Mi-space (UK) Limited

Report and Financial Statements

31 October 2020

Registered number 6280106

Directors
A J Eaton
S L Hindley
A E Hope
S G Poulter
D F Rogerson (resigned 1 July 2019)
M J Ready (appointed1 July 2019)

Secretary
D F Rogerson (resigned 1 July 2019)
M J Ready (appointed 1 July 2019)

Auditors
Ernst & Young LLP
The Paragon
Counterslip
Bristol BS1 6BX

Bankers
Lloyds Bank plc
Canons House
Canons Way
Bristol BS1 5LL

Solicitors
Michelmores LLP
Woodwater House
Pynes Hill
Exeter EX2 5WR

Registered Office
Midas House
Pynes Hill
Exeter EX2 5WS

Strategic report

The directors present their strategic report for the 18-month period ended 31 October 2020.

Change in accounting reference date

Pursuant to the Covid-19 environment, Mi-space (UK) Limited changed its' accounting reference date to 31 October. As such, the period ended 31 October 2020 is an 18-month accounting period.

This decision was made considering the practicalities of carrying out a year end audit in the Covid-19 environment and with the view of potentially limiting the Covid-19 financial impact on the business to a single accounting period.

Companies House was informed of this change on 12 June 2020.

Review of the business

The company is a wholly owned subsidiary of Midas Group Limited.

Mi-space (UK) Limited is a company specialising in both planned and reactive maintenance services to the housing sector throughout the South West of England and Wales. Customers include housing associations, government departments, local authorities and other private sector clients. Mi-space continues to develop its skills and profile as an enabler that facilitates Social Housing Schemes and empowers RPs (Registered Providers) to deliver more for less. Sustainability and energy efficiency remain a prime factor in its business.

The headline financials for the year were as follows:

	2020[1.]	2019[2.]	% Change
Turnover	33,580	63,962	(48)
(Loss)/(Profit) before tax	(1,335)	15	> (100)
Loss/(Profit) after tax	(1,091)	(1)	> (100)
Net assets	1,229	2,320	(47)
Cash at bank and in hand	3,325	4	> 100

1. *2020 is an 18-month period ended 31 October 2020*
2. *2019 is a 12-month period ended 30 April 2019*

Turnover in the year fell to £33.6m due to a decision to restructure the group and report all activity in association with new build residential, previously undertaken by the company, within Midas Construction Limited, a fellow subsidiary company and Covid-19 affecting the company's traditional services and limiting access to customer properties. Market conditions continued to remain hard suppressing margins leading to an overall reduction in profit to a loss before tax of £1,335k compared to a £15k profit in the prior year.

The company experienced a significant increase in cash during the period and had a £3,325k cash balance at year-end. Its net indebtedness to other members of the group amounted to £1,555k payable (year ended 30 April 2019 – £755k payable) representing a mixture of financing and trading balances.

The company has achieved ISO9001 and ISO14001 accreditation, together with ISO45001 accreditation for Health & Safety.

Strategic report (continued)

Covid-19

Covid-19 severely impacted the UK economy and businesses. Whilst construction activity was not subject to a direct Government instruction to cease, it was nevertheless impacted. As such, Midas group worked hard to mitigate impacts and implemented measures to protect its business.

As the Covid-19 situation developed, an internal taskforce was established to maintain site operations and control the managed temporary shutdown of sites where required in consultation with, and support from, our customers and supply chain. At the height of the first Covid-19 lockdown we managed to continue to operate 25 projects live on-site (out of a pre-Covid-19 portfolio of 64) in consideration of government and Construction Leadership Council guidance and in full compliance with government health and safety guidance.

The directors carefully considered the risks to the business caused by Covid-19 and systematically implemented measures to monitor and mitigate the effects of the virus including health and safety protocols for our employees and sub-contractors; work practices to maintain social distancing; additional cleaning regimes; and promoting working from home where possible.

By 31 October 2020, the reporting period end, all sites were live and operational and continued to progress in line with programme and project completion dates.

Due to the strong forward order book going into the 2020-2021 financial year, the directors expect the business to recover and forecast a return to pre-Covid operating norms.

However, we continue to monitor and assess the risks due to the impact of Covid-19 on the economy and we have not seen any material impact on the level of secured work going forward. Accordingly, we are not anticipating the economic environment and market conditions to have a material impact on future financial performance.

Principal risks and uncertainties

The company refers to and uses key performance indicators (KPIs) in order to monitor business performance with reference to financial measures, Health & Safety, customer satisfaction, employee satisfaction and environmental scores. The company continues to capture and measure data at divisional and company levels with all the KPIs linking back to the group vision of industry leading performance and customer service. Risk management is also a priority and appropriate systems for the identification and control of risks are under continuous review.

The principal risks and uncertainties facing the company are broadly grouped as competitive, legislative and financial.

Competitive risks

In order to provide resilience against competitive forces in the Social Housing arena, the company has developed a diverse range of property solutions in both new build housing, existing stock refurbishment and enhancement, and assisting in the satisfaction of planning conditions for volume housebuilders and a service for the installation of a variety of renewable energy technologies and energy efficiency measures.

Skilled labour in the construction industry is a finite resource and in order to continue to deliver quality projects to its customers, Mi-space needs to ensure that its workforce and those of its sub-contractors continue to be trained to the highest standard. In response to this, the Midas Academy was established during 2005, which not only services the training needs of its employees, but also delivers some training of the same high standard to its sub-contractors.

Labour market forces also place pressure on the company to retain its people which are seen as its major asset. In order to retain staff, the company aims to offer competitive remuneration packages and structured career development opportunities, but is continually at risk of competitors attracting staff away.

Strategic report (continued)

Legislative risks

Health and Safety is of paramount importance at Mi-space and the Accident Frequency Rate (AFR) is one of the principal KPIs which are focused on at board level. Any deterioration in AFR may cost time (through Health and Safety Executive (HSE) actions and management time) and money (through potential delays and/or HSE fines) on existing projects but also preclude the company from winning new work as customers continually look for excellent and improving Health and Safety records from their preferred contractors. The group AFR is 0.11 which compares favourably with its peers within the industry and may help win new work from current or potential customers.

Financial risks

The traditional cash flow profile of a construction project is cash generative. The principal risk associated with cash flow is non-payment by clients. To that end, Mi-space maintains credit insurance on the majority of its private sector debtor book insuring up to 2 months' exposure on a project-by-project basis and to date has not had to enforce the policy.

As a construction company, the strength of the national and global economy has a direct impact on capital investment programmes within the private sector. Any downturn in the economy can restrict this type of investment and, consequently, activity levels. Increases in interest rates make the funding of capital investment more expensive and therefore may reduce private sector appetite for investing in capital projects. Conversely, availability of grant funding in assisted areas encourages inward investment and stimulates construction and wider general economic activity.

The commercial risks associated with construction contracts are many and varied, but a robust pre-tender bid/no-bid assessment together with strong procedures in the identification of both risk and opportunity at a project level, complimented by rigorous compliance and review seek to mitigate the effects.

Community

Mi-space has continued its commitment to have a positive impact upon the communities in which it operates with an aim to provide a top quality service and create employment opportunities in these communities. Mi-space will continue to make charitable donations, be creative and innovative in the way it interacts and engages with local communities and register all its sites in the 'Considerate Contractors' Scheme, within which it now holds Partner status.

By order of the Board

A E Hope

Director
24 June 2021

Registered No. 06280106

Directors' report

The directors present their report for the 18 month period ended 31 October 2020.

Directors

The directors who served the company during the year were as follows:

S L Hindley (Chairman)

A J Eaton

A E Hope

S G Poulter

D F Rogerson (resigned 1 July 2019)

M J Ready (appointed 1 July 2019)
(resigned 10 March 2021)

Dividends

The directors do not recommend the payment of a final dividend (2019 - £nil).

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and financial position are set out in the Strategic Report. The company has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the company is well placed to manage its business risks successfully.

In assessing the going concern position of the company's financial statements for the eighteen-month period ended 31 October 2020, the directors have considered the company's financial position and have obtained from their immediate and ultimate parent company, Midas Group Limited, an undertaking that for 12 months from the date of signing these financial statements it will make available funds for the company, if such are needed. This will enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. Midas Group Limited has undertaken its own assessment of going concern, which it has confirmed, by considering the Group's cash flows, liquidity, business activities and banking arrangements. The directors of the Group have prepared sensitivity analysis to consider the impact of additional and downside scenarios that it considers unlikely, including the non-renewal of its overdraft facility after 31 October 2021, despite this being considered a high unlikely circumstance. The directors of the Group are confident that the strength of its order book and the mitigating actions that are within the Group's control, including reductions in capital and other expenditure, will allow the Group to maintain sufficient liquidity.

Therefore, based on the above, the directors of the company continue to adopt the going concern basis in preparing the financial statements.

Disabled employees

The Midas group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Directors' report (continued)

Employee involvement

The group received full accreditation under the Investors in People scheme in July 2000 and is committed to the principles underlying the Investors in People programme in furthering the skills and development of its employees. The group achieved re-accreditation in 2014 and was awarded a Silver Award in recognition of its commitment to continually develop and support its staff. During the year, the group also achieved classification as a 'One to Watch Organisation' following a "Best Companies" employee survey.

The aims and objectives of the company continue to be communicated to employees through strategic seminars and company and divisional newsletters.

A growing number of employees are involved, through their participation in continuous improvement teams, in the development of effective management systems.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board

A E Hope
Director
24 June 2021

Statement of directors' responsibilities

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

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

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

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

Independent auditors’ report

to the members of Report and Financial Statements

Opinion

We have audited the financial statements of Mi-Space (UK) Limited for the year ended 31 October 2020 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company’s affairs as at 31 October 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to the going concern disclosures on page 5 and Note 1 of the financial statements which describe the financial and operational consequences the company is facing as a result of COVID-19. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors’ use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Independent auditors' report (continued)

to the members of Report and Financial Statements

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditors' report (continued)

to the members of Report and Financial Statements

Use of our report

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

DocuSigned by:
Ernst & Young LLP
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John Howarth (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Bristol

25 June 2021

Profit and loss account

for the period ended 31 October 2020

	Notes	*18 month period 2020 £000*	*12 month period 2019 £000*
Turnover	2	33,580	63,962
Cost of sales		(33,232)	(59,979)
Gross profit		348	3,983
Administrative expenses		(2,428)	(3,969)
Other income		745	–
Operating (loss)/profit	3	(1,335)	14
Interest receivable and similar income	6	–	1
(Loss)/profit before taxation		(1,335)	15
Tax	7	244	(16)
(Loss)/profit for the financial year		(1,091)	(1)

All amounts relate to continuing activities. There is no other comprehensive income for the period (2019 – £nil). Loss for the period represents total comprehensive income.

Balance sheet

at 31 October 2020

	Notes	18 month period 2020 £000	12 month period 2019 £000
Fixed assets			
Tangible assets	8	–	–
Current assets			
Stocks	9	–	34
Debtors	10	8,954	20,227
Cash at bank and in hand		3,325	4
		12,279	20,265
Creditors: amounts falling due within one year	11	11,050	17,945
Net current assets		1,229	2,320
Total assets less current liabilities		1,229	2,320
Creditors: amounts falling due after one year	12	–	–
Net assets		1,229	2,320
Capital and reserves			
Called up share capital	13	250	250
Profit and loss account		979	2,070
Shareholders' funds		1,229	2,320

The financial statements were approved and authorised for issue by the board on 24 June 2021 and signed on its behalf by:

S L Hindley

Director

A E Hope

Director

Registered No. 6280106

Statement of changes in equity

at 31 October 2020

	Called up share capital	*Profit and loss account*	*Total Equity*
	£000	*£000*	*£000*
At 1 May 2018	250	2,071	2,321
Loss for the year	–	(1)	(1)
At 30 April 2019	**250**	**2,070**	**2,320**
Loss for the year	–	(1,091)	(1,091)
At 31 October 2020	250	979	1,229

Notes to the financial statements

at 31 October 2020

1. Accounting policies

Statement of compliance

Mi-space (UK) Limited is a private company limited by share capital incorporated in England and Wales. The registered office is Midas House, Pynes Hill, and Exeter, EX2 5WS.

The company's financial statements have been prepared in compliance with FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland, as it applies to the financial statements of the company for the period ended 31 October 2020.

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The functional currency of Mi-space (UK) Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates. The presentation currency is pounds sterling.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and financial position are set out in the Strategic Report. The company has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the company is well placed to manage its business risks successfully.

In assessing the going concern position of the company's financial statements for the eighteen-month period ended 31 October 2020, the directors have considered the company's financial position and have obtained from their immediate and ultimate parent company, Midas Group Limited, an undertaking that for 12 months from the date of signing these financial statements it will make available funds for the company, if such are needed. This will enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. Midas Group Limited has undertaken its own assessment of going concern, which it has confirmed, by considering the Group's cash flows, liquidity, business activities and banking arrangements. The directors of the Group have prepared sensitivity analysis to consider the impact of additional and downside scenarios that it considers unlikely, including the non-renewal of its overdraft facility after 31 October 2021, despite this being considered a high unlikely circumstance. The directors of the Group are confident that the strength of its order book and the mitigating actions that are within the Group's control, including reductions in capital and other expenditure, will allow the Group to maintain sufficient liquidity.

Therefore, based on the above, the directors of the company continue to adopt the going concern basis in preparing the financial statements.

Statement of cash flows

The company has taken advantage of the exemption from preparing a statement of cash flows as permitted by FRS 102, on the grounds that it is a wholly owned subsidiary undertaking of a company that prepares publicly available group financial statements.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenue and expenses during the year. However the nature of estimation means the actual outcomes could differ from those involving estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

- Amounts recoverable on contracts are recognised by reference to the proportion of work carried out and the profit included is calculated on a prudent basis which involves management judgement.

Notes to the financial statements

at 31 October 2020

1. Accounting policies (continued)

Tangible fixed assets

All fixed assets are initially recorded at cost.

Tangible assets are depreciated by equal annual instalments over their estimated useful lives. The rates used are as follows:

Fixtures, fittings and office equipment – 20% to 33.3%

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Long-term contracts

Revenue on long-term contracts is recognised by reference to the state of completion. Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs (labour, materials and other direct costs) as contract activity progresses. Turnover is calculated by independent valuation. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Interest income

Revenue is recognised as interest accrues using the effective interest method.

Stocks

Stock is measured at the lower of cost and estimated selling price less costs to complete and sell.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.
- Deferred tax is recognised when the tax allowances for the cost of a fixed asset are received before or after the depreciation of the fixed asset is recognised in profit and loss. If and when all conditions for retaining the tax allowances have been met, the deferred tax is reversed.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Provisions for liabilities

The company recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

Hire of plant and machinery

Hire of plant and machinery includes the cost of operators, when these are included with the hire rate.

Notes to the financial statements

at 31 October 2020

1. Accounting policies (continued)

Operating leases

Rentals payable under operating leases and vehicle hire contracts are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pensions

Retirement benefits for employees are provided by two pension schemes. The Midas Group Pension and Life Assurance Scheme, which was closed on 30 June 2004, is operated by the group and funded by contributions from the parent undertaking and employees. It provides retirement and associated benefits based on a defined level of contributions, subject to a guaranteed minimum level of benefits. The parent undertaking of Mi-space (UK) Limited, Midas Group Limited, has adopted FRS 102 effective from 1 May 2014 and is legally responsible for the defined benefit plan. Mi-space (UK) Limited recognises a cost equal to its contribution payable for the period in its financial statements in accordance with the provisions of FRS 102.

Under the Midas Group Personal Pension Plan, a defined contribution scheme, contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Retirement benefits for certain directors of group companies are provided by a self-administered scheme which does not provide guaranteed benefits and which is funded by contributions from the group and employees. Contributions from the group are charged against profits of the year in which they are paid.

Classification of shares as debt or equity

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Accordingly, a financial instrument is treated as equity if:

- there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and
- the instrument is a non-derivative that contains no contractual obligations to deliver a variable number of shares or is a derivative that will be settled only by the Group exchanging a fixed amount of cash or other assets for a fixed number of the Group's own equity instruments.

When shares are issued, any component that creates a financial liability of the company or group is presented as a liability in the balance sheet; measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are charged as interest expense in the income statement. The initial fair value of the liability component is determined using a market rate for an equivalent liability without a conversion feature.

The remainder of the proceeds on issue is allocated to the equity component and included in shareholders' equity, net of transaction costs. The carrying amount of the equity instrument is not re-measured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the shares based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Basic financial instruments

Financial assets and liabilities are recognised/(derecognised) when the Group becomes/(ceases to be) party to the contractual provisions of the instrument. The Group holds the following financial assets and liabilities:

- *Cash*
- *Short-term trade and other debtors and creditors*

Cash in the balance sheet comprises cash at banks and in hand and short term deposits with an original maturity date of three months or less.

Notes to the financial statements

at 31 October 2020

1. Accounting policies (continued)

Basic financial instruments (continued)

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account before operating profit.

2. Turnover

Turnover, excluding VAT, comprises the value of work done on social housing and associated construction contracts, the one continuing operation, in the South of England and Wales.

3. Operating loss

This is stated after charging/(crediting):

	18 month period 2020 £000	*12 month period 2019 £000*
Depreciation of owned fixed assets	–	1
Other income – Furlough Grant received	(745)	–
Hire of plant and machinery	441	1,088
Contract hire of vehicles	117	139

Auditor’s remuneration in the current and prior years has been borne by Midas Group Limited, the parent undertaking of Mi-space (UK) Limited.

4. Directors’ remuneration

	18 month period 2020 £000	*12 month period 2019 £000*
Remuneration	168	137
Company contributions paid to defined contribution pension schemes	26	17

The remuneration for the year, excluding pension contributions, of the highest paid director amounted to £168,000 (2019 – £137,000).

The company paid contributions totalling £26,000 (2019 – £17,000) to a money purchase scheme in respect of the highest paid director.

Retirement benefits are accruing to 1 director under a money purchase scheme (2019 – 1).

Notes to the financial statements

at 31 October 2020

5. Staff costs

	18 month period 2020 £000	*12 month period 2019 £000*
Wages and salaries	9,237	7,432
Social security costs	989	803
Other pension costs	781	495
	11,007	8,730

The average monthly number of employees during the year was made up as follows:

	No.	*No.*
Construction and contracting	160	187
Administration	18	19
	178	206

6. Interest receivable and similar income

	18 month period 2020 £000	*12 month period 2019 £000*
Bank interest receivable	–	1
	–	1

7. Tax

(a) Tax on (loss)/profit on ordinary activities

The tax (credit)/charge is made up as follows:	*18 month period 2020 £000*	*12 month period 2019 £000*
Current tax:		
UK corporation tax on the (loss)/profit for the year	(246)	22
Adjustments in respect of previous years	–	(5)
Total current tax	(246)	17
Deferred tax:		
Depreciation in excess of capital allowance (note 7(c))	2	(1)
Tax on (loss)/profit on ordinary activities (note 7(b))	(244)	16

Notes to the financial statements

at 31 October 2020

7. Tax (continued)

(b) Factors affecting the total tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2019 – 19%). The differences are explained below:

	18 month period 2020 £000	*12 month period 2019 £000*
(Loss)/Profit on ordinary activities before tax	(1,335)	15
(Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 – 19%)	(254)	3
Effects of:		
Expenses not deductible for tax purposes	10	18
Adjustments in respect of previous years	-	(5)
Total tax for the year (note 7(a))	(244)	16

(c) Deferred tax

The deferred tax included in the balance sheet is as follows:

	18 month period 2020 £000	*12 month period 2019 £000*
Included in debtors (note 10)	6	8
Deferred tax charge:		
Timing differences	6	8
	6	8

The movements in deferred taxation during the year are as follows:

	£000
At 1 May 2019	8
Deferred tax movement in the profit and loss account (note 7(a))	(2)
At 31 October 2020 (note 10)	6

Notes to the financial statements

at 31 October 2020

8. Tangible fixed assets

	Fixtures, fittings and office equipment
	£000
Cost:	
At 1 May 2019	5
Additions	–
At 31 October 2020	5
Depreciation:	
At 1 May 2019	5
Charge for the year	–
At 31 October 2020	5
Net book value:	
At 31 October 2020	–
At 1 May 2019	–

9. Stocks

	18 month period 2020	*12 month period 2019*
	£000	*£000*
Raw materials and components	–	34
	–	34

10. Debtors

	18 month period 2020	*12 month period 2019*
	£000	*£000*
Trade debtors	2,193	4,485
Amount due from fellow subsidiary undertakings	1,534	202
Deferred tax (note 7(c))	6	8
Corporation tax	166	–
Prepayments and accrued income	71	134
Amounts recoverable on contracts	4,984	15,398
	8,954	20,227

Notes to the financial statements

at 31 October 2020

11. Creditors: amounts falling due within one year

	18 month period 2020 £000	*12 month period 2019 £000*
Current account overdraft	–	23
Trade creditors	2,328	3,840
Amount due to parent undertaking	1,098	906
Amount due to fellow subsidiary undertaking	1,991	51
Corporation tax	–	74
Other taxes and social security costs	1,246	571
Other creditors	376	530
Accruals and deferred income	4,011	11,950
	11,050	17,945

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

	18 month period 2020 £000	*12 month period 2019 £000*
Dividend on LTIP shares	–	–

The dividend declared on the LTIP shares is payable on the last day of the 24th month after it is declared and its payment is contingent on the holder of the relevant LTIP share remaining an employee of the Company until the dividend has been paid.

13. Issued share capital

Allotted, called up and fully paid	*No.*	*18 month period 2020 £000*	*No.*	*12 month period 2019 £000*
Ordinary shares of £1 each	250,000	250	250,000	250
LTIP shares of 1p each (classified as a liability under FRS 102)	–	–	–	–
		250		250

At 31 October 2020, there were no LTIP shares in issue.

Notes to the financial statements

at 31 October 2020

13. Issued share capital (continued)

Class rights

In the event that the employment of an LTIP shareholder ceases for any reason then the company is required to redeem the entire holding of the LTIP shares for an aggregate price of 1p.

In the event that the company (or parent undertaking) is disposed or sold, or in the event of a Listing of the company (or parent undertaking), then the company is required to acquire the LTIP shares by way of a purchase or redemption of own shares.

The respective rights and privileges of the shares are as follows:

As to voting

The LTIP shares do not carry any right to receive notice of, attend or vote at any general meeting of the company nor to vote on or participate in any written resolution of the company.

As to dividends

The company may declare and/or pay dividends separately to the holders of the LTIP shares as a class and/or the holders of the Ordinary shares as a class.

The holders of the LTIP shares are entitled to participate in dividends declared and payable in respect of the LTIP shares as a class pro rata according to the number of LTIP shares held by them at the relevant record date. Dividends are payable to LTIP shareholders on the last day of the 24^{th} month after the date on which they are declared on condition that the LTIP shareholder remains in the employment of the group at the date of payment.

With the exception of the above the holders of the LTIP shares have no right to participate in the dividends of the company.

As to capital

On a return of assets on liquidation, capital reduction or otherwise, the assets of the company remaining after paying all its liabilities shall be applied in the following order:

First, in paying to the holders of the ordinary shares the sum of £1 per share and in paying to the holders of the LTIP shares the sum of 1p per share (or pro rata according to their respective holdings in the event of any shortfall);

Second, in paying to the holders of the LTIP shares a sum equal to any relevant uplift in Net Asset Value over and above the Net Asset Value at the date of issue of the LTIP shares pro rata according to the number of shares held by each LTIP shareholder; and

Third, in paying to the holders of the ordinary shares any balance of such surplus pro rata according to the nominal value of ordinary shares held by each holder.

The relevant uplift in the Net Asset Value of the company shall mean the amount (if any) by which the net asset value of the company as at the date immediately prior to the return of assets exceeds that at the date of issue of the relevant shares, as determined by the company’s auditors (acting as experts and not as arbitrators) as being shown in the last available audited balance sheet of the company or (in the absence of any audited balance sheet) in its last available management financial statements and the determination made by the company for this purpose shall be final and binding on all its shareholders.

14. Capital commitments

At 31 October 2020 the company had committed to spend £nil (2019 – £nil) on fixed assets.

Notes to the financial statements

at 31 October 2020

15. Pensions

As explained in the accounting policies the group operates two pension schemes:

Defined contribution scheme

Under the Midas Group Personal Pension Plan, a defined contribution scheme, assets are held separately from those of the company in an independently administered trust. The contributions outstanding at the period-end included in creditors (note 11) are £34,000 (2019 – £49,000). The pension cost for the period was £781,000 (2019 – £495,000).

Midas Group Pension and Life Assurance Scheme

The Midas Group Pension and Life Assurance Scheme was closed with effect from 30 June 2004. Preserved benefits will be funded by way of future special employer contributions. The contributions will be determined at each triennial actuarial valuation, however it is estimated that they will be approximately £356,000 per annum for the Midas group.

The scheme provides retirement and associated benefits based on a defined level of contributions, subject to a guaranteed minimum level of benefits. The parent undertaking of Mi-space (UK) Limited, Midas Group Limited, has adopted FRS 102 effective from 1 May 2014 and is legally responsible for the defined benefit plan. Mi-space (UK) Limited recognises a cost equal to its contribution payable for the period in its financial statements in accordance with the provisions of Section 28 FRS 102.

Pension costs for the company charged in the year represent contributions payable in the year and amounted to £nil (2019 – £nil). At 31 October 2020, there was £nil (2019 – £nil) of outstanding contributions included in creditors.

The valuation of the Midas Group Pension and Life Assurance Scheme as at 31 October 2020 under the requirements of FRS 102 showed a deficit of £4,809,000 before deferred tax of £816,000 (2019 – deficit of £3,768,000 before deferred tax of £639,000) with assets of £10,655,000 (2019 – £9,575,000) and liabilities of £15,464,000 (2019 – £13,343,000).

The full disclosures required under FRS 102 relating to the Midas Group Pension and Life Assurance Scheme are included in the financial statements of Midas Group Limited, the parent undertaking of Mi-space (UK) Limited.

The last valuation of the scheme for funding purposes was carried out as at 5 April 2018 by a qualified independent actuary using the projected unit method. The assumptions which had the most significant effect on the results of the valuation were the low returns on long-term gilts which would extend liabilities beyond those previously estimated.

16. Contingent liabilities

The company enters into performance bonds in the normal course of business. The directors expect no liability to arise in respect of these transactions.

17. Related party transactions

The company has taken advantage of the exemption in section 33, FRS 102 for wholly-owned subsidiary undertakings from disclosing transactions with related parties that are wholly owned by the Midas group.

18. Ultimate parent undertaking and controlling party

The company's immediate and ultimate parent undertaking and controlling party is Midas Group Limited. It has included the company in its group financial statements, copies of which are available from its registered office: Midas House, Pynes Hill, and Exeter, EX2 5WS.

Management information

for the period ended 31 October 2020

The following page does not form part of the statutory financial statements which are the subject of the independent auditors' report on pages 8 to 10.

Detailed profit and loss account

for the period ended 31 October 2020

	18 month period 2020 £	*12 month period 2019* £
Work done (adjusted for work in progress)	33,580,557	63,962,194
Cost of work done		
Materials	3,208,171	4,958,501
Subcontract	20,532,397	42,056,211
Plant hire	440,720	1,088,064
Haulage	4,510	147,514
Wages and salaries	5,748,995	8,073,379
Site services	521,718	872,951
Motor running expenses	918,591	1,017,213
Architects, engineers and sundry fees	884,488	953,128
Insurance	243,764	511,093
Travel and accommodation	52,374	163,848
Legal fees re contracts	0	111,061
Bank charges on contracts finance	18,217	25,770
	32,573,945	59,978,733
Administration expenses		
Office salaries and wages	1,060,979	1,541,142
Office expenses	(13,470)	169,132
Printing, postage, stationery and advertising	81,925	191,121
Telephone	321,476	444,085
Bank charges	1,628	1,990
Fees	14,030	47,543
Office equipment depreciation	0	859
Management charges	875,551	1,573,268
	2,342,119	3,969,140
(Loss)/Profit before interest and taxation	(1,335,507)	14,321
Interest receivable and similar income	296	918
Interest payable	–	–
(Loss)/Profit before taxation	(1,335,211)	15,239