works, building services, HV electrical system, 132kV connection to the grid and the installation of 16 transformers to connect the batteries.

MDS was appointed to become the sole national meter reading provider for one of the UK's largest energy companies, EDF Energy, adding to the long term national status it currently holds for British Gas and Scottish Power and further consolidating its position as the largest meter reading company in the UK. This has been followed up with further new business awards from a number of mid-tier suppliers including Extra Energy and Ecotricity.

MDS has used its data services capability to develop the Universal Supplier Solution which allows new entrants to enter the UK market without large capital outlays on accredited systems. This continues to attract new customers who also tend to purchase a wider range of services such as data collection and data management services.

As part of its wider smart metering offer, MDS have also been awarded a contract by Telefonica to support its communications contract in relation to the UK Smart Metering roll out.

Dyer & Butler's long and successful relationship with Heathrow Airport Ltd ('HAL') was further extended this year with the award of a new civil engineering maintenance framework agreement

# **M Group Services Limited (formerly Thor Bidco Limited)**

## **Chief Executive's review (continued)**

running through to 2021. In addition, Dyer & Butler was also contracted to continue to provide the winter resilience support needed to keep HAL fully functional during inclement weather situations.

Dyer & Butler also extended the civil engineering maintenance framework agreement with Gatwick Airport that will run through to 2020, with an option of a further extension. In addition, Dyer & Butler was awarded four M&E and construction framework lots by Gatwick Airport for the next five years.

### **Service excellence**

The group aims to continually work to develop solutions that enhance the services provided to its clients. An example is the development of mobile workforce management solutions which facilitate efficiencies, decision making and improved collaboration between frontline operations and back-office staff. This includes the release of the 'Lone Worker App' in MUS, mentioned above.

In order to deliver the e.on residential Smart Meter roll out, MUS have developed fully integrated systems that allow optimised deployment of smart meters from appointment to installation and data return. MDS's data systems collect smart metering data on behalf of e.on and its installers, making the group's delivery on e.on's programme truly end to end. Together with MDS's deployment of smart metering for EDF Energy and British Gas this means the group is a leading contractor in the smart meter installation sector.

The footprint of OptiMUS, MUS's cloud-hosted work management system has been extended. All MUS contracts now use OptiMUS.

Additionally, MUS's offshore Business Process Optimisation has expanded to 93 heads in India, carrying out high quality back-office processing at reduced cost, and now with the capability to undertake Streetworks processes. Additional offshore capability developed by MDS currently has 140 heads in India supporting the UK's largest energy focused data management services function.

### **Sustainability and community**

The group is committed to sustainability, both in terms of the interaction our businesses have with the community, and through managing the environmental impact of its work.

An example of this is the school safety programme operated by MUS, which several of our clients adopt into their own community engagement plans. The programme uses classroom activities and animated film to convey important safety messages to children. Our school safety films are made publicly available for schools to download via our company website. MUS are also committed to providing work experience opportunities for young people and we are a member of 'Movement to Work', a national, government-led initiative committed to offering work experience to young people aged between 18 and 24.

As well as the businesses adhering to applicable environmental regulatory standards, MUS also benchmarks its carbon emissions via the Certified Emissions Measurement and Reduction Scheme (CEMARS). Audited and verified annually by Achilles, CEMARS enables MUS to monitor, measure and understand its carbon footprint and is pivotal to its carbon emission reduction scheme. Participation in the scheme enables the business to provide an externally verified carbon emission measurement which, for 2015/16, stands at c30,600 tonnes. This figure provides a benchmark for the MUS's carbon reduction strategy.

### **People**

We are a people business and our continued success will rely heavily on our ability to attract new resources to support our long-term business growth. Providing a healthy and safe working environment is a prerequisite to being in business in our markets. I am encouraged that we have

## **M Group Services Limited (formerly Thor Bidco Limited)**

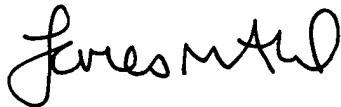
### **Chief Executive's review (continued)**

again performed well in this area, as evidenced by the low accident frequency rates quoted in the Safety section above.

Operating in a market with skill shortages, it is vital that our people strategy focuses upon attraction and retention of talent. We seek to enable our people to fulfil their potential and ensure they are properly skilled and motivated to deliver the business strategy and meet the challenges of the markets in which we operate. To support our own and our clients' future business objectives and drivers, we continued to invest in the training and development of our people during the period to March 2017 and the group is an active participant in apprenticeship programmes covering all of its activity. MUS are founding partners of the Energy and Utility Skills Partnership, actively supporting the creation of the first ever Workforce Renewal and Skills Strategy for utilities, to help ensure the resilience and sustainability of the sector's workforce.

#### **Outlook**

Whilst markets remain very competitive, the outlook for the group is exciting. Our strong long term order book provides a sound platform to further develop the group and deliver continued growth. The acquisitions made during the period have established critical capability in the group which provides multiple sources of opportunity for future development. We remain focused 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.



J M Arnold  
**Chief Executive Officer**

28 July 2017



# M Group Services Limited (formerly Thor Bidco Limited)

## Financial review

### Introduction

The period to 31 March 2017 has been extremely active for the company, with the acquisition of Morrison Utility Services in September 2016, followed by Dyer & Butler and MDS in December 2016. The group trading results for the period, set out below, are encouraging and cash generation has been good. The opportunities for further organic growth and growth through acquisition are exciting and the business is well placed to exploit these opportunities with a strong and committed private equity sponsor (First Reserve) and substantial unutilised bank facilities.

### Financing

The group is financed by equity and bank debt. Drawn bank debt at 31 March 2017 amounted to £221.7 million. In addition, the group had undrawn revolver and bonding facilities of £36.6 million and an unutilised acquisition facility of £50 million, which together with cash at the period end of £34.4 million, provides liquidity, and plenty of financial capacity to support future growth.

### Trading performance

The trading performance for the period is summarised in the table below.

<b>Consolidated profit and loss account for the period from 21 September 2016 to 31 March 2017</b>		£ million
<b>Turnover</b>		<b>416.7</b>
Cost of sales & other operating expenses		(394.5)
<b>EBITDA</b>		<b>22.2</b>
Depreciation & amortisation of software		(3.0)
<b>Operating profit (before exceptional items and goodwill amortisation)</b>		<b>19.2</b>
Exceptional items		(1.5)
Amortisation of intangible assets and goodwill arising on consolidation		(11.2)
<b>Operating profit</b>		<b>6.5</b>
<b>EBITDA margin</b>		<b>5.3%</b>

Turnover for the period is £416.7 million, representing trading from 21 September 2016, when Morrison Utility Services was acquired by M Group Services Limited, to 31 March 2017. Dyer & Butler and MDS were both acquired in December 2016 and results of these businesses are included from the date of acquisition. Proforma financial information for the years to 31 March 2016 and 2017 is provided below to enable clearer analysis. The segmental reporting note (note 6) also shows the sectors in which turnover was generated.

The EBITDA margin of 5.3% is testament to the robustness and focus of the businesses within the group. The margin should be considered in the context of the proforma information set out below and reflects the mix of margin from the businesses in the group.

As discussed in the Chief Executive's report, the group has a strong order book, standing at £2.2 billion (excluding extensions) at 31 March 2017, which is equivalent to almost 2.5 years' turnover.

Exceptional non-recurring costs reflect one-off transaction costs and also costs incurred in the integration of the acquired businesses into the group.

# M Group Services Limited (formerly Thor Bidco Limited)

## Financial review (continued)

### Proforma financial information

<b>Proforma profit and loss account for the year ended 31 March</b>	<b>2017</b> £ million	<b>2016</b> £ million
<b>Turnover</b>	<b>889.9</b>	<b>842.3</b>
<b>EBITDA</b>	<b>50.5</b>	<b>47.4</b>
<b>EBITDA margin</b>	<b>5.7%</b>	<b>5.6%</b>

The table above has been prepared as if all the companies in the group had been in ownership for a full year, and gives indicative information to enable the results for the period to be considered in the light of a full year's trading compared to the previous year. Consistent with the acquisition accounting, the results for 2017 have been normalised for onerous contracts within the MDS business, to present an illustrative underlying position.

The Meter-U Limited acquisition is expected to generate annual revenue of c. £18 million and EBITDA of c. £3.5 million, and was completed in May 2017 and is not included in the figures above.

Proforma turnover in the year to March 2017 increased by 5.7% to £889.9 million, primarily reflecting organic growth in MUS. This was driven by significant growth in water contracts as expenditure and investment grew as regulatory periods progressed, offset by reductions in electricity contracts as clients manage the challenges of the most recent price controls. These factors combined with organic growth across the remainder of the portfolio.

Proforma EBITDA improved by 6.5% to £50.5 million, reflecting turnover growth and work mix. EBITDA margins consequently improved slightly to 5.7% from 5.6%. This compares to 5.3% EBITDA margin in the period ended 31 March 2017 which is lower than the proforma period due to lower activity and productivity in the winter months.

### Bank financing and interest

The group is financed by bank finance (senior debt). Financial covenants associated with the senior debt are monitored closely to ensure there is adequate covenant headroom over the life of the facilities. Interest on the senior debt is settled in cash.

The total bank loans at the period end were £221.7 million. Combined with the cash at bank at 31 March 2017 of £34.4 million and finance leases of £1.7 million gave net debt (ie gross debt less cash) at £189.0 million, or 3.7 x annualised EBITDA.

The net interest cost in the period amounted to £6.7 million of which £5.9 million relates to senior debt interest. Interest cover, that is the number of times the senior debt interest can be paid from EBITDA, was 3.8 times.

### Financial instruments

The group is exposed to interest rates based on LIBOR. Interest on approximately 50% of the outstanding bank debt is fixed via interest rate swap agreements that fix LIBOR at c. 0.5% to 31 December 2018. The fair value of these swaps at the period end amounted to approximately £(35,000).

# M Group Services Limited (formerly Thor Bidco Limited)

## Financial review (continued)

### Taxation

The tax credit on profit on ordinary activities is £2.8 million on loss on ordinary activities before taxation of £(0.2) million. The analysis of the tax charge and tax reconciliation is set out in note 11 to the financial statements. The tax credit in the period reflects the effect of financial gearing on the taxable profits of the business and a reversal of deferred tax liability which arose on the intangible assets arising on consolidation.

### Cash flows

<b>Consolidated cash flow for the period from 21 September 2016 to 31 March 2017</b>		£ million
<b>Net cash inflow from operating activities (see note 25)</b>		<b>34.2</b>
Tax paid		(2.0)
Net capital expenditure		(1.9)
<b>Net cash flow before acquisitions and financing</b>		<b>30.3</b>
Net cash expended on acquisitions		(98.1)
Net cash inflow from financing activities		102.2
<b>Net increase in cash</b>		<b>34.4</b>
Cash at beginning of period		-
<b>Cash at end of period</b>		<b>34.4</b>

Net cash inflow from operating activities at £34.2 million amounted to 154% of EBITDA, a very strong performance reflecting timing of cash flows at the period end being stronger than expected. Weighted average historic cash conversion in the group is over 90%. Corporation tax paid in the period totalled £2.0 million. Net capital expenditure on fixed assets was £1.9 million and net interest paid was £3.9 million. The purchase of acquisitions was funded from financing activities. The company raised equity and debt to fund the purchase price of equity and the repayment of debt acquired with the businesses.

### Company Performance

The result of the Company for the period was a loss of £1.7 million.

### Pensions

The group operates defined benefit and defined contribution schemes. The only material defined benefit scheme is operated by MUS. This defined benefit scheme ('MCARE') is closed to future accrual. The most recent triennial valuation of the MCARE scheme took place at 31 March 2014 and the next valuation is at 31 March 2017. The deficit at the end of the period in relation to the MCARE scheme was £1.5 million (net of deferred tax).

### Going concern

Based on the group's financial projections and the current expectations of the directors about the prospects of the group, the financial statements have been prepared on the going concern basis. Based on these projections, the directors consider that the company and the group 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.

## **M Group Services Limited (formerly Thor Bidco Limited)**

### **Financial review (continued)**

#### **Outlook**

The group has made good progress in the period to 31 March 2017. Its cash generation, substantial order book (providing good visibility of future revenue and earnings), growing customer base, long term financing arrangements and sound trading margins provide a robust set of financial indicators which gives the group a good platform for the future.

A handwritten signature in black ink, appearing to read 'M G Beesley', is positioned above the printed name and title.

**M G Beesley**  
**Chief Financial Officer**

28 July 2017

# **M Group Services Limited (formerly Thor Bidco Limited)**

## **Strategic Report for the period ended 31 March 2017**

The directors present their strategic report on the group for the period ended 31 March 2017.

### **Review of the Business**

Details of the operational performance is summarised in the Chief Executive's review on pages 2-6, and the Financial review on pages 7-10 summarises our financial performance for the period ended 31 March 2017.

### **Principal activities**

The group provides support services to blue-chip clients in the regulated utilities, transport and data services sectors in the UK. Its services range from implementing planned capital investment schemes to reactive repair and maintenance. The principal activity of the Company is that of a holding company.

### **Business description**

#### *Market*

The group operates in the regulated utilities, transport and data services sectors in which there are a large number of companies offering a wide range of different services. It has a strong 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 faster, more efficient operations.

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

#### *Commercial relationships*

The group businesses typically operate under framework contracts of 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 usually has its own unique set of key performance indicators (KPIs) agreed with the client. These KPIs can influence the profit on the contracts.

#### *Responsibility and control*

The Chief Executive has responsibility for the performance of the group's businesses, which are in turn supported by a number of key operational support staff including finance, human resources, legal and supply chain management.

Management rigorously review all tenders to ensure that the risk profile is acceptable and that the profit margin and cash flows adequately reflect the risk profile. All new contracts must contribute to the Company's strategic and financial targets. Key drivers of shareholder value (i.e. profitability and cash flows) are reviewed on a monthly basis at a contract level.

### **Key performance indicators (KPIs)**

The Board monitors progress on the overall group strategy and trading by reference to KPIs, the principal measures being turnover, EBITDA, group operating profit, order book, cash flow and accident frequency rate. These measures are discussed in the Chief Executive's review and the Financial review.

# **M Group Services Limited (formerly Thor Bidco Limited)**

## **Strategic Report**

**for the period ended 31 March 2017 (continued)**

### **Principal business risks**

#### *Economic conditions*

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

#### *Economic regulation*

Many of the group'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 group's clients are cyclical. In the water, electricity distribution, gas distribution and rail industries, 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 group's long term contracts periodically come up for renewal. There is a risk that the Group 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.

#### *Skills shortages*

The group 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 group's ability to deliver its services. The group 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 group 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 group's operational practices and the group promotes a culture that puts safety first. The group operates safe and reliable working practices through a policy of honesty, trust and sharing best practices across all business operations.

# **M Group Services Limited (formerly Thor Bidco Limited)**

## **Strategic Report**

**for the period ended 31 March 2017 (continued)**

### **Principal business risks (continued)**

#### *New Business*

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

By order of the board



M G Beesley  
**Chief Financial Officer**  
28 July 2017

Registered Number: 10260164

Abel Smith House  
Gunnels Wood Road,  
Stevenage,  
Hertfordshire  
SG1 2ST

# **M Group Services Limited (formerly Thor Bidco Limited)**

## **Directors' report for the period ended 31 March 2017**

The directors present their annual report together with the audited financial statements of the group and company for the period ended 31 March 2017.

### **Development of the business**

The performance, development and outlook for the business is summarised in the Chief Executive's review and the Financial review on pages 2 to 10.

### **Financial risk**

Financial risks faced by the group include funding, interest rate and contractual risks. The group regularly reviews these risks on an ongoing basis. Financing and financial risks are discussed in the Financial review and note 19 to the financial statements.

### **Dividends**

No dividends were paid in the period. The directors do not recommend the payment of a dividend.

### **Political donations**

The group made no donations to a registered political party during the period.

### **Directors**

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

Chief Executive Officer	J M Arnold	(appointed 4 October 2016)
Chief Financial Officer	M G Beesley	(appointed 4 October 2016)
Non-executive Director	N J Hartley	(appointed 4 July 2016)
Non-executive Director	P S Petrov	(appointed 4 July 2016)
Non-executive Director	J K Quake	(appointed 4 July 2016)

### **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 period to 31 March 2017 and continue in 2017/18.

### **Employees**

Employees are kept informed on matters affecting them and made aware of the general financial and economic factors influencing the group. The group operates a systematic approach to employee communication through regular briefings, presentations, electronic mailings and the wide circulation of magazines, to achieve a common awareness of all employees in relation to the financial and economic factors that affect the performance of the group. Bonus schemes are in place to encourage participation in the group's performance.

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



# **M Group Services Limited (formerly Thor Bidco Limited)**

## **Directors' report for the period ended 31 March 2017**

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic Report, Directors' Report and the group and parent company financial statements (the "financial statements") in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" has been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Statement of disclosure of information to auditors**

In accordance with section 418 of the Companies Act 2006, each person who is a director at the date of approval of this report confirms that:

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board,



**M G Beesley**  
**Chief Financial Officer**

28 July 2017

Registered Number: 10260164

Abel Smith House  
Gunnels Wood Road,  
Stevenage,  
Hertfordshire  
SG1 2ST

# **M Group Services Limited (formerly Thor Bidco Limited)**

## ***Independent auditors' report to the members of M Group Services Limited (formerly Thor Bidco Limited)***

### **Report on the financial statements**

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#### **Our opinion**

In our opinion, M Group Services Limited's (formerly Thor Bidco Limited) group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2017 and of the group's profit and cash flows for the 9 month period (the "period") 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.

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#### **What we have audited**

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the consolidated and company balance sheets as at 31 March 2017;
- the consolidated profit and loss account and consolidated statement of comprehensive income for the period then ended;
- the consolidated statement of cash flows for the period then ended;
- the consolidated and company statements of changes in equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

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#### **Opinion on other matter 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 period 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 addition, in light of the knowledge and understanding of the group, the company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' report. We have nothing to report in this respect.

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#### **Other matters on which we are required to report by exception**

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##### **Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or

# M Group Services Limited (formerly Thor Bidco Limited)

## *Independent auditors' report to the members of M Group Services Limited (formerly Thor Bidco Limited)*

- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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### **Directors' remuneration**

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

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### **Responsibilities for the financial statements and the audit**

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#### **Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities set out on page 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

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#### **What an audit of financial statements involves**

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

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

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

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

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.



Matthew Mullins (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
St Albans  
28 July 2017

# M Group Services Limited (formerly Thor Bidco Limited)

## Consolidated profit and loss account for the period ended 31 March 2017

	Note	Period ended 31 March 2017 £'000
<b>Turnover</b>	5,6	<b>416,702</b>
Cost of sales		(387,435)
<b>Gross profit</b>		<b>29,267</b>
Administrative expenses		(22,778)
EBITDA (excluding exceptional items)		22,177
Exceptional items	8	(1,468)
Depreciation	7,13	(2,303)
Amortisation	7,12	(11,917)
<b>Operating profit</b>	7	<b>6,489</b>
Interest receivable and similar income		19
Interest payable and similar expenses		(6,690)
Net interest payable	10	(6,671)
<b>Loss on ordinary activities before taxation</b>		<b>(182)</b>
Tax on loss on ordinary activities	11	2,756
<b>Profit for the financial year</b>		<b>2,574</b>
<b>Profit attributable to:</b>		
- Owners of the parent		2,574

The accompanying notes on pages 23 to 70 form part of these financial statements.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company profit and loss account. The result for the Company for the period was a £1.68 million loss.

The above results all relate to continuing operations.

# M Group Services Limited (formerly Thor Bidco Limited)

## Consolidated statement of comprehensive income for the period ended 31 March 2017

	Note	Period ended 31 March 2017 £'000
<b>Profit for the financial period</b>		2,574
<b>Other comprehensive income/(expense):</b>		-
Remeasurements of net defined benefit obligation	20	1,278
Total tax expense on components of other comprehensive income	11	(182)
<b>Other comprehensive income for the period, net of tax</b>		1,096
<b>Total comprehensive income for the period</b>		3,670
<b>Total comprehensive income attributable to:</b>		
- Owners of the parent		3,670

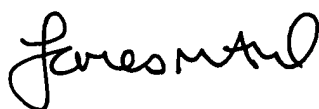
# M Group Services Limited (formerly Thor Bidco Limited)

## Consolidated and Company balance sheets as at 31 March 2017

	Note	Group At 31 March 2017 £'000	Company At 31 March 2017 £'000
<b>Fixed assets</b>			
Investments	14	-	158,656
Intangible assets	12	321,353	-
Tangible assets	13	15,061	-
		<b>336,414</b>	<b>158,656</b>
<b>Current assets</b>			
Inventories	15	3,829	-
Debtors	16	156,478	164,082
Cash at bank and in hand		34,405	-
		<b>194,712</b>	<b>164,082</b>
Creditors: amounts falling due within one year	17	(174,624)	(12,561)
<b>Net current assets</b>		<b>20,088</b>	<b>151,521</b>
<b>Total assets less current liabilities</b>		<b>356,502</b>	<b>310,177</b>
Creditors: amounts falling due after more than one year	18	(212,682)	(211,708)
<b>Provisions for liabilities</b>			
Post- employment benefits	20	(1,854)	-
Provisions for liabilities	21	(38,150)	-
		<b>(40,004)</b>	<b>-</b>
<b>Net assets</b>		<b>103,816</b>	<b>98,469</b>
<b>Capital and reserves</b>			
Called up share capital	23	1	1
Share premium account	24	100,145	100,145
In period and cumulative retained earnings/(accumulated losses)		3,670	(1,677)
<b>Total equity</b>		<b>103,816</b>	<b>98,469</b>

The notes on pages 23 to 70 are an integral part of these financial statements.

The financial statements on pages 18 to 70 were authorised for issue by the board of directors on 28 July 2017 and were signed on its behalf.



J M Arnold  
Chief Executive Officer



M G Beesley  
Chief Financial Officer

## M Group Services Limited (formerly Thor Bidco Limited)

### Consolidated statement of changes in equity for the period ended 31 March 2017

	Called up share capital	Share premium account	Retained earnings	Total equity
Note	23	24		
	£'000	£'000	£'000	£'000
Balance at 4 July 2016	-	-	-	-
Profit for the financial period	-	-	2,574	2,574
Other comprehensive income for the period	-	-	1,096	1,096
Shares issued in the period	1	100,145	-	100,146
Balance at 31 March 2017	1	100,145	3,670	103,816

### Company statement of changes in equity for the period ended 31 March 2017

	Called up share capital	Share premium account	Accumulated losses	Total equity
Note	23	24		
	£'000	£'000	£'000	£'000
Balance at 4 July 2016	-	-	-	-
Loss for the financial period	-	-	(1,677)	(1,677)
Shares issued in the period	1	100,145	-	100,146
Balance at 31 March 2017	1	100,145	(1,677)	98,469

## M Group Services Limited (formerly Thor Bidco Limited)

### Consolidated statement of cash flows for the period ended 31 March 2017

	Note	Period ended 31 March 2017 £'000
<b>Net cash inflow from operating activities</b>	25	<b>34,217</b>
Taxation paid		(2,011)
<b>Net cash generated from operating activities</b>		<b>32,206</b>
<b>Cash flow from investing activities</b>		
Payments to acquire fixed assets		(2,641)
Proceeds on disposal of fixed assets		702
Investments- equity purchases	32	(98,134)
<b>Net cash used in investing activities</b>		<b>(100,073)</b>
<b>Cash flows from financing activities</b>		
Repayment of finance lease		(398)
Repayment of bank borrowings		(77,305)
New bank borrowings		212,608
Repayment of shareholders loans		(112,105)
Proceeds from issue of ordinary shares	23	83,384
Interest paid		(3,912)
<b>Net cash generated from financing activities</b>		<b>102,272</b>
<b>Net increase in cash and cash equivalents</b>		<b>34,405</b>
Cash and cash equivalents at the beginning of the period		-
<b>Cash and cash equivalents at the end of period</b>		<b>34,405</b>



# **M Group Services Limited (formerly Thor Bidco Limited)**

## **Notes to the financial statements for the period ended 31 March 2017 (continued)**

### **1 General Information**

M Group Services Limited ("the Company") and its subsidiaries (together "the Group") provide repair and maintenance, refurbishment, enhancement and data services to blue-chip clients in the gas, water, electricity, telecommunications, data, airports and rail sectors in the UK.

The company was incorporated on 4 July 2016. These financial statements are for the period from incorporation to 31 March 2017.

The company changed its name from Thor Bidco Limited, the name in which the company was incorporated, to M Group Services Limited on 3 May 2017.

The company acts as a holding company and purchased Morrison Utility Services Group Limited group on 21 September 2016, Dyer & Butler 2014 Limited group on 19 December 2016 and Morrison Data Services Limited, Protect My Property Services Limited and M Assessment Services Limited on 28 December 2016. All purchases were during the year ended 31 March 2017.

The company is incorporated and domiciled in the UK. The address of its registered office is Abel Smith House, Gunnels Wood Road, Stevenage, Hertfordshire, SG1 2ST.

### **2 Statement of compliance**

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

### **3 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

#### **Basis of preparation**

These consolidated and separate 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.

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

#### **Exemptions for qualifying entities under FRS 102**

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

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

The Group has taken advantage of the exemption under FRS102.33.1A, and have not disclosed transactions with entities that are part of the M Group Services group.

# **M Group Services Limited (formerly Thor Bidco Limited)**

## **Notes to the financial statements for the period ended 31 March 2017 (continued)**

### **3 Summary of significant accounting policies (continued)**

The company has taken exemption from disclosing share based payment arrangements, required under FRS102 paragraphs 26.18(c), 26.19 to 26.21 and 26.23, concerning its own equity instruments.

#### **Consolidated financial statements**

The Group financial statements comprise a consolidation of the financial statements of the Company and all its subsidiary undertakings as at 31 March 2017. The accounting policies are uniformly applied across the Group. The results of companies acquired or disposed of are consolidated from the effective date of acquisition or to the effective date of disposal. Intra-group sales and profit are eliminated on consolidation.

The result of the Company for the financial period was a £1.68m loss.

#### **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 period 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.

The Group has identified three operating segments, being regulated utilities, regulated data and regulated transport. These are consistent with the way the Group reports financial information internally.

#### *Contract income*

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

For long term project contracts where the outcome of the contract can be measured reliably, revenue is recognised by reference to the stage of completion of the contract activity at the balance sheet date (e.g. on a costs incurred or milestone reached basis). Where it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately in the profit and loss account.

Where the outcome of a contract cannot be measured reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable that these costs will be recovered.

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

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

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

# M Group Services Limited (formerly Thor Bidco Limited)

## Notes to the financial statements for the period ended 31 March 2017 (continued)

### 3 Summary of significant accounting policies (continued)

#### Exceptional items

Where it is considered that items of income or expense are material and are considered 'one off' or non-recurring in nature, their nature and amount is disclosed separately on the face of the profit and loss account where this enhances the understanding of the Group's financial performance.

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

##### *Defined benefit pension plan*

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

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

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

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

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

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

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

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

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

# **M Group Services Limited (formerly Thor Bidco Limited)**

## **Notes to the financial statements for the period ended 31 March 2017 (continued)**

### **3 Summary of significant accounting policies (continued)**

#### **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 period. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

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

#### *Deferred tax*

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions.

Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

#### **Business combinations and goodwill**

Business combinations are accounted for by applying the purchase method.

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

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured, they are disclosed on the same basis as other contingent liabilities.

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

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

Goodwill is amortised over its expected useful life, which is estimated to be ten years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. No reversals of impairment are recognised.

# M Group Services Limited (formerly Thor Bidco Limited)

## Notes to the financial statements for the period ended 31 March 2017 (continued)

### 3 Summary of significant accounting policies (continued)

#### 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 - 8 years
Client relationships	- 5 - 15 years
Brands	- 5 - 20 years

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

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

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

#### Tangible assets

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

##### *Vehicles, plant, fixtures, fittings, and equipment*

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

##### *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:

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

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

##### *Derecognition*

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

# **M Group Services Limited (formerly Thor Bidco Limited)**

## **Notes to the financial statements for the period ended 31 March 2017 (continued)**

### **3 Summary of significant accounting policies (continued)**

#### **Leased assets**

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

##### *Finance leased assets*

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

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

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

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

##### *Operating leased assets*

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

##### *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**

Investment in a subsidiary company is 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.

#### **Cash and cash equivalents**

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

# **M Group Services Limited (formerly Thor Bidco Limited)**

## **Notes to the financial statements for the period ended 31 March 2017 (continued)**

### **3 Summary of significant accounting policies (continued)**

#### **Provisions and contingencies**

##### *Provisions*

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. 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.

#### **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 or loss.

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 or loss.

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

##### *Financial liabilities*

Basic financial liabilities, including trade and other payables, bank loans, 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.

# **M Group Services Limited (formerly Thor Bidco Limited)**

## **Notes to the financial statements for the period ended 31 March 2017 (continued)**

### **3 Summary of significant accounting policies (continued)**

#### **Financial instruments (continued)**

##### *Financial liabilities (continued)*

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

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

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

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

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

##### *Offsetting*

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

#### **Joint ventures**

##### *Jointly controlled operations*

Each venturer uses its own property, plant and equipment and carries its own inventories. It also incurs its own expenses and liabilities and raises its own finance, which represent its own obligations.

The joint venture activities are carried out by the venturer's employees alongside the venturer's similar activities.

The joint ventures are proportionally consolidated into the group accounts. 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.



# **M Group Services Limited (formerly Thor Bidco Limited)**

## **Notes to the financial statements for the period ended 31 March 2017 (continued)**

### **3 Summary of significant accounting policies (continued)**

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

#### **Related party transactions**

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

### **4 Critical accounting judgements and 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.

##### *Useful economic lives of tangible assets*

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investment, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the property, plant and equipment, and note 3 for the useful economic lives for each class of assets.

##### *Useful economic lives of tangible assets*

The fair value of tangible and intangible assets acquired on acquisitions in the period (see note 32) involved the use of valuation techniques and the estimation of future cash flows to be generated over a number of years. The estimation of the fair values requires the combination and assumptions including revenue growth, sales mix and volumes and customer attrition rates. In addition, the use of discount rates requires judgement.

##### *Impairment of intangible assets and goodwill*

The group considers whether intangible assets and/or goodwill are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units. This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

# **M Group Services Limited (formerly Thor Bidco Limited)**

## **Notes to the financial statements for the period ended 31 March 2017 (continued)**

### **4 Critical accounting judgements and estimation uncertainty (continued)**

#### **Critical accounting estimates and assumptions (continued)**

##### *Amounts recoverable on contract provisioning*

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 16 for the net carrying amount of amounts recoverable on contracts.

##### *Estimates of accruals for future remedial work*

Consistent with its revenue recognition policy, the company estimates maintenance accruals using its knowledge of likely failure rates. The value is monitored on an ongoing basis.

##### *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 2017, the Group has three classes of business – regulated utilities, regulated data and regulated transport. The business manages infrastructure maintenance, renewals, installations, data and other specialist services to blue-chip clients in these infrastructure sectors.

#### **By geographical origin**

All turnover relates to activities in the United Kingdom, both geographically and by origin.

# M Group Services Limited (formerly Thor Bidco Limited)

## Notes to the financial statements for the period ended 31 March 2017 (continued)

### 6 Segmental information

By category

	Turnover
	Period ended 31 March 2017
	£'000
Regulated utilities (gas, water, electricity, telecoms)	356,092
Regulated data (data collection & management)	25,946
Regulated transport (rail, airports, highways)	34,664
<b>Total turnover/operating profit</b>	<b>416,702</b>

# M Group Services Limited (formerly Thor Bidco Limited)

## Notes to the financial statements for the period ended 31 March 2017 (continued)

### 7 Operating profit

	Period ended 31 March 2017 £'000
Operating profit is stated after charging:	
Wages and salaries	(93,446)
Social security costs	(9,636)
Other pension costs	(2,197)
<b>Staff costs</b>	<b>(105,279)</b>
Depreciation – owned assets (see note 13)	(2,021)
Depreciation – leased assets (see note 13)	(282)
Amortisation (see note 12)	(11,917)
Hire of plant and machinery	(5,194)
Operating lease rentals – plant and machinery	(10,075)
Operating lease rentals – other	(2,375)
Exceptional items (see note 8)	(1,468)
Profit on sale of tangible assets	239
Fees payable to the Company's auditors for the audit of the parent company and consolidated financial statements	(122)
Fees payable to the Company's auditors and their associates for other services:	
- The audit of the Company's subsidiaries pursuant to legislation	(87)
- Other advisory services (principally due diligence)	(71)
- Tax compliance and tax advisory services	(31)
Total amount payable to the Company's auditors and their associates	(311)

### 8 Exceptional items

Exceptional costs include £1.3 million integration costs and other restructuring costs of £0.2 million.

# M Group Services Limited (formerly Thor Bidco Limited)

## Notes to the financial statements for the period ended 31 March 2017 (continued)

### 9 Employees and directors

Group	Period ended 31 March 2017 Number
Average monthly number of full time equivalent management and supervisory staff employed (including executive directors) were as follows:	2,316
Average monthly number of full time equivalent operational persons employed (including executive directors) were as follows:	4,266
	6,582

#### 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:

Group	Period ended 31 March 2017 £'000
Aggregate emoluments	3,428
Pension contributions	105
	3,533

#### Directors' remuneration

Company	Period ended 31 March 2017 £'000
Aggregate emoluments	589
Pension contributions	4
	593
<b>Highest paid director</b>	
Emoluments	309
Pension	4
	313

The company has two employees. The directors are remunerated for services to the Group as a whole and the cost is borne by all subsidiary undertakings by a recharge.

## M Group Services Limited (formerly Thor Bidco Limited)

### Notes to the financial statements for the period ended 31 March 2017 (continued)

#### 10 Net interest payable

	Period ended 31 March 2017 £'000
<b>Interest receivable and similar income</b>	
Interest receivable and similar income	19
<b>Total interest receivable and similar income</b>	<b>19</b>
<b>Interest payable and similar expenses</b>	
Interest payable on overdrafts and bank loans	(131)
Bank charges	(431)
Interest payable on other bank loans	(5,503)
Finance lease interest	(51)
Amortisation of issue costs	(527)
Fair value movements on interest rate swap	(34)
Net interest expense on post-employment benefits (note 20)	(13)
<b>Total interest payable and similar expenses</b>	<b>(6,690)</b>
<b>Net interest payable</b>	<b>(6,671)</b>

# M Group Services Limited (formerly Thor Bidco Limited)

## Notes to the financial statements for the period ended 31 March 2017 (continued)

### 11 Tax on profit

<b>Tax expense included in profit or loss</b>	<b>Period ended 31 March 2017 £'000</b>
Current tax:	
UK Corporation tax on profits for the period	1,303
<b>Total current tax</b>	<b>1,303</b>
Deferred tax:	
Origination and reversal of timing differences	(508)
Impact of change in tax rates	(3,551)
<b>Total deferred tax</b>	<b>(4,059)</b>
<b>Tax on profit</b>	<b>(2,756)</b>

<b>Tax expense included in other comprehensive income</b>	<b>Period ended 31 March 2017 £'000</b>
Current tax	-
Deferred tax	
- Origination and reversal of timing differences	182
- Impact of change in tax rate	-
<b>Total tax expense included in other comprehensive income</b>	<b>182</b>

# M Group Services Limited (formerly Thor Bidco Limited)

## Notes to the financial statements for the period ended 31 March 2017 (continued)

### 11 Tax on profit (continued)

#### Reconciliation of tax charge

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 20%. The differences are explained below:

	Period ended 31 March 2017 £'000
Loss on ordinary activities before taxation	(182)
Loss multiplied by the standard UK rate of tax 20%	(36)
Effects of:	
Expenses not deductible for tax purposes	935
Short term timing differences	(104)
Impact of change in tax rates	(3,551)
<b>Tax credit for the period</b>	<b>(2,756)</b>

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017, and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.



# M Group Services Limited (formerly Thor Bidco Limited)

## Notes to the financial statements for the period ended 31 March 2017 (continued)

### 12 Intangible assets

	Client relation ships	Brands	Goodwill	Other including software	Total
Group	£'000	£'000	£'000	£'000	£'000
<b>Cost at 4 July 2016</b>	-	-	-	-	-
Acquisitions	195,152	38,815	93,304	5,999	333,270
Additions	-	-	-	-	-
Disposals	-	-	-	(192)	(192)
<b>Cost at 31 March 2017</b>	<b>195,152</b>	<b>38,815</b>	<b>93,304</b>	<b>5,807</b>	<b>333,078</b>
<b>Accumulated amortisation at 4 July 2016</b>	-	-	-	-	-
On acquisitions	-	-	-	-	-
Charge for the year	(5,749)	(929)	(4,535)	(704)	(11,917)
On disposals	-	-	-	192	192
<b>Accumulated amortisation at 31 March 2017</b>	<b>(5,749)</b>	<b>(929)</b>	<b>(4,535)</b>	<b>(512)</b>	<b>(11,725)</b>
<b>Net book value at 31 March 2017</b>	<b>189,403</b>	<b>37,886</b>	<b>88,769</b>	<b>5,295</b>	<b>321,353</b>
Net book value at 4 July 2016	-	-	-	-	-

# M Group Services Limited (formerly Thor Bidco Limited)

## Notes to the financial statements for the period ended 31 March 2017 (continued)

### 13 Tangible assets

<b>Group</b>	<b>Vehicles, plant, fixtures, fittings and equipment £'000</b>
<b>Cost at 4 July 2016</b>	-
Acquisitions	15,186
Additions	2,641
Disposals	(3,062)
<b>At 31 March 2017</b>	<b>14,765</b>
<b>Accumulated depreciation at 4 July 2016</b>	-
On acquisitions	-
Charge for the period	(2,303)
On disposals	2,599
<b>At 31 March 2017</b>	<b>296</b>
<b>Net book value at 31 March 2017</b>	<b>15,061</b>
Net book value at 4 July 2016	-

The net book value of the Group's tangible fixed assets held under finance leases at 31 March 2017 is £1,861,000. Depreciation charged on assets held under finance leases during the period ended 31 March 2017 amounted to £282,000.

The Company had no tangible assets during the period.

## M Group Services Limited (formerly Thor Bidco Limited)

### Notes to the financial statements for the period ended 31 March 2017 (continued)

#### 14 Investments

	Shares
Company	£'000
<b>Cost as at 4 July 2016</b>	-
Acquisition of Morrison Utility Services Group Limited	75,988
Acquisition of M Assessment Services Limited	3,470
Acquisition of Protect My Property Services Limited	4,801
Acquisition of Morrison Data Services Limited	45,460
Acquisition of Dyer & Butler (2014) Limited	28,937
<b>Cost as at 31 March 2017</b>	<b>158,656</b>

See note 30 for additional narrative regarding Company investments in subsidiaries.

#### 15 Inventories

	2017
Group	£'000
Raw materials and consumables	3,829

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

The Company had no inventories during the year.

## **M Group Services Limited (formerly Thor Bidco Limited)**

### **Notes to the financial statements for the period ended 31 March 2017 (continued)**

#### **16 Debtors**

	2017
<b>Group debtors</b>	<b>£'000</b>
<hr/>	
<b>Amounts falling due within one year:</b>	
Trade debtors	36,366
Amounts recoverable on contracts	107,164
Amounts owed by group undertakings	28
Other debtors	2,279
Amounts owed by joint ventures	61
Prepayments and accrued income	10,580
	<hr/>
	<b>156,478</b>

Trade debtors are stated after provisions for impairment of £620,000.

	2017
<b>Company debtors</b>	<b>£'000</b>
<hr/>	
<b>Amounts falling due within one year:</b>	
Amounts owed by group undertakings	163,545
Other debtors	537
	<hr/>
	<b>164,082</b>

These amounts are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

# M Group Services Limited (formerly Thor Bidco Limited)

## Notes to the financial statements for the period ended 31 March 2017 (continued)

### 17 Creditors: amounts falling due within one year

	Group 2017 £'000	Company 2017 £'000
Bank loans and overdrafts	(2,750)	(2,750)
Obligations under finance leases	(720)	-
Debt issue costs	1,323	1,323
<b>Short-term borrowings (note 19)</b>	<b>(2,147)</b>	<b>(1,427)</b>
Payments received on account	(1,064)	-
Trade creditors	(82,571)	(321)
Amounts owed to group undertakings	(315)	(8,370)
Corporation tax	(546)	-
Other taxation and social security	(5,979)	-
Other creditors	(34,397)	(2,192)
Amounts owed to joint ventures	(3,645)	-
Accruals and deferred income	(43,960)	(251)
	<b>(174,624)</b>	<b>(12,561)</b>

As at 31 March 2017 there was an outstanding liability of £629,000 in respect of pension contributions.

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

### 18 Creditors: amounts falling due after more than one year

	Group 2017 £'000	Company 2017 £'000
Bank loans and overdrafts (note 19)	(211,708)	(211,708)
Obligations under finance leases (note 19)	(974)	-
	<b>(212,682)</b>	<b>(211,708)</b>

As at 31 March 2017, the Company had no creditors falling due after more than one year.

# M Group Services Limited (formerly Thor Bidco Limited)

## Notes to the financial statements for the period ended 31 March 2017 (continued)

### 19 Loans and other borrowings

	At 31 March 2017		
	Gross out- standing £'000	Un- amortised issue costs £'000	Total £'000
<b>Loans and other borrowings</b>			
Senior loan A	(18,750)		
Senior loan B	(202,981)		
Finance leases	(1,694)		
<b>Total loans and other borrowings</b>	<b>(223,425)</b>	<b>8,596</b>	<b>(214,829)</b>
Less: amounts included in creditors falling due within one year	3,470	(1,323)	2,147
<b>Loans and other borrowing due after more than one year</b>	<b>(219,955)</b>	<b>7,273</b>	<b>(212,682)</b>

A new senior loan facility was entered into in September 2016. The outstanding loans, maturity dates and interest rates are shown below:

- (a) Senior facility loan A – repayable on 31 March 2022. The loan bears interest at LIBOR plus a margin of 5%.
- (b) Senior facility loan B – repayable on 30 September 2023. The loan bears interest at LIBOR plus a margin of 5%.
- (c) There are floating to fixed interest rate hedges in place covering £111.5m of principal. These hedges expire on 31 December 2018. The fair value of the interest rate hedges at 31 March 2017 is £(0.035) million.

LIBOR is the London Inter Bank Offer Rate.

# M Group Services Limited (formerly Thor Bidco Limited)

## Notes to the financial statements for the period ended 31 March 2017 (continued)

### 19 Loans and other borrowings (continued)

#### Maturity analysis of financial liabilities

The maturity profile of the carrying amount of the Group's liabilities was as follows:

	Senior loans	Finance leases and other loans	2017 Total
	£'000	£'000	£'000
Less than one year	(2,750)	(753)	(3,503)
Between one and two years	(3,000)	(550)	(3,550)
Between two and five years	(13,000)	(452)	(13,452)
After five years	(202,981)	-	(202,981)
Total gross payments	(221,731)	(1,755)	(223,486)
Deferred issue costs – less than one year	1,323	-	1,323
Deferred issue costs – between one and two years	1,323	-	1,323
Deferred issue costs – between two and five years	3,967	-	3,967
Deferred issue costs – after five years	1,983	-	1,983
Interest charge on finance lease – less than one year	-	33	33
Interest charge on finance lease – between one and two years	-	20	20
Interest charge on finance lease – between two and five years	-	8	8
Total net borrowings	(213,135)	(1,694)	(214,829)

# M Group Services Limited (formerly Thor Bidco Limited)

## Notes to the financial statements for the period ended 31 March 2017 (continued)

### 19 Loans and other borrowings (continued)

For the Group, the current and long term borrowings can be analysed as follows:

	Creditors: amounts falling due within one year £'000	2017 Creditors: amounts falling due after more than one year. £'000	Total £'000
Amounts owed	(2,750)	(218,981)	(221,731)
Debt issue costs	1,323	7,273	8,596
Obligations under finance leases	(720)	(974)	(1,694)
	(2,147)	(212,682)	(214,829)

#### Borrowing facilities

In addition to the drawn term loans set out above, the company has further committed facilities as follows:

- A combined revolving and bonding facility totalling £40 million which matures on 30 September 2022. At 31 March 2017, £36.6 million was undrawn;
- An acquisition facility totalling £50 million which matures on 30 September 2022. At 31 March 2017 this was all undrawn. Subsequent to the year end £22.0 million of this facility was used to fund the acquisition of Meter-U Limited.

#### Management of financial risk

Financial risks faced by the Group include funding, interest rate and contractual risks. The Group reviews these risks on an ongoing basis. Interest rate hedges have been entered as discussed above.

#### Borrowing covenants

The Group monitors compliance against all financial obligations and against the covenant restrictions in place, all of these have been complied with during the year. The principal covenants relate to financial ratios covering gearing and cash flow.

#### Security

The borrowings are secured by a floating charge over the assets of the group.



# **M Group Services Limited (formerly Thor Bidco Limited)**

## **Notes to the financial statements for the period ended 31 March 2017 (continued)**

### **19 Loans and other borrowings (continued)**

#### **Finance leases**

The future minimum finance lease payments are as follows:

	<b>At 31 March 2017</b>
	<b>£'000</b>
Less than one year	<b>(720)</b>
Between two and five years	<b>(530)</b>
After five years	<b>(444)</b>
Carrying amount of liability	<b>(1,694)</b>

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

# M Group Services Limited (formerly Thor Bidco Limited)

## Notes to the financial statements for the period ended 31 March 2017 (continued)

### 20 Pensions and similar obligations

#### Defined benefit scheme

The group operates one material defined benefit scheme, which is closed to future accrual, within MUS - 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, using the projected unit credit method, was carried out at 31 March 2014 by an independent actuary. Adjustments to the valuation at that date have been made based on current market conditions and the following assumptions:

	2017 % pa
Discount rate	2.80
Inflation rate	3.40
Increase to deferred benefits during deferment	3.40
Increases to inflation related pension in payment	3.30

# M Group Services Limited (formerly Thor Bidco Limited)

## Notes to the financial statements for the period ended 31 March 2017 (continued)

### 20 Pensions and similar obligations (continued)

At 31 March 2017, the deficit recognised in the balance sheet was as follows:

Amounts recognised in the balance sheet	At 31 March 2017 £'000
Present value of funded obligations	(12,828)
Fair value of scheme assets	10,974
<b>Net liability at the end of the period excluding deferred tax</b>	<b>(1,854)</b>
Related deferred tax asset	315
<b>Net pension liability</b>	<b>(1,539)</b>

Changes in scheme assets	Period Ended 31 March 2017 £'000
Balance as at 4 July 2016	-
On acquisition	9,273
Expected return on scheme assets	172
Employer contributions	795
Benefits paid	(103)
Actuarial gain	837
<b>Balance as at 31 March 2017</b>	<b>10,974</b>
Actual return on scheme assets	1,009

# M Group Services Limited (formerly Thor Bidco Limited)

## Notes to the financial statements for the period ended 31 March 2017 (continued)

### 20 Pensions and similar obligations (continued)

#### Changes in scheme liabilities

	Year ended 31 March 2017 £'000
Balance as at 4 July 2016	-
On acquisition	(13,116)
Current service cost	(71)
Interest cost	(185)
Benefits paid	103
Actuarial gain	441
<b>Balance as at 31 March 2017</b>	<b>(12,828)</b>

The overall deficit movement may be summarised as follows:

Movements in balance sheet net liability	2017 £'000
Balance as at 4 July 2016	-
Net deficit acquired	(3,843)
Current service costs	(71)
Contributions	795
Net interest	(13)
Actuarial gain	1,278
<b>Net liability as at 31 March 2017 (excluding deferred tax)</b>	<b>(1,854)</b>

# M Group Services Limited (formerly Thor Bidco Limited)

## Notes to the financial statements for the period ended 31 March 2017 (continued)

### 20 Pensions and similar obligations (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:

<b>Expense recognised in the profit and loss account</b>	<b>2017</b>
	<b>£'000</b>
Current service cost – scheme expenses	(71)
<b>Charge to operating profit</b>	<b>(71)</b>
Expected return on pension scheme assets	172
Interest on pension scheme liabilities	(185)
<b>Amount charged to other finance expense</b>	<b>(13)</b>
<b>Expense recognised in the profit and loss account</b>	<b>(84)</b>
<b>Analysis of amounts recognised in the Statement of Comprehensive income</b>	<b>2017</b>
	<b>£'000</b>
Difference between expected and actual returns on scheme assets	837
Changes in assumptions underlying the present value of the schemes' liabilities	441
<b>Actuarial gains and losses in schemes</b>	<b>1,278</b>

# M Group Services Limited (formerly Thor Bidco Limited)

## Notes to the financial statements for the period ended 31 March 2017 (continued)

### 20 Pensions and similar obligations (continued)

	2017 £'000
<b>Details of experience gains and losses</b>	
Defined benefit obligation	(12,828)
Plan assets	10,974
Deficit	(1,854)
Experience adjustment on plan assets	837
Experience adjustment on plan liabilities	441
Total amount recognised in the Statement of comprehensive income	1,278

The fair value of the plan assets was:

	Period ended 31 March 2017 £'000
Equities	8,231
Other	2,743
<b>Total assets</b>	<b>10,974</b>

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

## M Group Services Limited (formerly Thor Bidco Limited)

### Notes to the financial statements for the period ended 31 March 2017 (continued)

#### 20 Pensions and similar obligations (continued)

The group operates a number of defined contribution schemes for its employees. The amount recognised as an expense for the defined contribution schemes was £2,197,000 in the period.

#### 21 Provisions for liabilities

	Deferred tax £'000	Onerous contracts £'000	At 31 March 2017 £'000
Brought forward as at 4 July 2016	-	-	-
Acquisitions	40,763	3,600	44,363
Credit for the period	(3,877)	(2,336)	(6,213)
<b>Carried forward at 31 March 2017</b>	<b>36,886</b>	<b>1,264</b>	<b>38,150</b>

##### Deferred tax

The provision for deferred tax consists of the following deferred tax liabilities/(assets):

	At 31 March 2017 £'000
Acquired intangible assets	39,613
Fixed asset timing differences	(1,890)
Short term timing provisions	(837)
<b>Total deferred tax provision</b>	<b>36,886</b>

The company had no deferred tax provision as at 31 March 2017.

##### Onerous contracts

The provision reflects allowance for loss-making contracts to the point of completion.

# M Group Services Limited (formerly Thor Bidco Limited)

## Notes to the financial statements for the period ended 31 March 2017 (continued)

### 22 Financial instruments

		2017
Group	Note	£'000
The Group has the following financial instruments:		
Financial assets at fair value through profit or loss		-
Financial assets that are debt instruments measured at amortised cost		-
Financial assets measured at amortised cost		
Trade debtors	16	36,366
Other debtors	16	2,340
Prepayments	16	10,580
Amounts owed by group undertakings	16	28
Amounts recoverable on contracts	16	107,164
		<b>156,478</b>
Financial assets that are equity instruments measured at cost less impairment		-
Financial liabilities measured at fair value through profit and loss		(35)
Financial liabilities measured at amortised cost		
Gross senior loans	19	221,731
Finance leases	19	1,694
Trade creditors	17	82,571
Accruals	17	43,960
Payments received on account	17	1,064
Other creditors	17	44,882
		<b>395,902</b>



# M Group Services Limited (formerly Thor Bidco Limited)

## Notes to the financial statements for the period ended 31 March 2017 (continued)

### 22 Financial instruments (continued)

		2017
Company	Note	£'000
The Company has the following financial instruments:		
Financial assets at fair value through profit or loss		-
Financial assets that are debt instruments measured at amortised cost		
Other debtors	16	537
Amounts owed by group undertakings	16	163,545
		<b>164,082</b>
Financial assets that are equity instruments measured at cost less impairment		-
Financial liabilities measured at fair value through profit and loss		-
Financial liabilities measured at amortised cost		
Gross senior loans	19	221,731
Trade creditors	17	321
Accruals	17	251
Amounts owed to group undertakings	17	8,370
Other creditors	17	2,192
		<b>232,865</b>

# M Group Services Limited (formerly Thor Bidco Limited)

## Notes to the financial statements for the period ended 31 March 2017 (continued)

### 23 Called up share capital

Group and Company	At 31 March 2017
	£'000

#### Allotted and fully paid share capital can be split as follows:

Ordinary shares – 1,005 shares of £1.00 each	1
	1

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

The issue dates of the shares are as follows: 1 share was issued on 4 July 2016. 999 shares were issued on 21 September 2016. 2 shares were issued on 30 September 2016. 2 shares were issued on 19 December 2016 and one share was issued on 22 December 2016. Consideration of £100,146,000 was received in the year of which £16,762,000 was non cash.

### 24 Share premium account

Group and Company	Ordinary shares	Total
	£'000	£'000
At 31 March 2017	100,145	100,145

## **M Group Services Limited (formerly Thor Bidco Limited)**

### **Notes to the financial statements for the period ended 31 March 2017 (continued)**

#### **25 Note to the cash flow statement**

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

		<b>2017</b>
		<b>£'000</b>
Profit for the financial period		<b>2,574</b>
Tax on loss on ordinary activities		<b>(2,756)</b>
Net interest expense		<b>6,671</b>
Operating profit		<b>6,489</b>
Profit on disposal of fixed assets	7	<b>(239)</b>
Depreciation	7,13	<b>2,303</b>
Amortisation	7,12	<b>11,917</b>
Decrease in working capital including pensions		<b>13,747</b>
<b>Net cash inflow from operating activities</b>		<b>34,217</b>

#### **26 Contingent liabilities**

##### **Group**

There exist cross guarantees under a group banking arrangement whereby certain group companies have guaranteed the liabilities of other group companies to their clearing banks.

The Health and Safety Executive is prosecuting Morrison Utility Services Limited and its specialist subcontractor in relation to a safety incident in November 2013. The company is taking legal advice and is robustly defending the allegation.

##### **Group and company**

There are contingent liabilities in respect of performance bonds, guarantees and claims under contracting and other agreements, entered into in the normal course of business. The value of the performance bonds in issue at 31 March 2017 was £3.4 million.

## **M Group Services Limited (formerly Thor Bidco Limited)**

### **Notes to the financial statements for the period ended 31 March 2017 (continued)**

#### **27 Capital commitments**

As at 31 March 2017, the Group had placed contracts for the purchase of assets to the value of £1.42 million, which were not provided for in the financial statements.

As at 31 March 2017, the Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	<b>At 31 March 2017 £'000</b>
Payments due	
Within one year	<b>14,747</b>
Between one and five years	<b>17,218</b>
After five years	<b>4,154</b>
	<b>36,119</b>

The company had no other off-balance sheet arrangements.

#### **28 Related party transactions**

The Group has taken advantage of the exemption under FRS102.33.1A, and has not disclosed transactions with entities that are part of the Thor Topco Limited group, where 100% of the voting rights of these entities are controlled within the group. During the year the Company did not have any transactions with entities that are part of the Thor Topco Limited group (apart from the issues of shares to the immediate parent company).

During the year one of the directors of MUS purchased a vehicle from the company for £5,550 on an arm's length basis.

#### **29 Controlling party**

The ultimate controlling party is First Reserve, a global private equity firm based in the USA. The ultimate UK parent company is Thor Topco Limited, a company incorporated in the UK.

## M Group Services Limited (formerly Thor Bidco Limited)

### Notes to the financial statements for the period ended 31 March 2017 (continued)

#### 30 Subsidiary undertakings

The Group's subsidiary undertakings at 31 March 2017 (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 2017	Principal business
Morrison Utility Services Group Limited	England (1)	100%	Holding company
Dyer & Butler 2014 Limited	England (2)	100%	Holding company
M Assessment Services Limited	England (1)	100%	Assessment services
Protect My Property Services Limited	England (1)	100%	Security repair and installation
Morrison Data Services Limited	England (1)	100%	Data handling and processing
Morrison Utility Services Investments Limited	England (1)	100% *	Holding company
Morrison Utility Services Holdings Limited	England (1)	100% *	Holding company
Morrison Utility Services Limited	England (1)	100% *	Utility contracting
Morrison Utility Technologies Limited	England (1)	100% *	Technology services
Morrison Utility Plants Services Limited	England (1)	100% *	Plant services
Dyer & Butler Holdings Limited	England (2)	100% *	Holding company
Dyer & Butler Limited	England (2)	100% *	Infrastructure services
Dyer & Butler Electrical Limited	England (2)	100% *	Electrical engineering
Pipe Restoration Services Limited	England (1)	50% *	Pipe restoration services

\* denotes indirectly held.

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

(2) company's registered office is: Mead House, Station Road, Nursling, Southampton, Hampshire, SO16 0AH

## **M Group Services Limited (formerly Thor Bidco Limited)**

### **Notes to the financial statements for the period ended 31 March 2017 (continued)**

#### **31 Post balance sheet events**

Subsequent to the period end Morrison Data Services Limited purchased the entire share capital of Meter-U Limited on 31 May 2017 for a cash consideration of £20.7 million and directly attributable costs of £1.3 million.

#### **32 Business combinations**

##### **Group**

##### **Acquisition of Morrison Utility Services Group Limited**

On 21 September 2016, the Group acquired control of Morrison Utility Services Group Limited through the purchase of 100% of the share capital for total consideration of £76.0 million. Morrison Utility Services Group Limited is a group of companies providing support services to blue-chip clients in the gas, water, electricity and telecommunications sectors across the United Kingdom.

Management have estimated the useful estimated life of the goodwill to be 10 years.

The acquisition of 100% of the share capital was made entirely in cash consideration.

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

	<b>£'000</b>
Cash consideration paid	<b>70,546</b>
Directly attributable costs	<b>5,442</b>
Cash outflow on acquisition	<b>75,988</b>
Less: cash and cash equivalents acquired	<b>(55,615)</b>
<b>Net cash outflow</b>	<b>20,373</b>

## M Group Services Limited (formerly Thor Bidco Limited)

### Notes to the financial statements for the period ended 31 March 2017 (continued)

#### 32 Business combinations (continued)

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

		Book values	Adjustments	Fair value
	Note	£'000	£'000	£'000
Property, plant and equipment		13,034	-	13,034
Intangible assets		60,228	106,074	166,302
Cash and cash equivalents		55,615	-	55,615
Inventories	(a)	90,030	(590)	89,440
Trade and other receivables		19,751	-	19,751
Trade and other payables	(a)	(113,780)	(1,420)	(115,200)
Bank debt		(72,000)	-	(72,000)
Shareholder debt		(113,116)	-	(113,116)
Pension scheme net liability	(b)	(1,918)	(1,925)	(3,843)
Deferred tax assets/(liabilities)	(c)	458	(29,506)	(29,048)
Total identifiable net assets		(61,698)	72,633	10,935
Goodwill				65,053
<b>Total</b>				<b>75,988</b>

Please see page 70 for a summary of note references above.

The revenue from Morrison Utility Services Group Limited included in the consolidated income statement for the period ended 31 March 2017 was £356.1 million. Morrison Utility Services Group Limited also contributed profit of £4.4 million over the same period.

## M Group Services Limited (formerly Thor Bidco Limited)

### Notes to the financial statements for the period ended 31 March 2017 (continued)

#### 32 Business combinations (continued)

##### Acquisition of Dyer & Butler 2014 Limited

On 19 December 2016, the Group acquired control of Dyer & Butler 2014 Limited through the purchase of 100% of the share capital for total consideration of £28.9 million. Dyer & Butler 2014 Limited is a group of companies who are involved in civil, mechanical and electrical engineering and infrastructure services to the rail, airports and highways sectors.

Management have estimated the useful estimated life of the goodwill to be 10 years.

The acquisition of 100% of the share capital was made entirely in cash consideration.

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

	£'000
Cash consideration paid	27,300
Directly attributable costs	1,637
Cash outflow on acquisition	28,937
Less: cash and cash equivalents acquired	(2,553)
<b>Net cash outflow</b>	<b>26,384</b>



## M Group Services Limited (formerly Thor Bidco Limited)

### Notes to the financial statements for the period ended 31 March 2017 (continued)

#### 32 Business combinations (continued)

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

	Book values	Adjustments	Fair value
Note	£'000	£'000	£'000
Property, plant and equipment	761	-	761
Intangible assets	18,285	20,764	39,049
Cash and cash equivalents	2,553	-	2,553
Inventories	10,168	-	10,168
Trade and other receivables	24,233	-	24,233
Trade and other payables	(31,242)	-	(31,242)
Bank debt	(4,850)	-	(4,850)
Shareholder debt	(15,750)	-	(15,750)
Deferred tax asset	6	(7,408)	(7,402)
Total identifiable net assets	4,164	13,356	17,520
Goodwill			11,417
<b>Total</b>			<b>28,937</b>

The revenue from Dyer & Butler 2014 Limited included in the consolidated income statement for the period ended 31 March 2017 was £34.7 million. Dyer & Butler 2014 Limited also contributed profit of £1.0 million over the same period.

## M Group Services Limited (formerly Thor Bidco Limited)

### Notes to the financial statements for the period ended 31 March 2017 (continued)

#### 32 Business combinations (continued)

##### Acquisition of M Assessment Services Limited

On 28 December 2016, the Group acquired control of M Assessment Services Limited through the purchase of 100% of the share capital for total consideration of £3.5 million. M Assessment Services Limited provides assessment services, including quality assurance, certified assessment, benchmarking and compliance to both public and private bodies.

M Assessment Services Limited was formerly known as G4S Assessment Services (UK) Limited. The company changed its name on 23 January 2017.

Management have estimated the useful estimated life of the goodwill to be 10 years.

The acquisition of 100% of the share capital was made entirely in cash consideration.

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

	£'000
Cash consideration paid	3,300
Directly attributable costs	169
Cash outflow on acquisition	3,469
Less: cash and cash equivalents acquired	(1,268)
<b>Net cash outflow</b>	<b>2,201</b>

## M Group Services Limited (formerly Thor Bidco Limited)

### Notes to the financial statements for the period ended 31 March 2017 (continued)

#### 32 Business combinations (continued)

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

	Book values	Adjustments	Fair value
	£'000	£'000	£'000
Intangible assets	-	596	596
Cash and cash equivalents	1,268	-	1,268
Trade and other receivables	1,273	-	1,273
Trade and other payables	(615)	-	(615)
Deferred tax assets/(liabilities)	60	(113)	(53)
Total identifiable net assets	1,986	483	2,469
Goodwill			1,000
<b>Total</b>			<b>3,469</b>

The revenue from M Assessment Services Limited included in the consolidated income statement for the period ended 31 March 2017 was £0.9 million. M Assessment Services Limited also contributed profit of £0.3 million over the same period.

## M Group Services Limited (formerly Thor Bidco Limited)

### Notes to the financial statements for the period ended 31 March 2017 (continued)

#### 32 Business combinations (continued)

##### Acquisition of Morrison Data Services Limited

On 28 December 2016, the Group acquired control of Morrison Data Services Limited through the purchase of 100% of the share capital for total consideration of £45.5 million. Morrison Data Services Limited provides data handling and processing services predominantly to energy retailers.

Morrison Data Services Limited was formerly known as G4S Utility and Outsourcing Services (UK) Limited. The company changed its name on 23 January 2017.

Management have estimated the useful estimated life of the goodwill to be 10 years.

The acquisition of 100% of the share capital was made entirely in cash consideration.

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

	£'000
Cash consideration paid	43,245
Directly attributable costs	2,215
Cash outflow on acquisition	45,460
Add: cash and cash equivalents acquired	443
<b>Net cash outflow</b>	<b>45,903</b>

## M Group Services Limited (formerly Thor Bidco Limited)

### Notes to the financial statements for the period ended 31 March 2017 (continued)

#### 32 Business combinations (continued)

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

		Book values	Adjustments	Fair value
	Note	£'000	£'000	£'000
Property, plant and equipment		1,386	-	1,386
Intangible assets		2,913	28,783	31,696
Cash and cash equivalents		(443)	-	(443)
Inventories		2,108	-	2,108
Trade and other receivables		24,525	-	24,525
Trade and other payables	(d)	(20,244)	(698)	(20,942)
Provisions	(e)	-	(3,600)	(3,600)
Deferred tax assets/(liabilities)		1,240	(5,060)	(3,820)
Total identifiable net assets		11,485	19,425	30,910
Goodwill				14,550
<b>Total</b>				<b>45,460</b>

Please see page 71 for a summary of note references above.

The revenue from Morrison Data Services Limited included in the consolidated income statement for the period ended 31 March 2017 was £23.2 million. Morrison Data Services Limited also contributed loss of (£1.6) million over the same period.

## **M Group Services Limited (formerly Thor Bidco Limited)**

### **Notes to the financial statements for the period ended 31 March 2017 (continued)**

#### **32 Business combinations (continued)**

##### **Acquisition of Protect My Property Services Limited**

On 28 December 2016, the Group acquired control of Protect My Property Services Limited through the purchase of 100% of the share capital for total consideration of £4.8 million. Protect My Property Services Limited provides repairs and installation activities for locks and security across the United Kingdom.

Protect My Property Services Limited was formerly known as G4S Locks & Alarms (UK) Limited. The company changed its name on 23 January 2017.

Management have estimated the useful estimated life of the goodwill to be 10 years.

The acquisition of 100% of the share capital was made entirely in cash consideration.

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

	<b>£'000</b>
Cash consideration paid	4,567
Directly attributable costs	234
Cash outflow on acquisition	4,801
Less: cash and cash equivalents acquired	(1,528)
<b>Net cash outflow</b>	<b>3,273</b>

## M Group Services Limited (formerly Thor Bidco Limited)

### Notes to the financial statements for the period ended 31 March 2017 (continued)

#### 32 Business combinations (continued)

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

	Book values	Adjustments	Fair value
Note	£'000	£'000	£'000
Property, plant and equipment	5	-	5
Intangible assets	26	2,297	2,323
Cash and cash equivalents	1,528	-	1,528
Inventories	34	-	34
Trade and other receivables	1,046	-	1,046
Trade and other payables	(979)	-	(979)
Deferred tax assets/(liabilities)	1	(441)	(440)
Total identifiable net assets	1,661	1,856	3,517
Goodwill			1,284
<b>Total</b>			<b>4,801</b>

The revenue from Protect My Property Services Limited included in the consolidated income statement for the period ended 31 March 2017 was £1.8 million. Protect My Property Services Limited also contributed profit of £0.2 million over the same period.

## M Group Services Limited (formerly Thor Bidco Limited)

### Notes to the financial statements for the period ended 31 March 2017 (continued)

#### 32 Business combinations (continued)

##### Supporting notes to summary of recognised amounts of identifiable assets acquired and liabilities assumed

The adjustments arising on acquisition were in respect of the following:

- (a) An increase in the provision relating to WIP and onerous leases.
- (b) An increase in the provision for defined benefit pension scheme following third party evaluation;
- (c) Deferred tax adjustment arising as a result of the acquisition adjustments.
- (d) An increase in the provision relating to contract losses and licences.
- (e) The provision reflects allowance for loss-making contracts to the point of completion.

Below summarises total cash flows in respect of the five acquisitions referred to previously.

	Equity purchase	Transaction costs	Cash acquired	Total cash flow
	£'000	£'000	£'000	£'000
Morrison Utility Services Group Limited	(70,546)	(5,442)	55,615	(20,373)
Dyer & Butler (2014) Limited	(27,300)	(1,637)	2,553	(26,384)
Morrison Data Services Limited	(43,245)	(2,215)	(443)	(45,903)
M Assessments Services Limited	(3,300)	(169)	1,268	(2,201)
Protect My Property Services Limited	(4,567)	(234)	1,528	(3,273)
	<b>(148,958)</b>	<b>(9,697)</b>	<b>60,521</b>	<b>(98,134)</b>