# Midas Group Limited

## Report and Financial Statements

31 October 2020

Registered number 3433188

## Directors
S L Hindley
M W Hocking
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 (appointed1 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, Midas group changed the accounting reference date for all group companies 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 to 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

Midas Group Limited ('MGL') is the parent undertaking of the Midas group which consist of three principal subsidiaries being Midas Construction Limited (incorporating trading under the Midas Interiors brand), Mi-space (UK) Limited and Midas Commercial Developments Limited. During the period limited trading was also undertaken by Midas Retail Limited and Mi-space Property Services Limited.

For the period ended 31 October 2020, MGL primarily operated through its three principal subsidiaries which provide a complete range of construction and property maintenance services to private and public sector clients in the South West of the UK where it is well known and established with a good reputation and strong presence.

The headline financials for the period were as follows:

| | 2020[1.] £'000 | 2019[2.] £'000 | % Change |
|---|---|---|---|
| Turnover | 291,267 | 259,341 | 12 |
| (Loss)/Profit before tax | (2,430) | 751 | (424) |
| (Loss)/Profit after tax | (2,037) | 622 | (427) |
| Net assets | 6,589 | 9,454 | (30) |
| Cash at bank and in hand | 18,915 | 22,729 | (17) |

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

This reporting period should be considered taking into account the Covid-19 environment, which significantly impacted the operational and financial performance of the group as it was required to shut down and gradually re-open sites and subsequently adjust operating procedures to meet Covid-19 requirements in accordance with government guidance and ensure appropriate health and safety procedures were implemented.

However, through this challenging time a more resilient business has emerged as our employees and stakeholders met the challenges presented.

Before reviewing business performance, please note (as stated above) the current reporting period is an 18-month accounting period and as such any year-on-year comparisons should be interpreted accordingly.

# Strategic report (continued)

### Review of the business (continued)

The group reported consolidated turnover for the period of £291.3m and a loss after tax of £2m after absorbing the impact of Covid-19.

In the period before Covid-19, the construction market had slowed as the UK exit from the EU approached and there was increasing uncertainty as to the terms of exit which led to investment decisions being delayed. Then Covid-19 arrived.

The immediate impact of Covid-19 on the business (further described below) involved the temporary cessation of works to a number or projects whilst plans were developed and implemented to safeguard the health, safety and wellbeing of our employees and contractors in compliance with government and Construction Leadership Council guidance.

Whilst maintaining cash generating operations where possible, the group utilised the Government Coronavirus Job Retention Scheme to furlough staff relating to closed sites and associated support roles. In addition, a temporary pay reduction was implemented across all non-furloughed staff across the business with senior members of staff accepting the greatest reduction over the longest period.

To further reduce cost, a business unit restructure was implemented and undertaken in conjunction with a redundancy program.

Group net assets decreased to £6.6m due to the reported loss after tax and also due to an increase in net deficit of the Midas Group Pension and Life Assurance (Defined Benefit) Scheme primarily as a result of unfavourable movements in market conditions on which future liability calculations are based.

This group’s period end cash balance closed at £18.9m, down slightly on previous reporting period but still demonstrates the underlying strength of the group and focus on strong working capital management.

The group enters the new financial year with a strong order book which combined with positions on 45 frameworks, gives the board confidence that 2020/2021 and beyond will see the Midas group able to return to steady profitable growth.

Midas Construction Limited (MCL) is the largest business of the group and, despite the impact of Covid-19, continues to be a major force in its operating geography. MCL reported turnover for the period of £260.8m and a loss before tax of £0.65m after absorbing the impact of Covid-19. The business has a solid order book with a continuous flow of new opportunities providing the company with a positive outlook for the next reporting period.

Mi-space (UK) Limited reported turnover for the period of £33.6m and a loss before tax of £1.3m after absorbing the impact of Covid-19. This business, which predominantly provides property maintenance services to occupied properties, has been significantly impacted by the Covid-19 environment with this type of work in many instances put on hold. Since the end of this reporting period the operating environment has improved with government customers increasing investment to accelerate programs to compensate for delays. There is also a growing demand from local government to implement de-carbonisation programs on council housing stocks. Consequently, the directors continue to consider the prospects of this business unit to be positive with this business continuing to hold positions on 18 frameworks with visibility of workload opportunity up to 5 years into the future. Through this business unit, the group continues to develop its in-house capability in the energy sector with the opportunity to deliver effective renewable energy and energy conservation solutions to all customers across the group.

Midas Retail Limited, which provides retail specific construction services, ceased to be an operating business unit in the previous reporting period and as such undertook minor activity in the period reporting a turnover for the period of £0.3m and a loss before tax of £0.3m

Midas Commercial Developments Limited (MCDL) continues to consolidate its position as a respected property developer in the region with several projects in the pipeline. The activities of this business unit slowed in the reporting period initially due to Brexit uncertainty and then because of the Covid-19 operating environment. MCDL reported turnover for the period of £1.6m and a loss before tax of £0.5m largely relating to investment in the development of future opportunities for the business unit.

# Strategic report (continued)

### Review of the business (continued)

Midas continues to invest in its people, which it sees as a key asset, with initiatives such as providing a comprehensive training programme to all its staff through its Academy, actively encouraging career development and future leaders through its Leadership programme and improving their working conditions. During the reporting period, the group provided an average of 5.4 training days per employee. In addition to these long-standing initiatives, the group has continued its graduate programme to secure and develop young professionals at the very start of their careers.

In the current reporting period the group made further progress in improving its environmental performance. It worked with many of its partnership customers in driving forward innovation and best practice in the field of environmental management. It has worked with its customers in the development of eco-friendly construction and property solutions. Midas has significantly raised environmental awareness within its team by delivering environmental training programmes and has introduced waste reduction and recycling initiatives at all its office locations and sites. All principal operating subsidiary companies have achieved ISO14001 accreditation.

Management of Health and Safety throughout all Midas group's operations continues to be the top priority in the business. Its investment in and focus on its Health and Safety team has had a significant impact. Midas finished the current reporting period with an Accident Frequency Rate (AFR) of 0.11, which compares favourably with its peers within the industry. It has again been awarded a 'Gold' standard by ROSPA, which is Midas's seventeenth consecutive 'Gold' award which continues to recognise its consistent high levels of Health and Safety performance and demonstrates consistent industry leading performance. Midas was also one of the first construction companies in the UK to achieve ISO45001 accreditation.

In addition, Midas maintained its accreditation for Quality Management under ISO9001.

### 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.

### Section 172 Companies Act 2006 statement

The directors consider the matters set out in section 172(1) of the Companies Act 2006 when performing their duty and consider they have acted in good faith in the way that would be most likely to promote the success of the company. The directors have continuing regard as to the interest of the company's employees

# Strategic report (continued)

and other stakeholders, the impact of its activities on the community, the environment and the company's reputation for good business conduct.

Midas is committed to engaging with its employees, stakeholders and the communities in which it operates.

This statement sets out how the directors comply with the requirements of section 172.

| **Stakeholders** | **Engagement** |
|---|---|
| Group Board | The board's primary responsibility is to promote the long-term success of the group by delivering shareholder value as well as contributing to wider society.<br>In the case of Midas being a private company, the group board is responsible for all day-to-day management of the group's affairs. All key decisions are reserved for board approval. This includes the determination of group strategy and long-term direction, reviewing health and safety performance, approval of budgets, organisational changes, and changes in key policies. The board operates an agenda of standing items appropriate to the group's operating and reporting cycles with items requiring board approval clearly defined. The board also monitors the effectiveness of the group internal controls, governance, and risk management.<br>The success of the group relies on key inputs and positive relationships with a wide range of stakeholders. The board seeks to achieve this by setting out its strategy, monitoring performance against the group's objectives and reviewing implementation of the strategy.<br>The board maintains high standards of conduct and considers the reputation of the group seriously and regularly reviews how the group maintains positive relationships with all stakeholders, including suppliers and customers.<br>Our Chairman and majority shareholder Steve Hindley CBE DL is Chairman of the steering group for The Great South West, a Trustee for Children's Hospice South West and a board member on Liveable Exeter Place board.<br>In the past, Steve has held key positions in the sector including:<br>- Former Chair of the CBI Construction Council and CBI South West Council<br>- Former Chair of the Heart of the South West LEP, the entity tasked with promoting economic growth and development in Devon and Somerset by combining the efforts of Public Authorities and the Private Sector in the area.<br>- Former Chair of Constructing Excellence South West Leadership Council |
| Employees | The skills, commitment and loyalty of employees is fundamental to the business.<br>The health and safety of employees and supply chain providers is a key priority, and the directors review the performance in this area at each scheduled meeting. A long-term strategic objective of the group has been to embed health, safety and wellbeing into to culture of our business.<br>Throughout the Covid-19 challenging environment the board has strived to protect both the health and safety of our employees and supply chain providers as well as protecting the business for the future.<br>The group regularly communicates with employees through monthly CEO Updates, periodic roadshows and intranet offering employees the opportunity to interact with members of the board and other key management personnel.<br>The group's periodic roadshow and the CEO Updates are the means by which the CEO informs and updates staff on the aims and objectives of the group, business performance, plans and future outlook and provides employees with |

# Strategic report (continued)

| | |
|---|---|
| Employees *(continued)* | an opportunity to ask questions, or seek clarification, on the group's purpose, goals and direction.<br>A regular employee survey is undertaken to allow employees to provide their experience working at Midas which provides senior management with valuable feedback that is seriously considered and acted upon.<br>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 by 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. A growing number of employees participate in continuous improvement teams, in the continuous improvement of effective management systems.<br>The 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.<br>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 wherever appropriate |
| Customers | The directors monitor how the group engages with its customers by performing regular customer engagement surveys. The results of these surveys are reviewed by the board and the findings are used to improve customer engagement. |
| Contractors and suppliers | The directors understand the importance of the group's supply chain in delivering the long-term plans of the group. All contractors and suppliers are reviewed to ensure they have the relevant capability, experience, financial standing and resources to undertake the work we award to them. Our supply chain is continually monitored to ensure we maintain the high standards required by us and our customers.<br>All operating companies within the group work closely with their principal subcontractors in order to establish long term relationships. |
| Community | Midas 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.<br>Midas 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, of which it now holds Partner status. |
| Environmental | Midas is committed to operating in an environmentally responsible manner.<br>Midas complies with the Energy Savings Opportunity Scheme (ESOS) |

During the reporting period, the board made principal decisions considered material to the group as follows:

| **Principal decisions** | **Considerations** |
|---|---|
| Change in accounting reference date | Pursuant to the Covid-19 environment, the board made the decision to change the accounting reference date for all group companies to 31 October to effectively extend the 2019-20 reporting period to an 18-month period ending 31 October 2020. |

# Strategic report (continued)

| | |
|---|---|
| Change in accounting reference date (continued) | This decision was made considering the practicalities of carrying out a year-end audit in the uncertain Covid-19 environment and with the view to limiting the Covid-19 financial impact on the business to a single accounting period.<br>Companies House was informed of this change on 12 June 2020. |
| Business restructure | In response to the Covid-19 operating environment, the board made the decision to re-structure the business from five business units to four with the *Living* business unit absorbed by the *Wales & Wessex* and *Somerset, Devon & Cornwall* business units. The rationale for the change was to achieve cost savings by reducing a layer of management and consolidating the *Living* business with the construction business units by operating geography without impacting on revenues and customer service levels.<br>To implement the change the board also undertook a redundancy process. |

In making these decisions the board considered their duty to promote the success of the company, the fundamental business need, impact on stakeholders, the long term benefit to employees, the need to maintain a reputation for high standards of business conduct and to act fairly.

### Principal risks and uncertainties

The market for our services remains competitive with both smaller companies and larger PLCs often competing on price. The group sources work in its operating geography, where it is well known, with a focus on frameworks and repeat customers with a preference for negotiated and two-stage tender opportunities. The preference is to focus on opportunities to work with customers to co-develop bespoke solutions through a negotiated or two-stage tender process rather than to compete on lowest price.

The group reviews a set of key performance indicators (KPIs) monthly and undertakes regular business unit re-forecast meetings to monitor business performance with reference to financial measures, Health & Safety, customer satisfaction, employee satisfaction and environmental scores. The group continues to capture and measure data at business unit, company and group consolidated levels with all linking back to the group vision to be industry *leaders in customer service and performance.* This group vision is underpinned by four key principles: *Positive relationships*; *Productivity and excellence*; *Delivery excellence*; and *Maximising potential*.

The group maintains strong relationships with all its customers and suppliers at a local level.

Risk management is a continuous priority and appropriate systems for the identification and control of risks are constantly under review.

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

#### Competitive risks

Midas is now on 45 frameworks in both the private and public sectors and continues to be successful in securing new orders across all sectors, with 50% of future identified opportunities being in the public sector.

Skilled labour in the construction industry is a finite resource and to continue to deliver quality projects to its customers, Midas 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 Midas employees, but also delivers some training of the same high standard to its sub-contractors.

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

#### Legislative risks

Health and Safety is of paramount importance at Midas 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

# Strategic report (continued)

Health and Safety Executive (HSE) actions and management time) and money (through potential delays and/or HSE fines) on existing projects but also may preclude the group from winning new work as customers continually look for excellent and improving Health and Safety records from their preferred contractors.

### 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, Midas 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 Midas has not had to enforce the policy.

As a construction group, 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. However, in a post Covid-19 environment, in accordance with the 2021 Budget, the government appear to recognise the importance of supporting investment in construction and infrastructure to stimulate economic growth.

The assets of the closed Midas group final salary scheme are invested in a balanced portfolio designed to produce investment returns that match future movements in liabilities. The scheme is still in deficit, but with the possibility of improving rates of return on the assets there is potential that the scheme's position may improve in the future.

### Commercial risks

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.

### Brexit

The UK exited the EU on 31 January 2020 with the transition period ending on 31 December 2020 and the rules governing the new relationship between the EU and UK effective from 1 January 2021.

Prior to Brexit, the business conducted a review which identified materials and labour supply to be the potential key exposures. In terms of labour supply, the business operates primarily in the South-West where the reliance on European labour was at lower levels compared to the South-East, Midlands and north of England. Thus, there has only been a relatively minor impact.

In terms of supply of materials, once again there has been no material impact on the business as key suppliers to the business stockpiled in preparation for Brexit.

Throughout the transition period we appointed a senior member of our staff to co-ordinate and lead on Brexit plans. We followed Government preparatory guidance throughout and obtained an EORI (Economic Operators Registration and Identification Number) to enable us to procure directly from Europe where required and to comply with new customs procedures and administrations.

To date there has been no material impact of Brexit on the business.

By order of the Board

A E Hope
Director
24 June 2021

Registered No. 3433188

# Directors' report

The directors present their report for the year ended 31 October 2020.

### Principal activities

The principal activity of the company is that of a parent company which also provides central services business support to the wholly owned operating subsidiaries.

### Directors

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

S L Hindley (Chairman)
M W Hocking
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).

No interim ordinary dividend was paid in the year (2019 – £nil).

### Going concern

In assessing the going concern position of the Group for Consolidated Financial Statements for the eighteen month period ended 31 October 2020 the Directors have considered the Group's cash flows, liquidity, business activities and banking arrangements. At 31 October 2020, the Group had cash balances of £18.9m and an undrawn financing facility in the form of a bank overdraft of £5m, which was available for general corporate purposes, including but not limited to funding working capital and capital expenditure.

The Group's business activities, together with the factors likely to affect its future development performance and financial position are set out in the Strategic Report. Based on the Group's forecasts the Directors believe the Group is well placed to manage its business risks successfully and have adopted the going concern basis in preparing the Financial Statements. The Directors have made this assessment after consideration of the Group's cashflows and order book strength for a period up to 30 June 2022.

The Directors 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 are confident that the strength of its order book, 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 to adopt the going concern basis.

The Group therefore have a reasonable expectation that it has adequate resources to continue in operational existence for a period up to 30 June 2022 and for these reasons, they continue to adopt a going concern basis for the preparation of the Financial Statements.

# Directors’ report (continued)

### Energy and Carbon emissions reporting

*Reporting Period*

This report covers the consumption and emissions arising for the group for the 18-month period 1 May 2019 to 31 October 2020.

*Principal Energy Efficiency Actions*

The group complies with the Energy Savings Opportunity Scheme (ESOS) and seeks to identify cost effective energy savings opportunities to reduce carbon emissions.

The group completed its Phase 2 ESOS assessment in September 2019 for the compliance reference period 6 December 2015 to 5 December 2019.

*Methodology*

Types of energy usage across the group includes:

- Office utilities including electricity and gas (where applicable)
- Site utilities including electricity and diesel
- Motor vehicle fuel

The figures included in the table below have been supplied directly from the subsidiaries and include consumption data for electricity, gas, diesel and motor vehicle fuel.

Conversion factors used are taken from the '2020 UK Government's GHG Conversion Factors for Company Reporting' to calculate emissions for Scope 1,2 and 3.

*UK Energy Use and GHG Emissions*

The tables below detail the energy used by the group in its business activities involving the combustion of gas and fuels, the purchase of electricity and business mileage in both kWh and tC02e. It also details the total energy and emissions by scope and as a total.

| **Type of energy** | **Energy Usage** | **Measurement Unit** | **GHG Emissions** | **Measurement Unit** |
|---|---|---|---|---|
| Office electricity | 332,276 | kWh | 77 | tC02e |
| Office Gas | 2,747,760 | kWh | 505 | tC02e |
| Site electricity | 3,979,842 | kWh | 928 | tC02e |
| Site diesel | 6,725,460 | kWh | 1,618 | tC02e |
| Motor vehicle fuel | 5,190,908 | kWh | 1,323 | tC02e |
| Total | 18,976,246 | kWh | 4,451 | tC02e |

| **Scope** | **Energy Usage** | **Measurement Unit** | **GHG Emissions** | **Measurement Unit** |
|---|---|---|---|---|
| Scope1 | 14,664,128 | kWh | 3,446 | tC02e |
| Scope 2 | 4,312,118 | kWh | 1,005 | tC02e |
| Total | 18,976,246 | kWh | 4,451 | tC02e |

*Intensity Ratio*

In this instance the intensity ratio used for the group is 15.3 tCO2e per million £ of turnover based on the total tC02e emissions divided turnover in the financial period.

# Directors' report (continued)

## 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 group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself 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 group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 group and 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 Midas Group Limited**

## Opinion

We have audited the financial statements of Midas Group Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 October 2020 which comprise the Group profit and loss account, the Group statement of other comprehensive income, the Group and Company balance sheets, the Group and Company statement of changes in equity, the Group statement of cash flows, and the related notes 1 to 23, 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 group's and of the parent company's affairs as at 31 October 2020 and of the group's 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 group and parent 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 9 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 group's or the parent 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.

# Independent auditors' report (continued)

**to the members of Midas Group Limited**

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.

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

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

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

# Independent auditors' report (continued)

**to the members of Midas Group Limited**

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.

### 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
CAD2DE64FE414DF...

John Howarth (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol
25 June 2021

# Group profit and loss account

**for the period ended 31 October 2020**

| | *Notes* | *18 month period 2020 £000* | *12 month period 2019 £000* |
|---|---|---|---|
| ***Turnover*** | 2 | 291,267 | 259,341 |
| Cost of sales | | (278,306) | (245,475) |
| ***Gross profit*** | | 12,961 | 13,866 |
| Exceptional item | 19 | – | (350) |
| Administrative expenses | | (17,305) | (12,916) |
| Other income | | 2,014 | – |
| ***Operating (Loss)/Profit*** | 3 | (2,330) | 600 |
| Interest receivable and similar income | 6 | 46 | 253 |
| Interest payable and similar charges | 14 | (4) | (1) |
| Net interest on pension scheme liability | 19 | (142) | (102) |
| ***(Loss)/Profit before taxation*** | | (2,430) | 751 |
| Tax | 7 | 393 | (129) |
| ***(Loss)/Profit after taxation*** | | (2,037) | 622 |

All amounts relate to continuing activities.

# Group statement of other comprehensive income

**for the year ended 31 October 2020**

| | *Note* | *18 month period 2020 £000* | *12 month period 2019 £000* |
|---|---|---|---|
| ***(Loss)/Profit for the financial year*** | | (2,037) | 622 |
| ***Other comprehensive income*** | | | |
| Actuarial loss recognised on the pension scheme | 19 | (999) | (55) |
| Deferred tax on actuarial loss on the pension scheme | | 170 | 9 |
| ***Other comprehensive income for the year*** | | (829) | (46) |
| ***Total comprehensive income for the year*** | | (2,866) | 576 |

# Group balance sheet

**at 31 October 2020**

| | *Notes* | *18 month period 2020 £000* | *12 month period 2019 £000* |
|---|---|---|---|
| ***Fixed assets*** | | | |
| Tangible assets | 10 | 2,848 | 3,138 |
| Investments | 11 | 252 | 252 |
| | | 3,100 | 3,390 |
| ***Current assets*** | | | |
| Stocks | 12 | - | 34 |
| Debtors | 13 | 87,280 | 71,431 |
| Cash at bank and in hand | | 18,915 | 22,729 |
| | | 106,195 | 94,194 |
| ***Creditors:*** amounts falling due within one year | 14 | (97,897) | (84,362) |
| ***Net current assets*** | | 8,298 | 9,832 |
| ***Total assets less current liabilities*** | | 11,398 | 13,222 |
| ***Creditors:*** amounts falling due after more than one year | 15 | - | – |
| ***Net assets excluding pensions*** | | 11,398 | 13,222 |
| ***Net pensions*** | 19 | (4,809) | (3,768) |
| ***Net assets including pensions*** | | 6,589 | 9,454 |
| ***Capital and reserves*** | | | |
| Called up share capital | 16 | 439 | 439 |
| Capital redemption reserve | | 720 | 719 |
| Revaluation reserve | | 96 | 96 |
| Profit and loss account | | 5,334 | 8,200 |
| ***Shareholders' funds*** | | 6,589 | 9,454 |

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. 3433188

# Company balance sheet

**at 31 October 2020**

| | *Notes* | *18 month period 2020 £000* | *12 month period 2019 £000* |
|---|---|---|---|
| ***Fixed assets*** | | | |
| Tangible assets | 10 | 2,836 | 3,111 |
| Investments | 11 | 2,043 | 2,043 |
| | | 4,879 | 5,154 |
| ***Current assets*** | | | |
| Debtors | 13 | 6,398 | 2,672 |
| Cash at bank and in hand | | - | 440 |
| | | 6,398 | 3,112 |
| ***Creditors:*** amounts falling due within one year | 14 | (5,248) | (2,774) |
| ***Net current assets*** | | 1,150 | 338 |
| ***Total assets less current liabilities*** | | 6,029 | 5,492 |
| ***Creditors:*** amounts falling due after more than one year | 15 | - | – |
| ***Net assets excluding pensions*** | | 6,029 | 5,492 |
| ***Net pensions*** | 19 | (4,809) | (3,768) |
| ***Net assets including pensions*** | | 1,220 | 1,724 |
| ***Capital and reserves*** | | | |
| Called up share capital | 16 | 439 | 439 |
| Capital redemption reserve | | 719 | 719 |
| Revaluation reserve | | 96 | 96 |
| Profit and loss account | | (34) | 470 |
| ***Shareholders' funds*** | | 1,220 | 1,724 |

As permitted by Section 408 of the Companies Act 2006 no income statement or statement of comprehensive income is presented for the Company.

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. 3433188

# Group statement of changes in equity

**at 31 October 2020**

| | *Called up share capital £000* | *Capital redemption reserve £000* | *Revaluation reserve £000* | *Profit and loss account £000* | *Total Equity £000* |
|---|---|---|---|---|---|
| At 1 May 2018 | **439** | **719** | **96** | **7,624** | **8,878** |
| Profit for the year | – | – | – | 622 | 622 |
| Other comprehensive income | – | – | – | (46) | (46) |
| **At 30 April 2019** | **439** | **719** | **96** | **8,200** | **9,454** |
| Loss for the period | - | 1 | - | (2,037) | (2,036) |
| Other comprehensive income | - | - | - | (829) | (829) |
| **At 31 October 2020** | 439 | 720 | 96 | 5,334 | 6,589 |

# Company statement of changes in equity

**at 31 October 2020**

| | *Called up share capital £000* | *Capital redemption reserve £000* | *Revaluation reserve £000* | *Profit and loss account £000* | *Total Equity £000* |
|---|---|---|---|---|---|
| At 1 May 2018 | **439** | **719** | **96** | **106** | **1,360** |
| Profit for the year | – | – | – | 410 | 410 |
| Other comprehensive income | – | – | – | (46) | (46) |
| **At 30 April 2019** | **439** | **719** | **96** | **470** | **1,724** |
| Loss for the period | – | – | – | (504) | (504) |
| Other comprehensive income | – | – | – | – | – |
| **At 31 October 2020** | 439 | 719 | 96 | (34) | 1,220 |

# Group statement of cash flows

**for the period ended 31 October 2020**

| | Note | *18 month period 2020 £000* | *12 month period 2019 £000* |
|---|---|---|---|
| ***Net cash outflow from operating activities*** | 17(a) | (3,736) | (4,155) |
| ***Investing activities*** | | | |
| Interest received | | 60 | 266 |
| Receipts from sales of tangible fixed assets | | – | – |
| Payments to acquire tangible fixed assets | | (137) | (166) |
| Net cash inflow from investing activities | | (77) | 100 |
| ***Financing activities*** | | | |
| LTIP shares acquired | | (1) | – |
| Equity dividends paid | | – | – |
| Net cash (outflow)/inflow from financing activities | | (1) | – |
| ***Decrease in cash*** | | (3,814) | (4,055) |
| ***Cash at 1 May*** | | 22,729 | 26,784 |
| ***Cash at 31 October*** | | 18,915 | 22,729 |

## Reconciliation of net cash flow to movement in net funds

| | *2020 £000* | *2019 £000* |
|---|---|---|
| Decrease in cash | (3,814) | (4,055) |
| ***Change in net funds in the year*** | (3,814) | (4,055) |
| ***Net funds at 1 May*** | 22,729 | 26,784 |
| ***Net funds at 31 October*** | 18,915 | 22,729 |

# Notes to the financial statements

**at 31 October 2020**

## 1. Accounting policies

***Statement of compliance***

Midas Group Limited is a private company limited by share capital incorporated in England and Wales. The registered office is Midas House, Pynes Hill, Exeter, EX2 5WS.

The group and company 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 group and company for the year ended 31 October 2020.

***Basis of preparation***

The financial statements are prepared under the historical cost convention, modified to include the revaluation of freehold land and buildings, and in accordance with applicable accounting standards.

The functional currency of Midas Group 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.

The Directors have considered the financial position of the Group and they believe that the Group will be able to meet its liabilities as they fall due for the foreseeable future.

Similar to any Group which has overdraft facilities which are repayable on demand, the Group is placing reliance on its bank for financial support albeit, based on the Directors forecasts, the overdraft is not expected to be needed in the next 12 months. The Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these Financial Statements, they have no reason to believe that it will not do so.

As such the Financial Statements are prepared on a going concern basis and for these purposes, the foreseeable future is taken to mean a period of at least 12 months from the date of approval of these Financial Statements.

***Going concern***

In assessing the going concern position of the Group for Consolidated Financial Statements for the eighteen month period ended 31 October 2020 the Directors have considered the Group’s cash flows, liquidity, business activities and banking arrangements. At 31 October 2020, the Group had cash balances of £18.9m and an undrawn financing facility in the form of a bank overdraft of £5m, which was available for general corporate purposes, including but not limited to funding working capital and capital expenditure.

The Group’s business activities, together with the factors likely to affect its future development performance and financial position are set out in the Strategic Report. Based on the Group’s forecasts the Directors believe the Group is well placed to manage its business risks successfully and have adopted the going concern basis in preparing the Financial Statements. The Directors have made this assessment after consideration of the Group’s cashflows and order book strength for a period up to 30 June 2022.

The Directors 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 are confident that the strength of its order book, 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 to adopt the going concern basis.

The Group therefore have a reasonable expectation that it has adequate resources to continue in operational existence for a period up to 30 June 2022 and for these reasons, they continue to adopt a going concern basis for the preparation of the Financial Statements.

# Notes to the financial statements

**at 31 October 2020**

## 1. Accounting policies (continued)

***Group financial statements***

The group financial statements consolidate the financial statements of Midas Group Limited and its subsidiary undertakings to 31 October 2020. Mi-space Property Services Limited, Midas Commercial Developments Limited, Midas Retail Limited, Mi-space (UK) Limited and Midas Construction Limited have been included in the group financial statements using the acquisition method of accounting.

The purchase consideration has been allocated to assets and liabilities on the basis of fair values at the date of acquisition. Prior to the date of acquisition, the results of Midas Property Services (UK) Limited and Midas Construction Limited were accounted for using merger accounting principles.

Entities in which the group holds an interest on a long-term basis and are jointly controlled by the group and one or more other ventures under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the gross equity method.

Entities, other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence are treated as associates. In the group financial statements, associates are accounted for using the equity method.

Certain of the group's activities are conducted through joint arrangements that do not create an entity carrying on a trade or business of its own. They are included in the group financial statements in proportion to the group's interest in the income, expenses, assets and liabilities of these joint arrangements.

No profit and loss account is presented for Midas Group Limited as permitted by section 408 of the Companies Act 2006.

***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.
- The pension cost and liabilities of the Midas group pension and life assurance scheme under FRS 102 are assessed in accordance with the directors' best estimates using the advice of an independent qualified actuary and assumptions in the latest actuarial valuation. Assumptions include the discount rate and mortality rates and changes in these assumptions will impact the carrying amount of pension obligations.

***Goodwill***

Positive goodwill, being the excess of consideration over the fair value of assets acquired, arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight-line basis over its useful economic life. It is reviewed for impairment at the end of the first financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

***Tangible fixed assets***

All fixed assets are initially recorded at cost. Certain freehold and leasehold land and buildings were revalued as at 30 April 2013 with the revaluation deficit taken to the revaluation reserve.

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

# Notes to the financial statements

**at 31 October 2020**

## 1. Accounting policies (continued)

| | | |
|---|---|---|
| Freehold property | – | 4% |
| Short leasehold property | – | Over the period of the lease |
| Plant and equipment | – | 33.3% |
| Computer equipment | – | 33.3% |
| 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.

***Investments***

In the financial statements of the company, investments held as fixed assets are stated at cost using acquisition accounting policies.

***Revenue recognition***

Revenue is recognised to the extent that the group 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.

*Dividends*

Revenue is recognised when the company’s right to receive payment is established.

***Stocks***

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

***Provisions for liabilities***

The group 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.

***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 exceptions:

- 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.

# Notes to the financial statements

**at 31 October 2020**

## 1. Accounting policies (continued)

- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.

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.

***Hire of plant and machinery***

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

***Operating leases***

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

***Pensions***

Retirement benefits for employees of the group 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 all the group companies and employees. Midas Group Limited is the sponsoring employer of the United Kingdom defined benefit scheme as it has legal responsibility for the plan. There is no contractual agreement or stated policy for charging the defined benefit cost of the plan as a whole to individual group entities and therefore the company has recognised the entire net defined benefit cost and relevant net defined benefit liability of the United Kingdom scheme in its individual financial statements.

It provides retirement and associated benefits based on a defined level of contributions, subject to a guaranteed minimum level of benefits. These payments are made in accordance with periodic calculations by professionally qualified actuaries. The amounts charged to operating profit are the current service costs and gains or losses on settlements and curtailments. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 asset or liability is presented separately on the face of the balance sheet.

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.

***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:

# Notes to the financial statements

**at 31 October 2020**

## 1. Accounting policies (continued)

- *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.

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.

***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:

i. 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

ii. 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 components and included in shareholders' equity, net of transaction costs. The carrying amount of the equity instruments 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.

***Liquid resources***

Liquid resources represent amounts held on deposit maturing within twelve months.

## 2. Turnover

Turnover, excluding VAT, comprises the value of work done on construction contracts and commercial development projects in the United Kingdom, analysed as follows:

| | *18 month period 2020* | *12 month period 2019* |
|---|---|---|
| | *£000* | *£000* |
| Construction | 289,707 | 257,490 |
| Commercial developments | 1,584 | 1,851 |
| | 291,291 | 259,341 |

# Notes to the financial statements

**at 31 October 2020**

## 3. Operating loss

This is stated after charging/(crediting):

| | *18 month period 2020 £000* | *12 month period 2019 £000* |
|---|---|---|
| Audit of the financial statements | 73 | 58 |
| Other fees to auditor | – | – |
| | | |
| Depreciation of owned fixed assets | 427 | 266 |
| Other income – Furlough Grant received | (2,014) | – |
| Operating lease rentals | 366 | 360 |
| Hire of plant and machinery | 3,229 | 4,588 |
| Contract hire of vehicles | 563 | 493 |

## 4. Directors' remuneration

| | *18 month period 2020 £000* | *12 month period 2019 £000* |
|---|---|---|
| Remuneration | 1,869 | 1,450 |
| | | |
| Company contributions paid to defined contribution pension schemes | 53 | 20 |

The remuneration for the year, excluding pension contributions, of the highest paid director amounted to £504,000 (2019 – £443,000).

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

Retirement benefits are accruing to 2 directors under a money purchase scheme (2019 – 2).

## 5. Staff costs

| | *18 month period 2020 £000* | *12 month period 2019 £000* |
|---|---|---|
| Wages and salaries | 34,725 | 25,874 |
| Social security costs | 3,865 | 2,919 |
| Other pension costs | 3,286 | 2,170 |
| | 41,876 | 30,963 |

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

| | *No.* | *No.* |
|---|---|---|
| Construction and development | 376 | 415 |
| Administration | 122 | 122 |
| | 498 | 537 |

# Notes to the financial statements

**at 31 October 2020**

## 6. Interest receivable and similar income

| | *18 month period 2020 £000* | *12 month period 2019 £000* |
|---|---|---|
| Bank interest | 46 | 253 |
| Other income | - | – |
| | 46 | 253 |

## 7. Tax

(a) Tax on 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 | (363) | 233 |
| Adjustments in respect of prior years | 1 | (90) |
| Total current tax | (362) | 143 |
| ***Deferred tax:*** | | |
| Depreciation in excess of capital allowances (note 7(c)) | (24) | 1 |
| Adjustment in respect of pensions (note 19) | (7) | (15) |
| Tax on (loss)/profit on ordinary activities (note 7(b)) | (393) | 129 |

(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 | (2,430) | 751 |
| (Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 – 19%) | (463) | 142 |
| *Effects of:* | | |
| Expenses not deductible for tax purposes and non-taxable income | 104 | 95 |
| Adjustments in respect of prior years | 1 | (90) |
| Effect of changes in tax rates | (35) | (18) |
| Deferred tax movement re prior year adjustment | - | – |
| Tax charge for the year (note 7(a)) | (393) | 129 |

# Notes to the financial statements

**at 31 October 2020**

## 7. Tax (continued)

(c) Deferred tax

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

| *Group* | | *Provided* | | *Unprovided* |
|---|---|---|---|---|
| | *18 month period 2020* | *12 month period 2019* | *18 month period 2020* | *12 month period 2019* |
| | *£000* | *£000* | *£000* | *£000* |
| Included in debtors/(note 13) | 820 | 619 | – | – |
| Deferred tax: | | | | |
| Depreciation in excess of capital allowances | (26) | (54) | – | – |
| Short-term timing differences | 30 | 34 | – | – |
| Pension scheme related asset | 816 | 639 | – | – |
| | 820 | 619 | – | – |

| | *£000* |
|---|---|
| At 1 May 2019 | 619 |
| Deferred tax charge in group profit and loss account (note 7(a)) | 24 |
| Adjustments in respect of prior years | – |
| Effect of other change re pension scheme | 177 |
| At 31 October 2020 (note 13) | 820 |

## 8. Profit attributable to members of parent undertaking

The profit dealt with in the financial statements of the parent undertaking was £325,000 (2019 – profit of £410,000).

## 9. Dividends

| | *18 month period 2020* | *12 month period 2019* |
|---|---|---|
| | *£000* | *£000* |
| Paid during the year: | | |
| Interim ordinary dividend for 2020 – £nil (2019 – £nil) | – | – |

The dividends paid on LTIP shares of £1,000 (2019 – £1,000).

# Notes to the financial statements

**at 31 October 2020**

## 10. Tangible fixed assets

*Group*

| | *Land and buildings* | | *Fixtures, fittings and office* | |
|---|---|---|---|---|
| | *Freehold* | *Leasehold* | *equipment* | *Total* |
| | *£000* | *£000* | *£000* | *£000* |
| Cost or valuation: | | | | |
| At 1 May 2019 | 2,685 | 427 | 671 | 3,783 |
| Additions | - | - | 137 | 137 |
| Disposals | - | - | - | - |
| At 31 October 2020 | 2,685 | 427 | 808 | 3,920 |
| Depreciation: | | | | |
| At 1 May 2019 | 61 | 250 | 334 | 645 |
| Charge for the year | 92 | 35 | 300 | 427 |
| Disposals | - | - | - | - |
| At 31 October 2020 | 153 | 285 | 634 | 1,072 |
| Net book value: | | | | |
| At 31 October 2020 | 2,532 | 142 | 174 | 2,848 |
| At 1 May 2019 | 2,624 | 177 | 337 | 3,138 |

The freehold property was valued by Alder King, Commercial Property Consultants and Linnells Property Consultants as at 30 April 2018, on the basis of existing use value in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors.

Included in cost or valuation at 31 October 2020 is an amount of £2,685,000 (2019 – £2,685,000) in respect of these valuations. The persons carrying out the valuations were external to the company.

# Notes to the financial statements

**at 31 October 2020**

## 10. Tangible fixed assets (continued)

*Company*

| | *Freehold property* | *Leasehold property* | *Fixtures, fittings and office equipment* | *Total* |
|---|---|---|---|---|
| | *£000* | *£000* | *£000* | *£000* |
| Cost: | | | | |
| At 1 May 2019 | 2,685 | 355 | 635 | 3,675 |
| Additions | - | - | 128 | 128 |
| Disposals | - | - | - | - |
| At 31 October 2020 | 2,685 | 355 | 763 | 3803 |
| Depreciation: | | | | |
| At 1 May 2019 | 61 | 191 | 312 | 564 |
| Charge for the year | 92 | 21 | 290 | 403 |
| Disposals | - | - | - | - |
| At 31 October 2020 | 153 | 212 | 602 | 967 |
| Net book value: | | | | |
| At 31 October 2020 | 2,532 | 143 | 161 | 2,836 |
| At 1 May 2019 | 2,624 | 164 | 323 | 3,111 |

The freehold property was valued by Alder King, Commercial Property Consultants and Linnells Property Consultants as at 30 April 2018 on the basis of existing use value in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors.

Included in cost or valuation at 31 October 2020 is an amount of £2,685,000 (2019 – £2,685,000) in respect of these valuations. The persons carrying out the valuations were external to the company.

On the historical cost basis the revalued land and buildings would have been included as follows:

| | | *Group* | | *Company* |
|---|---|---|---|---|
| | *18 month period 2020* | *12 month period 2019* | *18 month period 2020* | *12 month period 2019* |
| | *£000* | *£000* | *£000* | *£000* |
| Cost | 1,425 | 1,425 | 1,425 | 1,425 |
| Cumulative depreciation based on cost | 703 | 617 | 703 | 617 |

# Notes to the financial statements

**at 31 October 2020**

## 11. Investments

| *Group* | *Trade investments* |
|---|---|
| | *£000* |
| At 1 May 2019 and at 31 October 2020 | 252 |

| *Company* | *Trade investments* | *Subsidiary undertakings* | *Total* |
|---|---|---|---|
| | *£000* | *£000* | *£000* |
| At 1 May 2019 | 252 | 1,791 | 2,043 |
| Additions | – | – | – |
| At 31 October 2020 | 252 | 1,791 | 2,043 |

Trade investments are split between equity and loan with the equity investment representing £250 of the total trade investment.

As at the 31 October 2020 details of the investments in which the company directly holds 20% or more of the nominal value of any class of share capital are as follows:

| *Name of company* | *Holding* | *Proportion of voting rights and shares held* | *Nature of business* |
|---|---|---|---|
| Midas Construction Limited | Ordinary shares | 100% | Construction |
| Midas Commercial Developments Limited | Ordinary shares | 100% | Commercial Development |
| Midas Retail Limited | Ordinary shares | 100% | Construction |
| Midas Property Services (UK) Limited | Ordinary shares | 100% | Property Services |
| Mi-space (UK) Limited | Ordinary shares | 100% | Social Housing |
| Midas Pension Trustee Company Limited | Ordinary Shares | 100% | Corporate Pension Trustee |

All of the above undertakings are registered in England and Wales. All 100% subsidiaries have the same registered office as Midas Group Limited which is shown on page 1.

## 12. Stocks

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

# Notes to the financial statements

**at 31 October 2020**

## 13. Debtors

| | Group | | Company | |
|---|---|---|---|---|
| | *18 month period 2020* | *12 month period 2019* | *18 month period 2020* | *12 month period 2019* |
| | *£000* | *£000* | *£000* | *£000* |
| Trade debtors | 26,764 | 19,418 | 152 | 198 |
| Amount due from subsidiary undertakings | – | – | 4,957 | 1,405 |
| Other debtors | 61 | 14 | 252 | 120 |
| Prepayments and accrued income | 403 | 639 | 188 | 335 |
| Deferred tax (note 7(c)) | 820 | 619 | 792 | 588 |
| Amounts recoverable on contracts | 58,810 | 50,741 | – | – |
| Corporation tax | 422 | - | 57 | 26 |
| | 87,280 | 71,431 | 6,398 | 2,672 |

## 14. Creditors: amounts falling due within one year

| | Group | | Company | |
|---|---|---|---|---|
| | *18 month period 2020* | *12 month period 2019* | *18 month period 2020* | *12 month period 2019* |
| | *£000* | *£000* | *£000* | *£000* |
| Bank loans and overdrafts | – | – | 2,996 | – |
| Trade creditors | 19,087 | 16,941 | 380 | 836 |
| Amount due to subsidiary undertakings | – | – | – | – |
| Corporation tax | – | 44 | – | – |
| Other taxes and social security costs | 6,462 | 1,475 | 429 | 175 |
| Accruals and deferred income | 72,348 | 65,901 | 1,443 | 1,763 |
| LTIP shares | – | 1 | – | – |
| | 97,897 | 84,362 | 5,248 | 2,774 |

***LTIP shares***

LTIP shares are issued in subsidiary companies and their respective rights and privileges are detailed in those subsidiary financial statements. A LTIP shares dividend of £1,000 was paid during the year.

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

# Notes to the financial statements

**at 31 October 2020**

## 15. Creditors: amounts falling due after more than one year

| | Group | | Company | |
|---|---|---|---|---|
| | *18 month period 2020* | *12 month period 2019* | *18 month period 2020* | *12 month period 2019* |
| | *£000* | *£000* | *£000* | *£000* |
| Dividends 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 issuing company until the dividend has been paid.

## 16. Share capital and reserves

| **Issued Share capital** | | *18 month period 2020* | | *12 month period 2020* |
|---|---|---|---|---|
| *Allotted, called up and fully paid* | *No.* | *£000* | *No.* | *£000* |
| Ordinary shares of £1 each | 439,011 | 439 | 439,011 | 439 |

**Capital redemption reserve**

The capital redemption reserve records the nominal value of shares repurchased by the company.

**Revaluation reserve**

This reserve records revaluation gains and deficits on certain freehold property.

# Notes to the financial statements

**at 31 October 2020**

## 17. Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash flow from operating activities

| | *18 month period 2020 £000* | *12 month period 2019 £000* |
|---|---|---|
| Operating loss/profit | (2,330) | 600 |
| Depreciation | 427 | 266 |
| Profit/loss on sale of tangible fixed assets | – | – |
| Decrease in stocks | 34 | 51 |
| Increase in debtors | (15,240) | (7,654) |
| Increase in creditors | 13,579 | 2,524 |
| Tax (paid)/received | (106) | 69 |
| Defined benefit cost less contribution paid | (100) | (11) |
| Net cash flow from operating activities | (3,736) | (4,155) |

(b) Analysis of net funds

| | *At 1 May 2019 £000* | *Cash flow £000* | *At 31 October 2020 £000* |
|---|---|---|---|
| Cash at bank and in hand | 22,729 | (3,814) | 18,915 |

## 18. Capital commitments

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

## 19. Pensions

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

***Defined contribution scheme***

The group operates a defined contribution scheme, the Midas Group Personal Pension Plan, where assets are held separately from those of the group in an independently administered fund. The contributions outstanding at the period-end included in creditors (note 14) are £177,000 (2019 – £201,000). The pension cost for the period was £3,286,000 (2019 – £2,170,000).

***Midas group pension and life assurance scheme***

The Midas Group Pension and Life Assurance Scheme was closed with effect from 30 June 2004. The scheme provides retirement and associated benefits based on a defined level of contributions, subject to a guaranteed minimum level of benefits. The contributions are determined by a qualified independent actuary on the basis of triennial valuations using the projected unit method. 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.

The expected rate of return on assets is the weighted average of the smoothed long term rate expected for the assets underlying the deposit administration managed funds, and the rate expected on cash being a long term gilt yield less 0.5% at the relevant balance sheet date.

# Notes to the financial statements

**at 31 October 2020**

## 19. Pensions (continued)

The assets and liabilities of the scheme at 31 October are:

| | *18 month period 2020 £000* | *12 month period 2019 £000* |
|---|---|---|
| Scheme assets at fair value: | | |
| Equities | 510 | 800 |
| Corporate bonds | 1,813 | 1,333 |
| Diversified growth fund | 3,716 | 3,390 |
| Property | 99 | 155 |
| Liability driven investment | 4,093 | 3,030 |
| Cash | 225 | 557 |
| Other | 199 | 310 |
| Fair value of scheme assets | 10,655 | 9,575 |
| Present value of scheme liabilities | (15,464) | 13,343 |
| Defined benefit pension scheme liability | (4,809) | (3,768) |

The pension scheme has not invested in any of the group's own financial instruments nor in properties or other assets used by the group.

The amounts recognised in the group profit and loss account and in the group statement of other comprehensive income for the year are analysed as follows:

| | *18 month period 2020 £000* | *12 month period 2019 £000* |
|---|---|---|
| Recognised in the profit and loss account: | | |
| Expected return on pension scheme assets | 354 | 234 |
| Expenses | | |
| Interest on obligation | (496) | (336) |
| Other finance cost | (142) | (102) |
| Total recognised in the profit and loss account | (142) | (102) |

# Notes to the financial statements

**at 31 October 2020**

## 19. Pensions (continued)

Taken to the statement of other comprehensive income:

| | *18 month period 2020* | *12 month period 2019* |
|---|---|---|
| | *£000* | *£000* |
| Actual return on scheme assets | 1,383 | 798 |
| Less: expected return on scheme assets | (354) | (234) |
| | 1,029 | 564 |
| Other actuarial gains and losses | (2,028) | (619) |
| Actuarial gains and losses recognised in the statement of other comprehensive income | (999) | (55) |

| | | *18 month period 2020* | *12 month period 2019* |
|---|---|---|---|
| | | *%* | *%* |
| Rate of inflation in pensions in payment (RPI) | | 2.9 | 3.3 |
| Deferred pension revaluation | | 2.4 | 2.3 |
| Discount rate | | 1.75 | 2.5 |
| Expected rates of return on scheme assets: | | | |
| Cash | | 0.0 | 0.0 |
| Equities | | 6.9 | 6.9 |
| Corporate bonds | | 3.7 | 3.7 |
| Gilts | | 2.9 | 2.9 |
| Property | | N/A | N/A |
| Inflation assumption | – CPI | 2.4 | 2.3 |
| Post-retirement mortality at age 60 | – male | 28.2years | 28.2years |
| | – female | 30.2years | 30.3years |

Changes in the present value of the defined benefit obligations are analysed as follows:

| | *£000* |
|---|---|
| At 1 May 2018 | 12,472 |
| Interest cost | 336 |
| Benefits paid | (434) |
| Past service costs | 350 |
| Actuarial gains and losses | 619 |
| At 1 May 2019 | 13,343 |
| Interest cost | 496 |
| Benefits paid | (403) |
| Past service costs | – |
| Actuarial gains and losses | 2,028 |
| At 31 October 2020 | 15,464 |

# Notes to the financial statements

**at 31 October 2020**

## 19. Pensions (continued)

Past service costs relate to a one off, non-recurring GMP equalisation cost that has been charged to the profit and loss account as an exceptional item during the year.

The defined benefit obligation arises from plans that are wholly or partly funded.

Changes in the fair value of plan assets are analysed as follows:

| | *£000* |
|---|---|
| At 1 May 2018 | 8,850 |
| Expected return on plan assets | 234 |
| Employer contributions | 361 |
| Benefits paid | (434) |
| Actuarial gains and losses | 564 |
| At 30 April 2019 | 9,575 |
| Expected return on plan assets | 354 |
| Employer contributions | 100 |
| Benefits paid | (403) |
| Actuarial gains and losses | 1,029 |
| At 31 October 2020 | 10,655 |

| | *2020* | *2019* | *2018* | *2017* | *2016* |
|---|---|---|---|---|---|
| | *£000* | *£000* | *£000* | *£000* | *£000* |
| Fair value of scheme assets | 10,655 | 9,575 | 8,850 | 9,260 | 7,381 |
| Present value of defined benefit obligation | (15,464) | 13,343 | 12,472 | (13,211) | (9,499) |
| Deficit in the scheme | (4,809) | (3,768) | (3,622) | (3,951) | (2,118) |
| Experience adjustments arising on plan liabilities | 52 | (64) | (54) | 188 | 152 |
| Experience adjustments arising on plan assets | 1,029 | 564 | (301) | 1,379 | (289) |

The value of assets for prior periods has not been restated because for all years the invested assets are taken as the fair value of the insured assets held in the deposit administration type fund.

The cumulative amount of actuarial gains and losses recognised since 1 May 2003 in the statement of other comprehensive income is a net loss of £7,477,000 (2019 – loss of £6,478,000).

# Notes to the financial statements

**at 31 October 2020**

## 20. Other financial commitments

At 31 October 2020 the group had the following future minimum commitments under non-cancellable operating leases as set out below:

| | *Land and buildings* | |
|---|---|---|
| | *18 month period 2020* | *12 month period 2019* |
| | *£000* | *£000* |
| Operating leases payments due: | | |
| Within one year | – | 317 |
| In two to five years | 571 | 971 |
| Over five years | 1,702 | 591 |
| | 2,273 | 1,879 |

At 31 October 2020 the company had the following future minimum commitments under non-cancellable operating leases of £1,372,000 (2019 – £1,601,000).

## 21. Contingent liabilities

i. The group enters into performance bonds in the normal course of business. The directors do not expect any liability to arise in respect of these transactions.

ii. The company has guaranteed performance bonds entered into by subsidiary and associate undertakings.

## 22. Related party transactions

During this and the prior year the group leased and occupied premises at Pynes Hill, Exeter from S L Hindley, M W Hocking and the Trustees of the IPS Pension Builder. The annual rental payable is £99,000 (2019 – £99,000). At the balance sheet date the amount due to S L Hindley, M W Hocking and Trustees of the IPS Pension Builder was £nil (2019 – £nil).

D F Rogerson was a director of Midas Group Limited and was also a director and is a shareholder of Falmouth Developments Limited. On the 30 April 2019 Falmouth Developments Limited had a loan to Midas Group of £600,000 outstanding. Interest was accruing on this loan at a rate of 8%. The loan and interest of £4,000 was repaid to Falmouth Developments on 7th May 2019. On 7th August 2019 Midas Group limited loaned Falmouth Developments £55,000 with interest accruing at a rate of 2.5% above base rate which is outstanding at the period end.

During the year Midas Commercial Developments Limited (subsidiary company) traded with Falmouth Developments Limited. The turnover recognised in Midas Commercial Developments Limited during the year was £100,000.

## 23. Ultimate parent undertaking and controlling party

The company and group are controlled by S L Hindley.

As at 31 October 2020 S L Hindley had a majority shareholding in the Ordinary shares of Midas Group Limited.