John Graham Holdings Limited

Report and Financial Statements

31 March 2024

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REGISTERED No. NI 057921

Strategic Report

The directors present their Strategic Report for the year ended 31 March 2024.

Principal activities and review of the business

John Graham Holdings Limited and its subsidiary undertakings ("the Group") are primarily engaged in building, civils engineering, interior fit-out, facilities management and development management and investment services.

Business review

The financial year ended 31 March 2024 saw revenue increase by 2.8% to £1,125m (2023: £1,093.7m) and profit before tax reduce to £14.8m (2023: £15.1m).

Our strong performance can be attributed to robust governance over the years, which has allowed us to be selective with our contracts, deliver high-quality projects, and manage risks effectively through strong commercial management. This success builds upon our consistent performance during the Covid-19 years, where we maintained profitability despite global turbulence.

The 2024 financial year saw continued inflationary pressures placed on the business. However, the resilience of our people, clients, and partners has enabled us to operate safely and efficiently, ensuring the successful delivery of our projects. As inflationary pressures are expected to persist into the 2025 financial year, we will continue to mitigate risks through selective bidding and strategic supply chain management.

Market conditions remain competitive across all divisions. Despite the added complexity of the current inflationary environment, we remain committed to investing in our business. We will look to retain our Competitive Advantage by fostering collaboration and integrating enhanced productivity, continuous innovation, organisational ambition, and the philosophy of marginal gains to collectively drive significant advancements and market leadership.

The Group is in a strong position with strong levels of secured work and a pipeline of opportunity that is strong in both volume and quality. We maintained a strong balance sheet with Cash at bank and in hand of £151m (2023: £177.1m) with a continued investment in working capital in the period.

Strategic Report (continued)

Financial performance

The directors have determined that the following financial indicators are the most effective measures of progress towards achieving the Group's objectives.

	2024 *£000*	*2023* *£000*
Group turnover and share of joint venture turnover	1,124,651	1,093,696
Profit before taxation	14,771	15,112
Cash at bank and in hand	150,843	177,116

The directors regard the results as satisfactory.

Principal risks and uncertainties

There are many risks that can adversely affect the Group and if not adequately managed they have the potential to seriously damage both our financial performance and reputation. The directors recognise that consistent and effective risk management is vital to the delivery of our business strategy. The Board has overall responsibility for risk management and for ensuring that appropriate controls and audit systems are in place. Through the Graham Risk Management System, it is responsible for ensuring sufficient internal controls and the timely identification, evaluation, and management of risks.

The Board of Directors has established a Risk Management Group with delegated responsibility for promoting and embedding a culture of risk awareness and assisting the Board in implementing the Risk Management System and associated policies and procedures. The Risk Management Group meets bi-annually to assess the current risk landscape of the Group. The key risks which management face are detailed as follows:

Health and safety risk

The Group's activities are significant and complex which require the continuous monitoring and management of health, safety, and environmental risks. Failure to manage these risks could result in serious harm to employees, subcontractors, the public or the environment and could expose the Group to significant potential liabilities and reputational damage.

The Group is committed to ensuring a safe working environment. These risks are managed by the Group through the strong promotion of a health and safety culture and well-defined health and safety policies and procedures. Additionally, each operating Company has experienced Health and Safety professionals who provide support and advice and undertake regular onsite audits.

Strategic Report (continued)

Principal risks and uncertainties (continued)

Markets

The Group business plan is based upon securing and delivering revenues from both public sector and private sector clients across the UK and Ireland. The impact of any political change, shift in government policy or changing market conditions and trends may cause the Group's clients to cancel, postpone or reduce existing or future projects.

Changes in market conditions could also have a material impact on our supply chain which could lead to supply chain failure or liquidity issues. This could impact on our ability to deliver contracts to programme and on budget.

The Group is developing its business streams across the UK and Ireland over the spectrum of markets and sectors to mitigate the risk of adverse changes in spending in any one market. The Group will continue to focus on more resilient and stable markets and sectors maintaining an appropriate balance between public and private sector work.

Inflation

Inflation surged when economies emerged from the coronavirus pandemic. The Russian invasion of Ukraine caused further inflationary shock with sharp rises in energy prices. Over the past 12 months, overall inflation has been normalising, however, the construction market is still having to manage inflationary risk in certain areas.

To tackle escalating inflation, the Bank of England has taken the approach to raise interest rates, rising from 0.1% in December 2021 to 5.25% in August 2023, where they have remained. Insolvencies are still expected to increase in the UK's construction industry this year as higher interest rates and persistent inflation dampen demand for housing and new commercial projects.

Construction companies operate on low margins, so they are very sensitive to higher borrowing costs; the Group can operate through the cash reserves which have been built up through retained profits and management of working capital, mitigating the direct impact of interest rate rises. The Group's operating companies monitor inflationary risk as part of the tender adjudication process and undertake robust financial due diligence for both clients and key supply chain partners.

Strategic Report (continued)

Principal risks and uncertainties (continued)

Environmental, Social and Governance (ESG)

The overall impact of a company is determined by what it produces, its environmental impact, its recruitment and training processes, its adherence to rights and values, its investment in the community.

With customers more discerning than ever about which companies they buy from, and employees more discerning about which organisations they work for – specifically, whether they operate in an ethical and sustainable way – the ESG agenda is becoming more and more important.

Today's talent wants to work with companies that care about making a positive impact on the world, and if we are to successfully attract skilled workers, the business must establish comprehensive ESG programmes.

The Group recognises the importance of ESG and is working diligently to expand its ESG Strategic Programme, in line with the Group's vision 'Delivering Lasting Impact'. More than ever, we are committed to truly sustainable business practices, where the design, coordination, and control of our operations, and those of our trusted supply chain partners, make a positive impact on the environment, society, and the economy.

Achieving Net Zero

As the GRAHAM business continues to transition materials, technologies, products, and services to low carbon alternatives, to achieve ambitious net zero targets, the following risk areas emerge:

- Policy and regulations relating to climate change continue to evolve, constraining activities that contribute to the adverse effects of climate change.
- Skills shortage and additional training may be needed for staff to deploy low emission technologies and techniques across sites.
- Plant replacement and investment in low-emission technologies may mandate more capital investment than would otherwise be required.
- Stakeholder shift in demand for Net Zero construction sites, Net Zero Buildings and Infrastructure could, if GRAHAM is not positioned correctly, lead to missed opportunities for work winning, affecting future business growth.
- Increased upfront costs of lower carbon technologies, materials, and techniques.

The Group has set ambitious net zero targets and is committed to achieving these. The Group employs a team of subject matter experts who work collaboratively with senior management and operational teams to manage these risks and drive forward the net zero agenda.

Strategic Report (continued)

Principal risks and uncertainties (continued)

Work Winning

The Group's operating companies seek to win profitable work through a large number of bids each year. Often the work that is tendered is complex and over a long term with significant risks. There is a risk that the tender assumptions are incorrect or that the risks of the tender have not been fully considered. If tenders are under-priced and successful, this will lead to poor financial performance and potential reputational damage. If tenders are over-priced this could lead to a low volume of wins which will have a negative impact on the order book.

The Group has set out its appetite for the amount of exposure it is willing to accept in regions and sectors through business planning sessions. The commercial expectations in respect of margin, risk, contract terms etc. also form part of the business planning process and are discussed at business unit management board meetings. All bids are subject to rigorous estimating and tendering 'Go/No Go' gateway procedures within a defined framework.

Delivery

The Group is engaged in a wide number of complex construction, facilities management, and interior fit-out projects at any one time across the UK and Ireland. Given the diverse nature of the Group, it is exposed to a variety of projects which are reliant on effective operational and commercial procedures and controls being implemented and maintained. The business is reliant on its staff to make complex, technical, and commercial judgements and estimates regarding, cost, value, progress, and outcomes. If these risks are not managed effectively, the Group may suffer losses, delays, and potential reputational damage.

Each Operating Company has an operating structure, policies and procedures designed to address the risks inherent in project delivery. Each project undertaken is subject to regular management review, this includes rigorous and regular review of the forecast revenue and costs to complete, with progress monitored and steps put in place to address specific risks identified on those projects. Comprehensive management review, the risk management system, independent internal and external audits, and customer feedback are all key controls in ensuring successful project delivery.

People

The success of the Group depends on its ability to recruit, retain, and develop people with the necessary experience and expertise. It is critical that the group has a highly skilled, diverse, and motivated workforce as the demands and complexity of project requirements increase.
The skills shortage in construction has been a growing concern for construction companies, and as more time goes by, the problem becomes more pressing. One of the main reasons for the UK skills shortage, specifically in the construction industry, is an ageing workforce. As construction workers reach retirement age, fewer people are entering the industry to replace them.

Strategic Report (continued)

Principal risks and uncertainties (continued)

People (continued)

The Group seeks to mitigate this risk by investing heavily in staff welfare initiatives, offering market-competitive remuneration, training, and career development opportunities. Remuneration and incentive packages are reviewed annually to assist in the attraction and retention of key employees.

Supply Chain

As a business, our success depends heavily on our ability to appropriately manage our supply chain. Failure to do this could result in project delivery issues, compliance issues and strained customer relationships, ultimately leading to damage to the Group reputation and financial penalties.

The added purchasing complexity and administrative burden bought on by Brexit and supply issues caused by the ongoing Russian-Ukrainian and Israel-Gaza wars, could lead to costly delay in materials being delivered to site. Robust supply chain management procedures ensure the Group is aware of potential issues on a timely basis and can put in place mitigating measures to minimise the impact on our projects.

The Group seeks to develop long-term relationships with its key subcontractors whilst at the same time not becoming over-reliant on any particular one for the delivery of certain services. As part of its selection criteria, the Group seeks to work with subcontractors /suppliers who share its values. The evolution of supply chain management policy and procedures remains a priority in all Operating Companies.

Finance

The Group is able to operate through the cash reserves which have been built up through retained profits and management of working capital. Given the growth within the Group it is important that strong finances are in place and that key financial risks are managed. If the business does not have sufficient working capital, then it will be unable to meet its contractual obligations to make payments. The Group depends on appropriate, accurate and timely financial information to manage the business effectively; if there is lack of visibility then poor decisions can be made.

The Group continually reviews its financial position to ensure there are sufficient resources to meet current and potential future operational demands. Investment in financial reporting systems has improved the visibility and speed at which information is made available.

Strategic Report (continued)

Principal risks and uncertainties (continued)

Systems

The efficient operation of the Group is increasingly dependent on the proper operation, performance, and development of its IT systems. Failure to manage, integrate or successfully implement changes in IT systems could result in a loss of control over critical business information and/or systems. This in turn could impact the Group's ability to fulfil its contractual obligations.

Cybercrime continues to rise and is a threat to the business. Threats can come in many different forms and vary in severity. From hackers and cyber criminals actively trying to cause harm by stealing data for competitive advantage, to unintentional employee error such as the loss of a laptop or inability to spot phishing attacks. A breach of information security, an improper disclosure of such information or the loss of business information could expose the Group to adverse publicity, investigation, financial loss and legal claims.

Robust controls and procedures are in place to effectively monitor our systems for on-going performance and external threats. The Group has in place a comprehensive IT Disaster Recovery Plan, which is routinely tested to ensure it remains fit for purpose. Robust data protection policies and procedures are in place which comply with the General Data Protection Regulations (GDPR). All staff have been provided with appropriate training on information and personal data security.

Compliance

As a major employer and contractor, we must comply with the complex and developing legal and regulatory frameworks in areas such as:

- Health and safety
- Building Safety Act
- Taxation
- Fraud, bribery, and corruption
- Modern Slavery Act
- Criminal Finances Act
- Payment Practices and Performance Reporting
- Gender Pay Gap Reporting
- General Data Protection Regulation (GDPR)

It is essential that we can evidence our compliance to avoid the material financial and reputational impacts associated with non-compliance.

The Group monitors and responds to legal and regulatory developments applicable to the markets in which it operates. Detailed policies and procedures exist to minimise risks and are subject to review and monitoring by Operating Companies and Group. Where considered appropriate, staff will be provided with training on such regulatory requirements, to ensure polices procedures and expected behaviours are clearly understood.

Strategic Report (continued)

Principal risks and uncertainties (continued)

Financial instruments

The Group's principal financial instruments comprise cash, trade debtors and creditors, bank loans and certain other debtors and accruals. The main risks associated with these financial assets and liabilities are set out below:

– *Foreign currency risk*

  The Group is not materially exposed to significant foreign currency risk on retranslating the balance sheet of its foreign subsidiaries.
  Part of the Group's activities purchases are made from overseas suppliers. The directors assess the risk from each major procurement and hedge with forward exchange contracts when appropriate.

– *Credit risk*

  Credit risk arises principally on third party derived revenues. Group policy is aimed at minimising such risk and requires that deferred terms are granted only to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures or who pay in advance of transfer of title or supply an appropriate letter of credit.

– *Liquidity risk*

  Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group's liquidity risk is managed by Group directors through a tightly controlled cash management process. Regular reviews of available facilities are carried out along with long term cash projections to ensure sufficient liquidity is available.

– *Interest rate risk*

  The Group is exposed to movements on interest rates through the external bank loans with variable interest rates upon which interest is charged at the relevant banks base rate plus a margin. The directors monitor the interest rate forecast and fixed interest options available.

– *Market price risk*

  Market price risk arises when changes in market prices have an adverse effect on financial instruments. Due to the nature of their principal activity the directors believe the Group is not exposed to significant market price risk.

Strategic Report (continued)

Section 172 Companies Act 2006 Statement

In the decisions taken during the year ended 31 March 2024, the Board of Directors of John Graham Holdings Limited believe they have acted in the way they consider, in good faith, and most likely to promote the success of the Group for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006).

This statement sets out how the Directors comply with the requirements of Section 172 of the Companies Act 2006.

Role of the Board

The Board are the custodians of the business, with a responsibility to create and sustain long-term value for our shareholders and stakeholders by directing its affairs and meeting their legitimate interests. The Board clearly understands the correlation between good corporate governance, healthy stakeholder relations, effective communication and the alignment of corporate goals with stakeholders' expectations and aspirations.

Dedicated to the protection of the environment, our work connects communities, builds a better future and transforms and maintains the places where we live, work and relax - it delivers lasting impact. Underpinning this guiding principle, the Board are committed to ensuring that our values of performance, transparency, collaboration, respect and innovation are upheld, thereby maintaining our competitive advantage and protecting long term value.

In fulfilling the Boards principal responsibility, our business strategy is reviewed on an annual five-year rolling basis, with half-yearly reviews as part of the business planning process. Prior to the commencement of each new financial year, the Group business units will establish their own business plans which will be reviewed and approved by the Board, ensuring they align to the strategic vision, aims and objectives of the Group.

These plans keep the business focused on both the upcoming year and the outer following four years, and is a key part of developing future needs and driving business improvements.

External impacts

The Board fully understands that the impact of our operations is measured not just in the quality of the project delivered but in the longer-term impact on the environment, communities and people. At GRAHAM we are committed to working in support of the UN “United Nations” Sustainable Development Goals (SDGs) – a global blueprint to achieve a better and more sustainable future for all. Our focus is on positively influencing the SDGs most applicable to us in our role as a leading national contractor.

Our Employees

The Board understands the importance of our employees to the long-term success and sustainability of the business. As the first Group with a company to simultaneously achieve Investors in People (IiP) Platinum and Wellbeing accreditations, we invest in our people, develop

Strategic Report (continued)

Section 172 Companies Act 2006 Statement (continued)

the whole person, and provide a platform for everyone to excel using the IiP framework for effective communication with our workforce.

At GRAHAM we understand that wellbeing is pivotal to effective personal performance. Using our award winning CONNECT programme as the cornerstone of wellbeing the Board believe we have an innovative whole person development programme designed to help our workforce take control and shape their personal career path. The Board regularly communicates with employees, this includes annual staff briefings, which allows us to update the workforce on the Group's performance and on our plans and objectives for the year ahead. These briefings are organised on a divisional basis in group sizes that afford opportunity for two-way engagement and dialogue.

A internal intranet provides a source of information and news for the workforce collated in one place. This is supplemented with the introduction of software tools which further facilitates collaboration and two-way communication.

Our Clients and Supply Chain

The Board believe that working in partnership with our clients, community stakeholders and supply chain in a more sustainable way enables us to find practical, safer methods of operating, which deliver improved performance and best value for clients.

For our clients this means well-resourced Framework and Project Teams, understanding our clients' own strategic objectives and working collaboratively to deliver best value outcomes.

For supply chain partners this means a continual development of our Supply Chain Management Programmes, promoting and creating business opportunity through Regional "Meet the Buyer" events, SME business mentoring and resource support in the development of Regional and Project Skills Academies.

Local Communities

The Board are cognisant of the effect our operations have upon local communities, and we aim to reduce the impact our operations have on local communities and make a positive contribution to the communities within which we work. This includes minimising disruption; fostering local involvement and enterprise using local labour, equipment, materials, and supply chain partners; engaging effectively with the local community by proactively communicating and encouraging feedback about our operations; supporting educational initiatives and encouraging staff to share knowledge and skills within the wider community.

On behalf of the Board on the 25th of June 2024

Courtney McCormick
Director

REGISTERED No. NI 057921

Directors' Report

The directors present their report and financial statements for the year ended 31 March 2024.

Results and dividends

The Group demonstrated a satisfactory performance for the year ended 31 March 2024. The Group profit for the year after taxation amounted to £11.3m (2023 – profit of £12.6m). The Directors do not recommend a final dividend (2023 – £nil). Retained earnings carried forward are £84.7m (2023 – £82.6m). During the year dividends of £6.275m were proposed and paid (2023 – £7.7m).

Future developments

The Group maintains robust performance, prioritising quality delivery. Despite economic challenges due to inflationary pressures, our core markets in the UK remain strong. We adhere to a policy of selective bidding, focusing on strategic partnerships and framework development. Our divisional strength, sectoral expertise, and regional presence contribute to a well-balanced service offering. These efforts are supported by a healthy forward order book.

Moving forward, the Group will diligently collaborate with clients to ensure high-quality projects while maintaining cost-effective solutions. Our focus on operational efficiency will drive controlled growth.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in this annual report. The report also covers the financial position of the Group, its cash flows and liquidity position and borrowing facilities and details of its financial risk management position.

The Group has considerable financial resources together with long term contracts with a number of customers and suppliers across different geographic areas and industries. Therefore, the directors believe that the Group is well placed to manage its business risk.

After making enquiries and carrying out a review of projected funding until June 2025, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The directors have considered the effect of the high inflationary pressures in the short and medium term and as part of the budgeting and forecasting cycle of the business, long-range financial statement, and corresponding cashflow, forecasts have been prepared and reviewed. The forecasts have been sensitised to consider plausible downside scenarios as a result of any major event that would lead to a reduction in revenues.

Directors' Report (continued)

Going concern (continued)

From this exercise it has been established that the company is expected to generate profits and cash reserves in the year ending 31 March 2025 and beyond and that the company has sufficient cash and liquidity headroom to enable it to meet its obligations as they fall due for the period to 30 June 2025. Accordingly, the directors continue to adopt the going concern basis in preparing the annual Director's report and financial statements.

Directors

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

Michael E J Graham
Andrew K Bill
Courtney P McCormick
Colin J Graham
Robin N Graham
David S Watters

Political and charitable contributions

During the year the Group made no political contributions.

The Group believes in contributing to the well-being of communities in which we operate and as part of this commitment we assist employees undertaking sponsored activities and we encourage business units to run charitable fundraising events that are important to the area or to the individuals concerned.

Employee involvement

Information concerning employees and their remuneration is given in the notes to the financial statements.

During the year the Group has maintained the practice of advising employees about current activities and progress by various methods including Group wide staff briefings on the Group strategy and in-house publications.

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Special attention is given to training, health and safety and the employment of disabled persons including where existing employees become disabled.

Directors' Report (continued)

CLIMATE RELATED FINANCIAL DISCLOSURES

GRAHAM is a strong advocate of CFD (Climate related Financial Disclosures) reporting, recognising its potential to create a positive impact against the backdrop of the climate crisis.

In this report we detail our climate-related financial disclosures consistent with all of the CFD disclosures and recommendations. The report details GRAHAM Governance of climate related risk and opportunity and outlines how these risks and opportunities are incorporated into our business strategy and risk management processes. This disclosure takes account of BEIS guidance set out in the February 2022 "Mandatory climate-related financial disclosures by publicly quoted companies, large private companies and LLPs" publication.

As this is the first report produced by GRAHAM under the requirements, we expect the content of subsequent CFD reports will evolve in line with the availability of climate-related data and the transition momentum.

A summary table aligned to both TCFD recommendations and UK CFD requirements has been provided below to help signpost where compliance has been demonstrated within this report.

CFD Requirements	TCFD Recommended disclosures	Page
GOVERNANCE • A description of the governance arrangements in relation of assessing and managing climate related risks and opportunities	• Describe the Board's oversight of climate-related risks and opportunities. • Describe management's role in assessing and managing climate-related risks and opportunities.	**Page 15-17**
RISK MANAGEMENT • A description of how the company identifies, assesses, and manages climate related risks and opportunities. • A description of how processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk management process.	• Describe the organisation's processes for identifying and assessing climate-related risks. • Describe the organisation's processes for managing climate-related risks • Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	**Page 18-19**
STRATEGY • A description of (i) the principal climate-related risks and opportunities arising in connection with the operations of the company (ii) the time periods by reference to which those risks and opportunities are assessed. • A description of the actual and potential impacts of the principal climate-related risks and opportunities on the business model and strategy • An analysis of the resilience of the business model and strategy of the company, taking into consideration of different climate-related scenarios	• Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term. • Describe the impact of climate-related risks and opportunities on the organisations' business, strategy and financial planning. • Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2ºC or lower scenario.	**Page 20-28**
METRICS AND TARGETS • A description of the targets used by the company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets. • The key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate related opportunities and a description of the calculations on which those key performance indicators are based.	• Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. • Disclose scope 1, scope 2, and if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks. • Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	**Page 29**

Directors' Report (continued)

GOVERNANCE

This section describes the governance arrangements within GRAHAM to ensure climate-related risks and opportunities are correctly assessed and managed.

(a) Board oversight

The GRAHAM Board of Directors provide the strategic vision and approach for sustainability (including climate action) across the group as set out within our Environmental Sustainability Strategy, "Constructing a Sustainable Future". The board has oversight of and accountability for the defined action areas, metrics and targets as set out within the Environmental Sustainability Strategy. This includes the ownership of climate related risks and opportunities.

The Board of Directors has overall responsibility for how Climate-related risks and opportunities are identified and managed. The board review environmental and climate related risks and opportunities as part of its risk management and business strategy considerations. The board have also appointed an ESG Committee which meets monthly to oversee climate risk, opportunity, and broader sustainability action throughout the business. The ESG committee ensures that sustainable action is driven through our business decisions and strategic objectives. The Board of Directors reviews monthly reports from the ESG committee and provides direction in climate related priorities and action.

(b) Management's Role

At management level, day to day climate related risk and opportunity is overseen by the GRAHAM Head of Environmental Sustainability, supported by the wider Environmental Sustainability team. The GRAHAM Head of Environmental Sustainability oversees the Environmental Sustainability working groups, information from which is reported back regularly to the ESG committee. The Environmental Sustainability Working Group meets bi-monthly and comprises a selection of operational managers and Environmental Sustainability Managers from across the group. Its remit is to monitor climate risk, opportunity and report progress against our net zero targets. Outputs from the working groups are consistently fed back to the ESG committee.

Directors' Report (continued)

(b) Management's Role (continued)

The GRAHAM Head of Environmental Sustainability monitors and assesses GRAHAM performance against its net zero commitments and targets on an ongoing basis. Reports are provided to the board of Directors, the ESG committee and each of the operational divisions/ regions on a monthly basis. In instances where a target has not been achieved or is not on track, this is reported to the

ESG Committee and the Board of Directors by the Head of Environmental Sustainability. In this way alternative strategies and arrangements can be made to ensure that our overall climate goals remain on track.

Full details of climate related governance arrangements in place within GRAHAM are included overleaf.

Governance

GRAHAM has embedded a robust Environmental, Social Governance Framework at the centre of our operations.

BOARD OF DIRECTORS

The Board of Directors have overall responsibility for all climate related and environmental sustainability matters.

Key Responsibilities

- Review environmental and climate-related risks and opportunities as part of its risk management and business strategy considerations
- Review environmental sustainability and climate related reports from the ESG Committee
- Provide direction in ESG priorities and action

ESG COMMITTEE

A board level committee/ steering group meets monthly and oversees Environmental Sustainability within the Group. The committee receives monthly updates from the Head of Environmental Sustainability in regard to alignment with plans and progress toward the achievement of targets. Its members include the Managing Directors of each of the business units and the Chief Financial Officer.

Key Responsibilities

- Monitor progress against set environmental sustainability and climate related ambitions, plans and targets
- Review and approve environmental sustainability proposals
- Assist in promoting environmental sustainability and climate action throughout all facets of the organisation
- Provide input for identification of TCFD risks and opportunities
- Review and assist in mitigation of climate-related risks
- Review and assist in delivery of climate-related opportunities
- Oversee and provide direction to the Environmental Team and working groups

ESG Committee Members

- Director of Corporate Development (Chair)
- Group Chief Financial Officer
- Managing Directors
- Pre-Construction Directors
- HR Director
- SHE Director
- Head of Environment

WORKING GROUPS

Membership of working groups comprises a selection of operational managers from each region and division and environmental managers from across the group. The working groups provide feedback to the environmental team and help provide assistance in the delivery of environmental sustainability initiatives.

Working Group Members

- Procurement
- HR
- Business Development
- Marketing
- Social Value
- Environment
- Health and Safety

ENVIRONMENTAL TEAM

Key Responsibilities

- Identify and deliver environmental sustainability proposals and initiatives
- Identify and mitigate climate-related risks
- Identify and deliver climate-related opportunities
- Develop and update environmental sustainability risks and opportunities
- Develop and update TCFD risks and opportunities

Business Unit Governance

An Environmental Sustainability Manager is dedicated toward each operational division and is responsible for providing direction and innovation at all levels within their business unit. Each Environmental Sustainability Manager reports to the leadership team within their business unit, ensuring alignment with organisational priorities and ambitions.

Directors' Report (continued)

RISK MANAGEMENT

This section describes how GRAHAM identifies, assesses, and manages climate related risks and opportunities.

(a) Processes for identifying and assessing climate related risks

We recognise that by integrating the consideration of climate-related risks into our overall risk management framework, we will be better equipped to handle longer-term uncertainties.

Our processes for identifying and assessing climate related risks across our business operations includes:

- The GRAHAM Risk Management Group convenes a specific workshop on climate risk at least once per annum.
- During each workshop, climate-related risks and opportunities across our value chain are identified. To assist with the risk identification, a range of different time horizons and physical and transitional climate related scenarios are considered.
- Once risks have been identified, they are then prioritised through an impact-likelihood rating
- Consideration is then given to how each potential risk may impact financially and upon business activities and strategy.

The following time horizons have been defined for the purpose of outlining our climate-related risks and opportunities.

Short Term	Medium Term	Long Term
Less than 12 Months	1 to 5 years	5 to 10 years

Aligned with the GRAHAM risk scoring matrix, the risk likelihood descriptors used to assess the likelihood of climate related risks are as follows:

Unlikely	Remote	Possible	Probable	Almost Certain
Highly unlikely	Not expected	Might occur	Strong possibility of occurrence	Very likely

GRAHAM have quantified the potential financial impact of climate related risk and opportunity on the business using the following categories.

Minor	Moderate	Significant	Major	Critical
Negligible Financial loss	Minor Financial loss	Significant Financial loss	Major Financial loss	Severe Financial loss

Directors' Report (continued)

(a) Processes for identifying and assessing climate related risks (continued)

The following outputs are recorded within the GRAHAM Climate related risk register

i. Description of the risk
ii. Time horizon
iii. Impact-likelihood rating
iv. Potential financial impact rating
v. Mitigation
vi. Risk Owner

(b) Processes for managing climate related risks

Our comprehensive process of managing climate related risks centres on being risk aware and making decisions to mitigate, transfer, accept or control the identified risks. We ensure that appropriate responses to our key climate related risks and opportunities are formulated and that risk owners are identified to ensure that appropriate risk management action is followed through.

(c) How processes for identifying, assessing and managing climate related risks are integrated into the organisations overall risk management

Climate-related risks and opportunities that could impact upon GRAHAM under different climate scenarios are integrated as part of the wider GRAHAM risk management processes. Identified time horizons, the risk scoring matrix and the quantification of the financial impact of each risk and opportunity aligns and integrates with the overall risk management framework within GRAHAM. In this way we have been able to determine the relative significance of climate risk in relation to other Group risks.

Climate change is included on the GRAHAM Risk Register as a standalone principal risk, reflecting its significance to both our business and our customers. We define principal risks as those with substantive financial or strategic impact on the business, high likelihood of occurrence and medium/ high potential impact on our performance. As a principal risk category, climate change risks are logged within our corporate risk register and reviewed regularly by the GRAHAM Risk Management Group.

Directors' Report (continued)

STRATEGY

This section describes the climate-related risks and opportunities that GRAHAM has identified over the short, medium and long term.

Risks

Risk 01: Regulatory					
Likelihood:	Almost Certain	**Potential Financial Impact:**	Minor	**Time Horizon:**	Short to Medium Term
Actual and potential Impacts to the business (Risks)	• Enhanced reporting and disclosure requirements and potential for exposure to fines/ liability. • An increase in carbon prices and a wider scope of industries covered by carbon taxes is expected creating increased direct costs and increased costs through our supply chains. • Changes to Building Regulations to adapt to climate change leading to enhanced specification requirements for materials and techniques and increased costs.				
Responding to our key risks	• Continue to keep abreast of emerging legislation and policy changes relating to Climate Change. • Ensure compliance to current corporate regulatory requirements including: Climate Related Financial Disclosures (disclosure within annual financial report), Streamlined Energy and Carbon Reporting, the Energy Saving opportunities Scheme Regulations and the cabinet office PPN06/21 carbon reduction plan.				
Risk 02: Market Risk					
Likelihood:	Almost Certain	**Potential Financial Impact:**	Moderate *(Lost revenue, higher costs associated with energy and raw materials)*	**Time Horizon:**	Short to Medium Term
Actual and potential Impacts to the business (Risks)	• Stakeholder shift in demand for Net Zero construction sites • Net Zero Buildings and Infrastructure could lead to missed opportunities for work winning, affecting future business growth. • Increased costs of energy prices and costs of raw materials.				
Responding to our key risks	• Delivery of GRAHAM Environmental Sustainability and climate action targets as a strategic priority for the group, distilled down to each region and division • Maintain external verification to PAS 2080 and ISO 14064 • Investment in climate/ carbon awareness training amongst staff - particularly key job roles including procurement, design managers, commercial, estimators; • Enhanced collaboration and dialogue with suppliers regarding new low carbon tech, low carbon materials, low carbon designs and low emission technologies and techniques; • Ensure that there is demonstrable evidence of GRAHAM capability in delivering net zero schemes.				

Directors' Report (continued)

Risk 03: Reputation Risk					
Likelihood:	Probable	**Potential Financial Impact:**	Moderate *(Lost revenue)*	**Time Horizon:**	Short to Medium Term
Actual and potential Impacts to the business (Risks)	• Potential for reputational risk brought about by changing client/ community perceptions and perceived ability to transition to a low carbon business.				
Responding to our key risks	• Delivery of GRAHAM Environmental Sustainability and climate action targets as a strategic priority for the group, distilled down to each region and division • Maintain external verification to PAS 2080 and ISO 14064 • Commit and attain validation to the SBTi • Continue to showcase our commitment to sustainable, low carbon action via effective communication with our key stakeholders • Ensure there are effective resources and expertise in place to manage decarbonisation within GRAHAM • Investment in climate/ carbon awareness training amongst staff - particularly key job roles including procurement, design managers, commercial, estimators; • Enhanced collaboration and dialogue with suppliers regarding new low carbon tech, low carbon materials, low carbon designs and low emission technologies and techniques;				
Risk 04: Technology					
Likelihood:	Probable	**Potential Financial Impact:**	Moderate *(Higher costs associated with plant replacement and investment)*	**Time Horizon:**	Medium to Long Term
Actual and potential Impacts to the business (Risks)	• Plant replacement/ Investment in low-emission technologies may mandate more capital investment than would otherwise be required • Purchase of new technologies could be unviable for a particular requirement leading to stranded assets • Additional training may be needed for staff to deploy low emission technologies • If more cost effective, low carbon alternatives to some specific plant do not emerge, this could impact GRAHAM ability to achieve Net Zero Carbon.				
Responding to our key risks	• Internal plant replacement strategy • Minimum emissions standards adopted for hired plant • Opportunities for R&D to be sought				

Directors' Report (continued)

Risk 05: Acute and Chronic Physical					
Likelihood:	Probable	**Potential Financial Impact:**	Moderate *(Direct damage to assets, supply chain & transport disruption, ensuring employee safety).*	**Time Horizon:**	Medium to Long Term
Actual and potential Impacts to the business (Risks)	• The construction industry is vulnerable to the impacts of increased extreme weather events such as flooding, storms and temperature changes. When these events occur, it may mean that GRAHAM assets and construction sites are at risk of damage and/ or disruption. It may also impact upon the safety of our employees and stakeholders. • In the longer term, shifts in climate patterns such as sustained higher temperatures may create disruption and lower capacity to deliver projects on time/ budget				
Responding to our key risks	• **Acute Physical** - Sites located within medium and high probability flood zones to closely monitor weather conditions and maintain and where necessary implement an emergency plan. • **Chronic Physical** - Build resilience in supply chains to minimise disruption.				

Opportunities

Opportunity 01: Resource Efficiency					
Likelihood:	Probable	**Potential Financial Impact:**	Decreased costs	**Time Horizon:**	Medium to Long Term
Actual and potential Impacts to the business (Opportunities)	• There is potential to achieve operational efficiencies and cost savings as a result of eliminating/ reducing fuel consumption. • There is potential to generate less waste by embracing modern methods of construction. • Potential to save money by using more recycled raw materials.				
Responding to our key opportunities	• Adopt the principles of circularity across our projects (reusing materials for their highest value purpose and treating "waste" as a resource) • Use of rainwater/ greywater infrastructure to facilitate the reuse of water. • Measurement against targets and KPIs for reduction of virgin materials and reuse of recycled materials. • Implementation of efficient data collection and reporting systems to facilitate environmentally responsible sourcing and circular economy outcomes. • Prioritise products circular economy certifications and services with a circular business model such as take back schemes, leasing models and products as a service.				

Directors' Report (continued)

Opportunity 02: Energy Savings					
Likelihood:	Probable	**Potential Financial Impact:**	Decreased costs	**Time Horizon:**	Medium to Long Term
Actual and potential Impacts to the business (Opportunities)	• There is potential to achieve operational efficiencies and cost savings as a result of reducing energy consumption. • There is potential to achieve our annual carbon targets where we reduce the quantity of energy we are consuming • Improved indoor air quality is a benefit of energy efficiency				
Responding to our key opportunities	• Shift towards decentralised energy generation • Use of technologies and systems to reduce energy including energy management systems, battery energy storage systems, eco specification site accommodation, LED lighting, solar PV, energy efficient heating technologies, drying room dehumidifiers • Investment in education and awareness of energy efficiency amongst our employees • Encouraging and incentivising energy efficient behaviours amongst staff and subcontractors.				

Opportunity 03: Market Growth/ Business Development					
Likelihood:	Almost Certain	**Potential Financial Impact:**	Increased Sales	**Time Horizon:**	Short to medium term
Actual and potential Impacts to the business (Opportunities)	• By pro-actively engaging in the transition to a low carbon economy, opportunities to access new low carbon markets may be opened up. • Potential for reputation enhancement as a low carbon organisation. • Potential to develop staff to have a range of skills toward delivering low carbon projects – potential to increase client satisfaction. • Potential R&D opportunities and associated benefits in Tax relief and PR				
Responding to our key opportunities	• Capital investment in Net Zero Initiatives, programmes and technologies. • Align with industry best practice and undertake horizon scanning to stay ahead of upcoming standards and regulatory requirements. • Delivery of GRAHAM Environmental Sustainability and climate action targets as a strategic priority for the group, distilled down to each region and division. • Maintain external verification to PAS 2080 and ISO 14064 and achieve validation of carbon targets to SBTi • Whole Life Carbon modelling on each project • Investment in climate/ carbon awareness training amongst staff - particularly key job roles including procurement, design managers, commercial, estimators. • Enhanced collaboration and dialogue with suppliers regarding new low carbon tech, low carbon materials, low carbon designs and low emission technologies and techniques. • Ensure that there is demonstrable evidence of GRAHAM capability in delivering net zero schemes.				

Directors' Report (continued)

Impacts of climate-related risks and opportunities on GRAHAM business, strategy and financial planning

GRAHAM have adopted the position that we will focus on developing our resilience strategies to reduce our climate risk and on leveraging climate opportunities. Our business and financial strategies recognise that both transitional and physical climate risks have the potential to significantly elevate expenditure and create a need for increased capital costs. This includes additional expenditure for low carbon technologies, increased resources and enhanced reporting requirements. Similarly, we recognise that climate change issues create potential for disruption within our supply chain with knock-on effects relating to our ability to deliver work on time and within budget. However, we also recognise that the transition to a net zero economy provides many new market opportunities. We continue to diligently plan and prepare toward climate related risks and also to identify those new low carbon markets that may enhance revenue.

This section describes the resilience of GRAHAM strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

To assess the resilience of our business strategy, we have analysed how each of our climate related risks and opportunities behaves under distinct scenarios. Actions have been devised in response to each of the implications identified to ensure GRAHAM can be resilient under each scenario. In this way we have captured a range of potential climate outcomes to allow us to prepare for future challenges associated with conducting our business against the backdrop of the climate crisis.

Both current and long-term exposure of GRAHAM to climate change has been assessed across several timescales – 2030, 2050 or 2100.

The data has been categorised according to different representative concentration pathways (RCP) and socio-economic pathways (SSP) scenarios as shown below.

Physical climate scenarios (based on the Representative Concentration Pathways)

Representative Concentration Pathways (RCP's) are the globally recognised scientific scenarios produced by the IPCC that link different emissions pathways to future atmospheric heating.

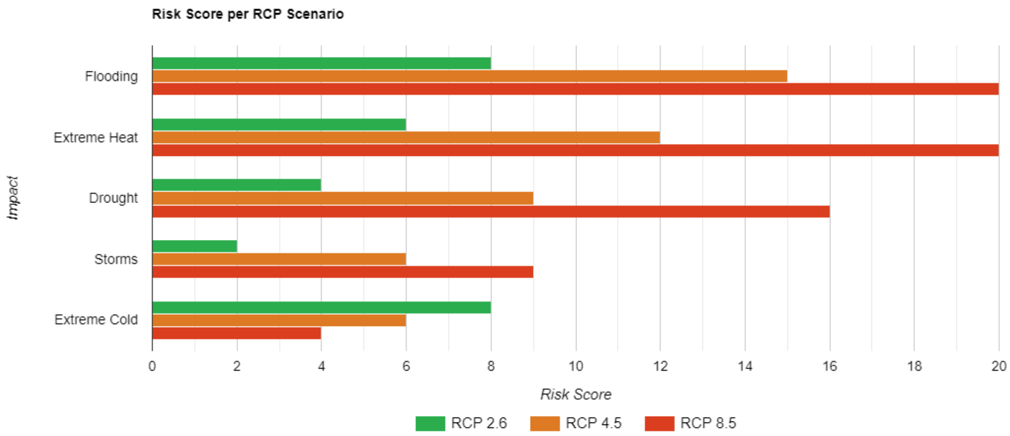
The RCPs used in this analysis are:

RCP 2.6	A scenario where global average temperatures increase by 0.3-1.7^{0}C
RCP 4.5	A scenario where global average temperatures increase by 1.1-2.6^{0}C
RCP 8.5	A scenario where global average temperatures increase by 2.6-4.8^{0}C

Directors' Report (continued)

Using the above listed representative concentration pathways (RCPs) across several timescales – 2030, 2050 or 2100, GRAHAM have attributed a risk score was to each impact based on potential severity and likelihood of occurrence.

Aggregate results of the analysis are illustrated below:



Transition Risk Climate Scenarios

Transition scenarios focus on plausible assumptions about the development of climate policies and climate-friendly technologies to limit GHG emissions. In this way, transition scenarios may have material consequences for GRAHAM in the short, medium and long term. The publicly available SSP scenarios have been used to provide a contextual starting point in developing GRAHAM specific transition scenarios. SSPs define narratives of future directions of societal and technological development, setting the societal backdrop for climate impacts and society's response.

The SSPs reviewed as part of this analysis are:

- SSP1 – (Low Challenges) – Sustainability
- SSP2 – (Intermediate Challenges) – Middle of the Road
- SSP3 – (High Challenges)
- SSP4 – Adaptation challenges dominate
- SSP5 – Mitigation challenges dominate

Directors' Report (continued)

Summary of SSP narratives

SSP1	Sustainability - Low challenges to mitigation and adaptation	The world shifts gradually toward a more sustainable path, emphasizing development that respects sustainable development. Management of the global issues such as education and health slowly improves. The emphasis on economic growth shifts toward a broader emphasis on human well-being. Inequality is reduced both across and within countries. Consumption is oriented toward less use of virgin materials and lower resource and energy intensity.
SSP2	Middle of the Road - Medium challenges to mitigation and adaptation	The world follows a path in which social, economic, and technological trends do not shift markedly from historical patterns. Development and income growth proceeds unevenly. Global and national institutions work toward but make slow progress in achieving sustainable development goals. Environmental systems experience degradation, although there are some improvements and overall the intensity of resource and energy use declines. Global population growth is moderate. Income inequality persists or improves only slowly.
SSP3	Regional Rivalry – High challenges to mitigation and adaptation	Concerns about competitiveness and security, and regional conflicts push countries to increasingly focus on domestic issues. Policies shift over time to become increasingly oriented toward national and regional security issues. Countries focus on achieving energy and food security goals within their own regions at the expense of broader-based development. Investments in education and technological development decline. Economic development is slow, consumption is material-intensive, and inequalities persist or worsen over time. A low international priority for addressing environmental concerns leads to strong environmental degradation in some regions.
SSP4	Inequality – Low challenges to mitigation, high challenges to adaptation	Increasing disparities in economic opportunity and political power. Over time, a gap widens between an internationally-connected society that contributes to knowledge and a fragmented collection of lower-income, poorly educated societies that work in a labour intensive, low-tech economy. Conflict and unrest become increasingly common. Technology development is high in the high-tech economy and sectors. Investments in both carbon-intensive fuels like coal and unconventional oil, but also low-carbon energy sources. Environmental policies focus on local issues around middle and high income areas.

Directors' Report (continued)

Summary of SSP narratives (continued)

SSP5	Fossil-fuelled Development– High challenges to mitigation, low challenges to adaptation	Reduced public support for carbon taxation and taxes to finance green transformation of infrastructure, lead to continued demand for cheaper and more readily available fossil fuels. This world places increasing faith in competitive markets, innovation and participatory societies to produce rapid technological progress as the path to sustainable development. Global markets are increasingly integrated. There are also strong investments in health, education, and institutions to enhance human and social capital. Adoption of resource and energy intensive lifestyles around the world. All these factors lead to rapid growth of the global economy. Large-scale environmental degradation is initially masked using technological solutions. However, environmental tipping points are reached by the end of the century, ultimately leading to food shortages.

Acknowledging that SSPs do not explore conditions about the status of global and national climate policy, three addition scenarios have been outlined below. These scenarios have been developed by GRAHAM to help consider potential future outcomes with specific emphasis on technology development and regulation.

Scenario 1 – A co-ordinated low carbon transition: In this scenario, global temperatures are limited to below 2^0C. Governmental policies are dominated by low carbon, clean energy outcomes. There is vast market growth for low carbon solutions and products whilst there are high carbon taxes. Transitional challenges are high.

Scenario 2 – Business as usual: In this scenario, global temperatures rise by 4^0C. Governmental policies toward low carbon and clean energy outcomes grow and carbon taxes and regulations continue to be introduced. However, this scenario is characterised by a delayed influx of additional regulatory requirements. There is a steady market growth in low carbon solutions and products.

Scenario 3 – Repercussions of climate change: In this scenario, global temperatures rise by 8^0C. Transitional risks are initially very low but the delayed response leads to extreme/ significant policy requirements as the physical impacts of global elevated temperatures and extreme weather events plays out.

Directors' Report (continued)

Actions to improve resilience

With increasing risks being realised from climate and nature related challenges, actions have been put in place across GRAHAM Group to improve resilience. This includes:

- Maximising asset resilience through management of all sources of flood risk within site boundaries.
- Future proofing sites to withstand extreme weather and social risks associated with climate change.
- Key carbon targets distilled down from group level to regions, divisions and projects to ensure that carbon performance is measured against our Net Zero ambitions at all levels.

In taking into consideration the potential climate outcomes (as outlined within this report) and our actions to improve resilience, we are content that our current risk mitigation strategies make our business resilient to climate change. We will continue to prepare for future challenges associated with climate change and the transition to a net zero economy and will take into account new data and research as it becomes available. We will also continue to refine our identification, assessment and management of climate risks and opportunities to ensure they remain robust. We will also remain poised to harness climate related opportunities. These actions will be carried out through our governance structure, our ESG committee and our Risk Management Group.

Directors' Report (continued)

METRICS AND TARGETS

This section describes the targets used by GRAHAM to manage climate-related risks and to realise climate-related opportunities and of performance against those targets

GRAHAM is pursuing a long-term strategy to achieve net zero carbon across scope 1, 2 and 3 by 2040 (Ten years ahead of the Paris agreement).

In 2020 GRAHAM set out our strategic aspiration to be Net Zero by 2040 across scope 1, 2 and 3. Our aim was to establish a direction for our action on climate issues, recognising the need to play our part in delivering a lasting impact for the environment.

In the years since establishing our net zero ambitions, industry technical guidance has evolved and best practice in target setting has been enhanced and improved. In response to this, we have now sought to strengthen the credibility of our ambitions and earlier this year we submitted revised targets for validation to the "Science Based Targets Initiative" (SBTi). We hope to achieve SBTi validation later this year, ensuring that our ambitions align with the latest science necessary to meet the goals of the Paris Agreement.

Key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities

Metric	Unit
Absolute scope 1, scope 2 (Market based) and scope 3 emissions*	10,107TCO_2e
% reduction of scope 1 and 2 emissions from the base-year	29%
Emissions intensity*	8.9TCO_2e/ £1M
Construction Waste Intensity	22.4T/£1M
Waste diversion from landfill	99%
Renewable Energy use	75%
% of ULEVs in the Fleet	84%
**Partial scope 3 emissions as per SERC scope*	

In addition, the business is currently internally consulting on the introduction of the following metrics to enhance the assessment of climate-related risks and opportunities.

- Incorporation of climate related performance measures into remuneration policies.
- Internal carbon pricing – A monetary value on GHG emissions to guide decision-making processes in relation to climate change impacts, risks and opportunities.

Directors' Report (continued)

STREAMLINED ENERGY AND CARBON REPORT

Changes in emissions since previous year

FY23/24 was another year of good progress in emissions reduction. We reduced our scope 1 and 2 (market based) GHG emissions this year in absolute terms by 1,970tCO_2e which equates to a 19% reduction. Overall, this means that to date we have achieved a 29% reduction from our base year (FY21/22). We have also reduced our emissions intensity for scope 1, 2 and partial scope 3 emissions as follows:

Year	GHG Emissions Intensity
FY2023/24	9 tCO_2e/£1M
FY2022/23	11 tCO_2e/£1M
FY2021/22	14 tCO_2e/£1M

Assurance

For the last four years our carbon emissions data has been externally verified and has met the requirements of Achilles Carbon Reduce certification. Our FY23/24 emission data has been quantified and reported in line with the requirements of ISO 14064-1:2018 and will be audited in accordance with ISO 14064-3:2019 in July 2024.

Energy use

GRAHAM GROUP ENERGY USE

Energy Source	Quantity	Unit	Estimated data (%)	% of overall energy
Electricity[1]	5,245	MWh	<0.5%[4]	8%
Transport Fuel[2]	17,567	MWh	0	28%
Process Fuel[3]	40,962	MWh	0	64%
Total	**63,774**	**MWh**		

[1]Energy associated with the purchase of electricity
[2]Energy associated with transport fuel
[3]Energy associated with the combustion of fuel in equipment such as boilers, generators, and mobile plant
[4]Estimates made where invoices spanned date ranges outside the reporting period

Directors' Report (continued)

Quantification and reporting methodology

In order to calculate the required information, we have used:

- The 2019 UK Government environmental reporting guidance
- The GHG Reporting Protocol - Corporate Standard (revised edition)
- ISO 14064-1:2018 Specification with Guidance at the Organisational Level for Quantification and Reporting of GHG Emissions and Removals
- UK Government's GHG Conversion Factors for Company Reporting 2023

We have reported on all of the emission sources required under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018

Reporting boundary

The operational control boundary has been used to determine our energy use and associated greenhouse gas emissions.

Greenhouse gas emissions

GRAHAM GROUP SCOPE 1,2 AND PARTIAL SCOPE 3 EMISSIONS

		2023-2024		2022-2023	
Scope	**Energy Source**	**Quantity (tCO_2e)**	**Overall (%)**	**Quantity (tCO_2e)**	**Overall (%)**
Scope 1	Gas Oil	5,254	52.0%	7,330	60.4%
	Company Vans	2,185	21.6%	2,313	19.1%
	Company Cars	148	1.5%	222	1.8%
	Kerosene	331	3.3%	102	0.8%
	Natural Gas	21	0.2%	39	0.3%
	HVO	24	0.2%	28	0.2%
Scope 2	Purchased electricity (location based)	1,113	N/A	1,123	N/A
	*Purchased electricity (market based)	338	3.3%	238	2.0%
Scope 3	Business travel - Employee vehicles	1,698	16.8%	1,716	14.1%
	Business travel - Rental cars	107	1.1%	148	1.2%
Total	**Scope 1&2 - Location based**	9,077		11,157	
Total	**Scope 1 &2 - Market Based**	8,302		10,272	
Total	**Scope 1,2 & 3 - Location based**	10,882		13,021	
Total	**Scope 1,2 & 3 - Market based**	10,107		12,136	
	Intensity Ratio (Market based) (tCO_2e/£1M)	**8.9**		**11.1**	

**Optional for reporting under SECR*

Directors' Report (continued)

Energy efficiency action

In the period covered by the report GRAHAM completed numerous energy audits aligned to ESOS Phase 3 requirements. The recommendations and opportunities for improvement have been prepared within an action plan and this will be made publicly available later this year. In addition, some of some of the energy efficiency action taken within GRAHAM this year is outlined below.

Assurance/ management systems	• We enhanced and developed our carbon management system and achieved external verification to the PAS 2080 carbon management standard for buildings and infrastructure. • We met the requirements of Achilles Carbon Reduce certification having measured our greenhouse gas emissions in accordance with ISO 14064-1:2018 and having committed to managing and reducing our emissions in respect of the operational activities of our organisation. • We published an updated Carbon Reduction Plan to illustrate our carbon performance and set out details of our low carbon initiatives. • Business Unit carbon targets for key emission sources were set out, supported by provision of monthly carbon data. This assisted the leadership teams in reviewing progress against the targets set.
Transport and fleet	• We added our first fully electric vans to the GRAHAM fleet. • We worked with our fleet provider to accelerate our transition to low and zero carbon company cars. 84% of all company cars are now fully electric or plug-in hybrid (61% are fully electric).
Transitioning towards Zero Diesel Sites	• We powered our first site compound using a hydrogen generator and green hydrogen. • We undertook Energy Audits across our sites and offices in order to identify carbon hotspots and opportunities for improvement. • We set out embodied carbon targets for concrete and mapped GRAHAM procured concrete against LCCG ratings. • We developed a GRAHAM chatbot to enhance staff access to sustainability and energy efficiency information. • We worked with our energy management consultancy to procure new electricity connections for sites and offices. In the period covered by the report, we purchased 3,884 MWh of renewable energy, backed by Renewable Energy Guarantees of Origin (REGO's). • We distributed machine idling data to all sites, incentivising "switch off". • We continued to invest in new technologies in order to gain understanding of the advantages, benefits and potential barriers to low or zero carbon technologies and alternative sources of energy.
Supply Chain	• We continued to work with our supply chain to embed into our operations best practice in energy efficiency and low carbon construction techniques. This included collaborating with our suppliers to improve data collection processes and supply chain reporting on carbon. We also held numerous workshops with suppliers to discuss ways of reducing carbon.
Communication, education and awareness	• We rolled out a new Environmental Sustainability Learning Pathway for our supply chain. • We continued to train our people in carbon Literacy Training for Construction in order to give them the support and training they need to help us achieve our net zero ambitions. • We continued to run net zero working groups to provide support and to deliver against specific objectives. The working groups assist in building case study evidence and focus our activities on areas where we can make the most substantial reductions.

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 is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

In accordance with s485 of the Companies Act 2006 a resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

Andrew Bill
Director
25th of June 2024

Directors Responsibilities Statement

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

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

- select suitable accounting policies for the financial statements and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- 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 Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, and directors' report, that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Independent auditor's report

to the members of John Graham Holdings Limited

Opinion

We have audited the financial statements of John Graham Holdings Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 March 2024 which comprise the Group Profit and Loss Account, the group Statement of comprehensive income, the group and parent company Balance Sheet, the group and parent Statement of changes in equity, group Statement of cash flows and the related notes 1 to 32, 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 March 2024 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period to 30 June 2025.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Independent auditor's report (continued)

to the members of John Graham Holdings Limited

Other information

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

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

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

Independent auditor's report (continued)

to the members of John Graham Holdings Limited

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Independent auditor's report (continued)

to the members of John Graham Holdings Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are Companies Act 2006, the reporting framework FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', Bribery Act 2010, Money Laundering Regulations and UK Tax Legislation
- We understood how John Grahams Holdings Limited is complying with those frameworks by making enquiries of senior management, those charged with governance and those responsible for legal and compliance procedures. We corroborated our enquiries through review of the following documentation or performance of the following procedures;
    - obtaining an understanding of entity-level controls and considering the influence of the control environment;
    - obtaining an understanding of policies and procedures in place regarding compliance with laws and regulations, including how compliance with such policies is monitored and enforced; obtaining an understanding of management's process for identifying and responding to fraud risks, including programs and controls established to address risks identified, or otherwise prevent, deter and detect fraud, and how senior management monitors those programs and controls;
    - review of board meeting minutes in the year and to date of signing;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by discussion within the audit team which included
    - identification of related parties, including circumstances related to the existence of a related party with dominant influence;
    - understanding the company's business and entity-level controls and considering the influence of the control environment; and
    - considering the nature of the account and our assessment of inherent risk for relevant assertions of significant accounts.
- Based on this understanding we designed our audit procedures to Identify noncompliance with such laws and regulations. Our procedures involved testing of journal entries, with focus on manual journals, large or unusual transactions, or journals meeting our defined risk criteria based on our understanding of the business; reviewing accounting estimates for evidence of management bias; enquiring of members of senior management and those charged with governance regarding their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements; and inspecting correspondence, if any, with the relevant licensing or regulatory authorities.

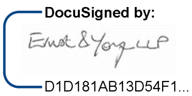
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report (continued)

to the members of John Graham Holdings Limited

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.



Michael Kidd
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast
26th of June 2024

Group Profit and Loss Account

for the year ended 31 March 2024

	Notes	*2024* *£000*	*2023* *£000*
Turnover			
Group and share of joint ventures' turnover		1,124,651	1,093,696
Cost of sales		(1,062,559)	(1,034,182)
Gross Profit		62,092	59,514
Administrative expenses		(51,913)	(46,090)
Other operating income	3(b)	884	815
Group operating profit	3(a)	11,063	14,239
Interest receivable and similar income	7	3,972	1,061
Interest payable and similar charges	6	(264)	(188)
Profit before taxation		14,771	15,112
Taxation	8	(3,486)	(2,560)
Profit for the financial year		11,285	12,552

Group Statement of Comprehensive Income

for the year ended 31 March 2024

	Notes	2024 £000	2023 £000
Profit for the financial year		11,285	12,552
Net actuarial (loss)/gain recognised in respect of pension scheme	27(d)	(3,618)	(667)
Deferred tax liability on net actuarial (loss)/gain		904	(156)
Currency adjustments on retranslation of foreign subsidiaries		(176)	220
Total comprehensive income relating to the year		8,395	11,949

Group Balance Sheet

at 31 March 2024

	Notes	2024 £000	2023 £000
Fixed assets			
Intangible assets	11	1,364	1,704
Tangible fixed assets	12	16,405	15,598
		17,769	17,302
Current assets			
Stocks	14	3,397	1,074
Debtors: amounts receivable in less than one year	15	224,719	249,239
		228,116	250,313
Cash at bank and in hand	16	150,843	177,116
		378,959	427,429
Creditors: amounts falling due within one year	17	(307,640)	(360,628)
Net current assets		71,319	66,801
Total assets less current liabilities		89,088	84,103
Creditors: amounts falling due after more than one year	18	(3,498)	(3,610)
Deferred income	23	(335)	(401)
Deferred tax	22	(1,493)	(1,909)
Provisions for liabilities	21	(1,030)	(1,235)
Net Assets excluding pension asset		82,732	76,948
Pension scheme asset	27	1,993	5,657
Net Assets including pension asset		84,725	82,605
Capital and reserves			
Called up share capital	25	50	50
Revaluation reserve		925	925
Capital redemption reserve		50	50
Profit and loss account		83,700	81,580
Shareholders' funds		84,725	82,605

The financial statements were approved and authorised for issue by the board of directors and were signed on their behalf on the 25th of June 2024.

Courtney McCormick
Director

Company Balance Sheet

at 31 March 2024

	Notes	2024 £000	2023 £000
Fixed assets			
Investments	13	44,184	44,184
Current assets			
Debtors	15	1	111
Cash at bank and in hand		111	–
Total current assets		112	111
Creditors	17	(1)	–
Net current assets		111	111
Total assets less current liabilities		44,295	44,925
Net assets		44,295	44,925
Capital and reserves			
Called up share capital	25	50	50
Merger reserve		35,945	35,945
Capital redemption		5	5
Profit and loss account		8,295	8,295
Shareholders' funds		44,295	44,925

No Profit and Loss account is presented for John Graham Holdings Limited as permitted by section 408 of the Companies Act 2006.

The financial statements were approved and authorised for issue by the board of directors and were signed on their behalf on the 25th of June 2024.

Andrew Bill
Director

Group Statement of Changes in Equity

for the year ended 31 March 2024

	Called up Share Capital £000	*Revaluation Reserve £000*	*Capital Redemption Reserve £000*	*Profit and Loss Account £000*	*Total Equity £000*
At 1 April 2023	50	925	50	81,580	82,605
Comprehensive income for the year					
Profit for the year	–	–	–	11,285	11,285
Net actuarial (loss)/gain	–	–	–	(3,618)	(3,618)
Deferred tax on actuarial (loss)/gain	–	–	–	904	904
Retranslation of foreign subsidiary	–	–	–	(176)	(176)
Total comprehensive income for the year	50	925	50	89,975	91,000
Transactions with owners					
Dividends paid	–	–	–	(6,275)	(6,275)
At 31 March 2024	50	925	50	83,700	84,725

Called up share capital
Share capital represents the nominal value of shares that have been issued.

Revaluation reserve
Revaluation reserve represents the surplus arising on the revaluation of assets held by the group.

Capital redemption reserve
Capital redemption reserve represents the nominal value of share capital cancelled arising from the redemption of shares.

Profit and loss account
Profit and loss account includes all current year and prior period retained profits and losses net of dividends paid.

Group Statement of Changes in Equity

for the year ended 31 March 2023

	Called up Share Capital £000	*Revaluation Reserve £000*	*Capital Redemption Reserve £000*	*Profit and Loss Account £000*	*Total Equity £000*
At 1 April 2022	55	925	45	84,717	85,742
Comprehensive income for the year					
Profit for the year	–	–	–	12,552	12,552
Net actuarial (loss)/gain	–	–	–	(667)	(667)
Deferred tax on actuarial (loss)/gain	–	–	–	(156)	(156)
Retranslation of foreign subsidiary	–	–	–	220	220
Total comprehensive income for the year	55	925	45	96,666	97,691
Transactions with owners					
Transfer of share capital	(5)	–	5	(7,430)	(7,430)
Dividends paid	–	–	–	(7,656)	(7,656)
At 31 March 2023	50	925	50	81,580	82,605

Called up share capital
Share capital represents the nominal value of shares that have been issued.

Revaluation reserve
Revaluation reserve represents the surplus arising on the revaluation of assets held by the group.

Capital redemption reserve
Capital redemption reserve represents the nominal value of share capital cancelled arising from the redemption of shares.

Profit and loss account
Profit and loss account includes all current year and prior period retained profits and losses net of dividends paid.

Company Statement of Changes in Equity

for the year ended 31 March 2024

	Called up Share Capital	*Merger Reserve*	*Capital Redemption*	*Profit and Loss Account*	*Total Equity*
	£000	*£000*	*£000*	*£000*	*£000*
At 1 April 2023	50	35,945	5	8,295	44,295
Comprehensive income for the year					
Profit for the year	-	-	-	6,275	6,275
Total comprehensive income for the year	50	35,945	5	14,570	50,570
Transactions with owners					
Dividends paid				(6,275)	(6,275)
At 31 March 2024	50	35,945	5	8,295	44,295

Called up share capital
Share capital represents the nominal value of shares that have been issued.

Merger reserve
Merger reserve represents the difference between the nominal value of shares issued and the related consideration.

Profit and loss account
Profit and loss account includes all current year and prior period retained profits and losses net of dividends paid.

Company Statement of Changes in Equity

for the year ended 31 March 2023

	Called up Share Capital	*Merger Reserve*	*Capital Redemption*	*Profit and Loss Account*	*Total Equity*
	£000	*£000*	*£000*	*£000*	*£000*
At 1 April 2022	55	35,945	-	8,295	44,295
Comprehensive income for the year					
Profit for the year	-	-	-	15,086	15,086
Total comprehensive income for the year	55	35,945	-	23,381	59,381
Transactions with owners					
Transfer of Share Capital	(5)	-	5	(7,430)	(7,430)
Dividends paid	-	-	-	(7,656)	(7,656)
At 31 March 2023	50	35,945	5	8,295	44,295

Called up share capital
Share capital represents the nominal value of shares that have been issued.

Merger reserve
Merger reserve represents the difference between the nominal value of shares issued and the related consideration.

Profit and loss account
Profit and loss account includes all current year and prior period retained profits and losses net of dividends paid.

Group Statement of Cash Flows

for the year ended 31 March 2024

	Note	2024 £000	2023 £000
Net cash inflow from operating activities	26(a)	(19,787)	67,667
Investing activities			
Interest received		3,972	1,061
Receipts from sale of fixed assets		609	583
Payments to acquire tangible and intangible fixed assets		(3,462)	(2,965)
		1,119	(1,321)
Financing activities			
Interest element of finance lease payments		(66)	(54)
Interest paid		(198)	(134)
		(264)	(188)
Equity dividends paid		(6,275)	(7,656)
Net movement on loans		(347)	(361)
Share buyback		–	(7,430)
Capital element of hire purchase rental		(604)	(897)
Net cash flow from financing activities		(7,490)	(16,532)
Net cash from operating activities and before use of liquid resources		(26,158)	49,814
Effect of exchange rates on cash and cash equivalents		(115)	220
Cash and Cash equivalents at 01 April 2023		177,116	127,082
Cash and Cash equivalents at 31 March 2024		150,843	177,116

Notes to the Financial Statements

at 31 March 2024

1. Accounting policies

Going concern

The company is in a strong financial position, with net current assets of £71m. There are also significant opportunities for growth in the future and as a result of these factors the directors have concluded that it is appropriate to prepare accounts on a going concern basis.

After making enquiries and carrying out a review of projected funding over the next 12 months until June 2025, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The directors have considered the effect of the high inflationary pressures in the short and medium term on the company, and as part of the budgeting and forecasting cycle of the business, long-range financial statement, and corresponding cashflow, forecasts have been prepared and reviewed. The forecasts have been sensitised to consider plausible downside scenarios as a result of any major event that would lead to a reduction in revenues. From this exercise it has been established that the company is expected to generate profits and cash reserves in the year ending 31 March 2025 and beyond and that the company has sufficient cash and liquidity headroom to enable it to meet its obligations as they fall due for the period to 30 June 2025. Accordingly, the directors continue to adopt the going concern basis in preparing the annual Director's report and financial statements.

Statement of compliance

John Graham Holdings Limited is a private company limited by shares incorporated in Northern Ireland. The registered office is 5 Ballygowan Road, Hillsborough, Co. Down, BT26 6HX. These financial statements have been prepared in compliance with FRS 102, "The Financial Reporting Standard applicable in the UK and the Republic of Ireland" as it applies to the financial statements of the group for the year ended 31 March 2024.

Basis of preparation

The financial statements were authorised for issue by the Directors on the 25th of June 2024.
The financial statements are prepared on the going concern basis under the historical cost convention, and in accordance with applicable accounting standards. The principal accounting policies are set out below.

The financial statements are prepared in sterling which is the functional currency of the Group and rounded to the nearest £'000.

Notes to the Financial Statements (continued)

at 31 March 2024

1. Accounting policies (continued)

Group financial statement

The Group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2024. No Profit and Loss account is presented for John Graham Holdings Limited as permitted by section 408 of the Companies Act 2006.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities.

In the parent company financial statements investments in subsidiaries, joint venture and associates are accounted for at cost less impairment.

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 equity method.

Notes to the Financial Statements (continued)

at 31 March 2024

1. Accounting policies (continued)

Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities and the amounts reported for revenues and expenses during the year that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Carrying value of properties

The Group owns sites for which future development is anticipated. The net realisable value of these sites, carried in stock, is estimated based on the expected future cash flows of developing the site in line with current appraisals.

Performance of long-term contracts

Recognised amounts of contract revenues and related receivables reflect the directors' best estimates of contracts outcome and stage of completion. This includes the assessment of the profitability of the contracts. The organisation draws on the expertise of qualified personnel to undertake such estimates and to apply appropriate levels of scrutiny to ensure the required level of accuracy and governance over this class of asset, in order to limit concern over the recoverability of these balances. Costs to complete and contract profitability are subject to significant estimation uncertainty.

Notes to the Financial Statements (continued)

at 31 March 2024

1. Accounting policies (continued)

Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Defined benefit Pension Scheme Valuation

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details are given in note 27.

Intangible assets

Intangible fixed assets are stated at cost less accumulated amortisation and accumulated impairment. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Intangible fixed assets (including purchased goodwill) are amortised at rates calculated to write off the assets on a straight basis over their estimated useful economic lives.

The rate at present in use is as follows:

Purchased goodwill	20% straight line
Goodwill on consolidation	5% straight line
Computer Software	33⅓% straight line

Notes to the Financial Statements (continued)

at 31 March 2024

1. Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation of fixed assets is provided on a basis calculated to write off the cost of the assets, less estimated residual value over their estimated useful lives. Judgements are made on the estimated useful life of the assets which are regularly reviewed to reflect the changing environment.

The rates at present in use are as follows:

Leasehold improvements	–	over the period of the lease
Buildings	–	10-25 years
Plant and machinery	–	10% to 33⅓% straight-line
Office equipment and computer equipment	–	10% to 33⅓% straight-line

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

Equity investments are recognised initially at fair value which is normally the transaction price.

Subsequently, they are measured at fair value through profit or loss.

Turnover

Turnover is the amount derived from the provision of goods and services falling within the Group's ordinary activities after deduction of value added tax. In the case of long term contracts, turnover is calculated by reference to the value of work performed to date as a proportion of the total contract value together with attributable profit. Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the Profit and Loss account turnover and related costs as contract activity progresses. Revenue also represents the value of services performed in operating PFI contracts during the year, exclusive of VAT.

Notes to the Financial Statements (continued)

at 31 March 2024

1. Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value.

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

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:

- 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.

- Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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.

Notes to the Financial Statements (continued)

at 31 March 2024

1. Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the Balance Sheet date. All differences are taken to the Profit and Loss account.

The assets and liabilities of the foreign subsidiaries are translated at the rate of exchange ruling at the balance sheet date. Income and expenses are translated at the average rates of exchange during the period. The exchange difference arising on the retranslation of opening net assets are reported in the other comprehensive income.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Group, and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over the shorter of the lease term and the assets useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the Balance Sheet.

The interest elements of the rental obligations are charged in the Profit and Loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Operating Leases

Operating lease rentals are charged to the Profit and Loss account in equal annual amounts over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

Notes to the Financial Statements (continued)

at 31 March 2024

1. Accounting policies (continued)

Long-term contracts

Long-term contract balances in stock are stated at net cost, less foreseeable losses and payments on account. The excess of recorded turnover over payments on account for the same contracts are included in debtors as amounts recoverable on contracts. The excess of payments on account over both turnover and long term contract balances is reflected in creditors as payments on account.

Pensions

The Group operates two defined benefit pension schemes, both of which require contributions to be made to separately administered funds. The John Graham (Dromore) Limited Pension and Life Assurance Scheme became a closed scheme in 1999 from which time membership of a defined contribution plan is available.

The cost of providing benefits under the defined benefit plan is determined using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occurs, the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the Profit and Loss account. Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction.

The interest element of the defined benefit cost represents the change in present value of scheme obligations relating from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year.

Notes to the Financial Statements (continued)

at 31 March 2024

1. Accounting policies (continued)

Pensions (continued)

The difference between the expected return on plan assets and the interest cost is recognised in the Profit and Loss account as other finance income or expense.

Actuarial gains and losses are recognised in full in Other Comprehensive Income in the period in which they occur.

The defined benefit pension asset or liability in the Balance Sheet comprises the total of the present value of the defined benefit obligation, less any past service cost not yet recognised and less the fair-value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Retirement benefits to employees in the Company are also provided by a defined contribution pension scheme, whereby the assets of the scheme are held separately from those of the Company in an independently administered fund.

Contributions to defined contribution schemes are recognised in the Profit and Loss account in the period in which they become payable.

Jointly controlled operations

The Group has certain contractual arrangements with other participants to engage in joint activities that do not create an entity carrying on a trade or business of its own. The Company includes its share of the assets and liabilities in such joint arrangements measured in accordance with the terms of each arrangement, which is pro-rata to the Group’s interest in the joint arrangement.

Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date. When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Notes to the Financial Statements (continued)

at 31 March 2024

1. Accounting policies (continued)

Goodwill

Positive Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed five years.

Negative goodwill arising on acquisitions is recognised on the balance sheet and amortised on a straight-line basis over its useful economic life up of 20 years.

Provisions for liabilities

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event; it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the balance sheet and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in the profit and loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised in finance costs in the profit and loss in the period it arises.

Provisions for the expected costs of maintenance under PFI project agreements are charged against profits each year in order to build up the costs of the contracted repairs. The effect of the time value of money is not material and therefore the provisions are not discounted.

Notes to the Financial Statements (continued)

at 31 March 2024

1. Accounting policies (continued)

Financial Instruments

The Group enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, and loans to related parties.

Dividends

Final dividends are recorded in the period which shareholders' approval is obtained. Interim dividends are recorded in the period in which they are paid.

Capitalisation of interest

Interest on borrowings to finance the construction of properties held as tangible fixed assets is capitalised. Interest is capitalised from the date work starts on the property to the date when substantially all the activities that are necessary to get the property ready for use are complete. Where construction is completed in parts, each part is considered separately when capitalising interest.

Interest is capitalised before any allowances for tax relief.

Finance costs

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Notes to the Financial Statements (continued)

at 31 March 2024

2. Turnover

Turnover represents the amount derived from the provision of goods and services falling within the Group's ordinary activities after deduction of value added tax. The Group operates in four principal areas of activity, that of construction, facilities management, investment projects, and property and land development.

The Group operates within two geographical markets, the United Kingdom and the Republic of Ireland. Group turnover within the Republic of Ireland for the year ended 31 March 2024 amounted to £11.1m (2023 – £13.1m).

It is the opinion of the Directors that disclosure of the areas of the turnover would be seriously prejudicial to the interests of the company, therefore it has not been disclosed.

3. Group operating Profit

(a) This is stated after charging:

	2024 *£000*	*2023* *£000*
Auditor's remuneration:		
Fees payable to the company's auditor for the audit of the company's annual financial statements	9	9
Fees payable to the company's auditor and its associates for other services:		
– The audit of the company's subsidiaries, pursuant to legislation	140	115
Fees in respect of the Graham Asset Management Limited pension scheme:		
– Audit	5	5
Depreciation of owned fixed assets	2,880	2,905
Depreciation of assets held under finance leases and hire purchase contracts	481	406
Operating leases – land and buildings	642	794
Other operating leases	1,991	1,310
Rental income, net of outgoings (note 3(b))	(26)	(26)
Amortisation of intangible assets	464	479
Other operating income (note 3(b))	884	815
Profit on sale of fixed assets	(537)	(464)

Notes to the Financial Statements (continued)

at 31 March 2024

3. Group operating Income (continued)

(b) Other operating Income

	2024 £000	2023 £000
Rental Income	26	26
Training Grants receivable	305	250
Dividends receivable	–	5
Research and Development expenditure credit	553	534
Total Other operating income	884	815

4. Directors' remuneration

	2024 £000	2023 £000
Remuneration	1,402	2,090
Company contributions to money purchase pension scheme	18	17
Amounts paid to third parties for services as directors	48	48
	1,468	2,155

The number of directors who:	*No.*	*No.*
Are members of defined benefit pension scheme	4	4
Are members of a defined contribution scheme	5	5

Notes to the Financial Statements (continued)

at 31 March 2024

4. Directors' remuneration (continued)

	2024	*2023*
	£000	*£000*
Amounts attributable to the highest paid director:		
Remuneration for service as executive	608	667

5. Staff costs

	2024	*2023*
	£000	*£000*
Wages and salaries	119,853	113,267
Social security costs	13,115	12,999
Pension contribution	12,113	11,118
	145,081	137,384

The average monthly number of persons employed by the Group (including directors) during the year was as follows:

	2024	*2023*
Administrative	840	833
Operational	1,512	1,509
	2,352	2,342

6. Interest payable and similar charges

	2024	2023
	£000	£000
Bank loans and overdrafts	197	131
Finance charges under finance leases and hire purchase contacts	67	57
	264	188

Notes to the Financial Statements (continued)

at 31 March 2024

7. Interest receivable and similar income

	2024 *£000*	*2023* *£000*
Bank interest	3,708	887
Expected return on pension scheme assets (note 27)	929	691
Interest on pension scheme liability (note 27)	(665)	(517)
	3,972	1,061

8. Tax

(a) Tax on profit

The tax charge is made up as follows:

	2024	*2023* *£000*
Current tax:		
UK corporation tax on profit for the year	2,811	2,315
Adjustments in respect of previous years	44	73
ROI adjustments in respect of prior years	(2)	–
Foreign (Republic of Ireland) tax on profit of the current year	144	(1)
Total current tax	2,997	2,387
Deferred tax:		
Origination and reversal of timing differences	677	595
Effect of rate changes	–	(5)
Adjustment in respect of previous years	(188)	(417)
Total deferred tax	489	173
Tax on profit (note 8(b))	3,486	2,560

Notes to the Financial Statements (continued)

at 31 March 2024

8. Tax (continued)

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

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 25% (2023 – 19%). The differences are explained below:

	2024 *£000*	*2023* *£000*
Group profit before tax	14,771	15,112
Profit multiplied by standard rate of corporation tax in the UK of 25% (2023 – 19%)	3,693	2,871
Effects of:		
Expenses not deductible net of income not chargeable for tax purposes	51	72
Income not taxable	–	(3)
Fixed assets differences	33	–
Goodwill amortisation	(1)	(1)
Capital allowance superdeduction	–	(176)
Lower rates on overseas earnings	(143)	–
Impact of rate changes	–	141
ROI adjustments in respect of prior years	(2)	–
Adjustments in respect of previous periods	(145)	(344)
Total tax for the year (note 8(a))	3,486	2,560

Notes to the Financial Statements (continued)

at 31 March 2024

8. Tax (continued)

(b) Factors affecting the current tax charge for the year (continued)

The Group and its subsidiaries are based predominantly in the UK and are subject to UK corporation tax. They do not have an aggressive tax policy and have not entered into any tax avoidance schemes that were or should have been notified under the Disclosure of Tax Avoidance Scheme ("DOTAS") rules. The Group abides by tax law and practice in all the jurisdictions in which it operates; the Board believe that it is equally important to comply with the spirit as well as the letter of the law.

The Group tax charge of £3.5m (2023: £2.6m) equates to an effective tax rate of 23.6% (2023: 16.9%) on profit. This effective tax rate is different from the standard rate of corporation tax of 25% (2023: 19%) due to items shown in the tax within note 8(b). The net tax credit of £0.1m (2023: £0.3m) in respect of prior years' results arise from difference between the estimates of taxation included in the previous year's financial statements and the actual tax liabilities calculated in the tax returns submitted to HMRC.

(c) Deferred tax

	2024	*2023*
	£000	*£000*
Decelerated capital allowances	1,343	789
Deferred tax arising in relation to retirement benefit obligations	499	1,414
Tax losses available	(15)	(14)
Other timing differences	(334)	(280)
Deferred tax liability	1,493	1,909

Group	*£000*
At 1 April 2023	1,909
Charged to Profit and Loss Account	488
Charged to OCI - other timing differences	(904)
At 31 March 2024	1,493

Notes to the Financial Statements (continued)

at 31 March 2024

8. Tax (continued)

(d) Factors that may affect future tax charges

As a result of the Organisation for Economic Co-operation and Development's (OECD) Anti-Base Erosion Shifting project issuing Pillar Two Model Rules, many jurisdictions have enacted legislation and adopted policies introducing a new global minimum tax of 15%.

Amendments to IAS 12 "Income Taxes", due to the introduction of the Pillar Two Model Rules, made by the IASB in May 2023, introduced a mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules and disclosure requirements for affected entities. As a consequence, no deferred tax assets or liabilities related to top-up income taxes are recognised in the Consolidated Financial Statements as at 31 March 2024.

Considering the Group does not have material operations in jurisdictions with tax rates lower that the Pillar Two 15% minimum, the enactment of Pillar Two legislation in the UK and in the other jurisdiction that the Group operates in, together with the adoption of this amendment, are not expected to significantly impact the Group's consolidated financial statements nor materially change our global tax costs.

(e) The company is a close company for tax purposes.

9. Profit attributable to members of parent undertaking

The Parent undertaking’s Profit after tax for the financial year amounted to £11.3m (2023 – profit of £12.55m).

Notes to the Financial Statements (continued)

at 31 March 2024

10. Dividends

	2024	*2023*
	£000	*£000*
Equity dividends on ordinary shares:		
1st interim dividend for 2024 – £45.50 per share (2023 – £66.47 per share)	2,161	3,473
2nd interim dividend for 2024 – £40 per share (2023 – £36.36 per share)	1,900	1,900
Final dividend for 2024 – £40 per share (2023 – £40 per share)	1,900	1,900
Equity dividends on 'A' ordinary shares:		
1st interim dividend for 2024 – £2.28 per share (2023 – £3.32 per share)	114	183
2nd interim dividend for 2024 – £2 per share (2023 – £1.82 per share)	100	100
Final dividend for 2024 – £2 per share (2023 – £2 per share)	100	100
	6,275	7,656

11. Intangible fixed assets

Group	*Computer Software £000*	*Purchased goodwill £000*	*Goodwill on consolidation £000*	*Total £000*
Cost:				
At 1 April 2023	5,855	85	(100)	5,840
Additions	124	–	–	124
Disposals	(30)	–	–	(30)
At 31 March 2024	5,949	85	(100)	5,934
Depreciation:				
At 1 April 2023	4,136	85	(85)	4,136
Disposals	(30)	–	–	(30)
Charge for the year	469	–	(5)	464
At 31 March 2024	4,575	85	(90)	4,570
Net book value:				
At 31 March 2024	1,374	–	(10)	1,364
At 1 April 2023	1,719	–	(15)	1,704

Notes to the Financial Statements (continued)

at 31 March 2024

12. Tangible fixed assets

Group	*Land and buildings £000*	*Plant and machinery £000*	*Office equipment and I.T. Equipment £000*	*Total £000*
Cost:				
At 1 April 2023	17,081	26,322	6,276	49,679
Additions	–	3,112	1,128	4,240
Disposals	(300)	(2,085)	(1,489)	(3,874)
At 31 March 2024	16,781	27,349	5,915	50,045
Depreciation:				
At 1 April 2023	8,208	20,752	5,121	34,081
Charge for the year	296	2,346	719	3,361
Disposals	(300)	(2,038)	(1,464)	(3,802)
At 31 March 2024	8,204	21,060	4,376	33,640
Net book value:				
At 31 March 2024	8,577	6,289	1,539	16,405
At 1 April 2023	8,873	5,570	1,155	15,598

Included within land and buildings is £143k (2023 – £143k) of capitalised interest. The net book value of fixed assets includes £2.2m (2023 – £1.8m) in respect of assets held under hire purchase contracts.

13. Investments

(a) *Company*	*2024 £000*	*2023 £000*
Subsidiaries	44,184	44,184

Company	*£000*
Shares in subsidiaries – cost and net book value:	
At 1 April 2023 and 31 March 2024	44,184

Notes to the Financial Statements (continued)

at 31 March 2024

13. Investments (continued)

Subsidiaries

At the balance sheet date, the Group have the following subsidiaries:

Subsidiary	***Principal activity***	***Country of registration***
John Graham Construction Limited[6]	Building and civil engineering works	Northern Ireland
John Graham Property Investments Limited[6]	Property management	Northern Ireland
John Graham Developments Limited[6]	Parent undertaking non-trading	Northern Ireland
Graham Asset Management Limited[6]	Facilities management services	Northern Ireland
Graham Investment Projects Limited[6]	Management of PFI investments	Northern Ireland
JGD (Lagan Mills) Limited[1 6]	Property development	Northern Ireland
JGD (Market Square) Limited[1 6]	Property development	Northern Ireland
JGD (Mossvale) Limited[1 6]	Property development	Northern Ireland
Graham Projects Limited[2 7]	Building and civil engineering works	Republic of Ireland
John Graham Construction (Healthcare) Limited[2 6]	Healthcare Projects	Northern Ireland
Irish Waterways Limited[2 6]	Dormant	Northern Ireland
Northwin Holdings (Belfast) Limited[2 6]	Parent undertaking non-trading	Northern Ireland
Graham Asset Management (Ireland) Limited[4 7]	Facilities management services	Republic of Ireland
GIP Management Services Limited[5 6]	Management of PFI investments	Northern Ireland
GGF Developments Limited[5 6]	Non-trading	Northern Ireland
Northwin Developments (Belfast) Limited[3 6]	Property development	Northern Ireland
Northwin (Balmoral and Wellington) Limited[5 6]	Provision of an educational facility under PFI	Northern Ireland
Moss Lane Developments Limited[1 6]	Property development	Northern Ireland
Corrie Mains Mauchline Limited[1 8]	Property development	Northern Ireland
Community Investment Projects Limited[6]	Management of PFI investments	Northern Ireland

[1] held by John Graham Developments Limited
[2] held by John Graham Construction Limited
[3] held by Northwin Holdings (Belfast) Limited
[4] held by Graham Asset Management Limited
[5] held by Graham Investment Projects Limited
[6] Registered Office: 5 Ballygowan Road, Hillsborough, Co. Down, BT26 6HX.
[7] Registered Office: 1 Northwood Court, Northwood, Santry, Dublin 9.
[8] Registered Office: 15 Atholl Crescent, Edinburgh, EH3 8HA.

Notes to the Financial Statements (continued)

at 31 March 2024

13. Investments (continued)

Joint Ventures

Group

Joint Venture	***Principal activity***	***Direct or indirect holding***	***Equity holding***
Kier Graham Defence Limited	Non - Trading	Indirect	50%[1]

[1] *held by John Graham Construction Limited*

The registered office for Kier Graham Defence Limited is 2nd Floor, Optimum House, Clippers Quay, Salford, England, M50 3XP.

The results for all joint ventures are to 31 March each year.

14. Stocks

Group

	2024	*2023*
	£000	*£000*
Raw materials and consumables	358	359
Development land stock	3,039	715
	3,397	1,074

Stocks recognised as an expense in the period were Nil (2023: Nil) for the group and Nil for the parent company (2023: Nil).

Notes to the Financial Statements (continued)

at 31 March 2024

15. Debtors

	Group		Company	
	2024	*2023*	*2024*	*2023*
	£000	*£000*	*£000*	*£000*
Amounts receivable in less than one year:				
Trade debtors	90,334	93,327	–	–
Amounts owed by group undertakings	–	–	1	111
Amounts recoverable on long term contracts	108,047	130,630	–	–
Other debtors	23	62	–	–
Corporation tax	190	785	–	–
VAT	51	62	–	–
Prepayments and accrued income	26,074	24,373	–	–
	224,719	249,239	1	111

Amounts owed by group undertakings are interest free and repayable on demand.

16. Cash at bank and in hand

A balance of £150m (2023 - £177m) is included within cash at bank and in hand.

A balance of £813,441 (2023 – £1,229,322) is included within cash at bank and in hand over which a fixed charge is held.

Included within the above balance of £813,441 are deposits totalling £550,000 (2023 – £957,176) in relation to payments in advance by a customer. These deposits are held in the relevant group undertakings name and can only be used subject to customer agreement.

Notes to the Financial Statements (continued)

at 31 March 2024

17. Creditors: amounts falling due within one year

		Group		*Company*
	2024	*2023*	*2024*	*2023*
	£000	*£000*	*£000*	*£000*
Bank loans and overdrafts (note 19)	312	358	–	–
Trade creditors	57,030	79,145	–	–
Amounts owed to group undertakings	–	–	1	
Accruals	179,144	211,093	–	–
Deferred Income	1,973	1,854	–	–
Corporation tax	–	–	–	–
VAT	17,139	26,055	–	–
Other creditors	5,600	5,277	–	–
Payments on account	45,795	36,306	–	–
Hire purchase and finance lease creditors (note 20)	647	540	–	–
	307,640	360,628	1	–

Amounts owed to group undertakings are interest free and repayable on demand.

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

Group	*2024*	*2023*
	£000	*£000*
Obligations under hire purchase contracts (note 20)	955	766
Bank loans (note 19)	2,543	2,844
	3,498	3,610

Notes to the Financial Statements (continued)

at 31 March 2024

19. Loans

Group	*2024*	*2023*
	£000	*£000*
Amounts payable:		
Within one year or on demand	312	358
In one to two years	332	374
In two to five years	1,137	1,222
Over five years	1,074	1,248
	2,855	3,202
Less: amounts due within one year or on demand	(312)	(358)
	2,543	2,844

Loans payable in more than five years

Interest on variable rate loans is charged at Danske Bank base rate plus 1% or EURIBOR plus 1%. Loans are repayable in monthly instalments.

Security

Bank borrowings are secured by way of fixed and floating charges over the assets of the group. Bank overdrafts are repayable on demand.

20. Obligations under finance leases and hire purchase contracts

	Plant and Machinery 2024	*Plant and Machinery 2023*
	£000	*£000*
Amounts payable:		
Within one year	647	540
In one to five years	955	766
	1,602	1,306

Notes to the Financial Statements (continued)

at 31 March 2024

21. Provisions for liabilities

Group	*Lifecycle provision*
	£000
At 1 April 2023	1,235
Movement in provision	378
Utilisation	(583)
At 31 March 2024	1,030

A provision is recognised for the costs incurred in relation to the contracted ongoing renewal requirements for PFI premises. The projected expenditure upon which this provision is based is reviewed annually.

22. Deferred tax

Group	*£000*
At 1 April 2023	1,909
Charged to Profit and Loss Account	488
Charged to OCI - other timing differences	(904)
At 31 March 2024 (note 8 (c))	1,493

23. Accruals and deferred income

Group	*£000*
At 1 April 2023	401
Release to profit and loss	(66)
At 31 March 2024	335

Notes to the Financial Statements (continued)

at 31 March 2024

24. Financial Instruments

	2024 £000	2023 £000
Financial assets		
Financial assets measured at fair value through profit or loss	150,843	177,116
Financial assets that are debt instruments measured at amortised cost	90,219	93,220
	241,062	270,336
Financial liabilities		
Financial liabilities that are debt instruments measured at amortised cost	61,486	83,363
	61,486	83,363

25. Issued share capital

Group and company		*2024*		*2023*
Allotted, called up and fully paid	*No.*	*£000*	*No.*	*£000*
Ordinary shares of £1 each	47,500	48	47,500	48
'A' ordinary shares of 5p each	50,005	2	50,005	2
		50		50

'A' ordinary shareholders receive 5% of the ordinary share dividend for each of their shares. In all other respects the shares rank 'pari passu'.

Notes to the Financial Statements (continued)

at 31 March 2024

26. Notes to the statement of cash flows

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

	2024	*2023*
	£000	*£000*
Operating Profit	11,064	14,239
Depreciation	3,359	3,311
Profit on sale of fixed assets	(537)	(464)
Amortisation of intangible assets	465	479
Decrease/(Increase) in stock	(2,323)	(38)
(Increase)/Decrease in debtors	23,784	2,678
Increase/(Decrease) in creditors	(53,079)	49,831
Deferred income movement	52	616
Movement in provisions	(205)	(392)
Foreign exchange	(13)	(9)
Difference between pension charge and cash contributions	46	(139)
Net cash inflow from operating activities	(17,387)	70,112
Taxation paid	(2,400)	(2,445)
Total	(19,787)	67,667

(b) Analysis of net funds

	At 1 April 2023	*Cash flow*	*Other non-cash changes*	*Exchange movement*	*At 31 March 2024*
	£000	*£000*	*£000*	*£000*	*£000*
Cash at bank and in hand	177,116	(26,158)	–	(115)	150,843
Hire purchase agreements	(1,306)	606	(902)	–	(1,602)
Short-term loans	(358)	46	–	–	(312)
Long-term loans	(2,844)	301	–	–	(2,543)
	172,608	(25,205)	(902)	(115)	146,386

Notes to the Financial Statements (continued)

at 31 March 2024

27. Pensions

The Group operates two defined benefit pension schemes, the John Graham (Dromore) Limited Pension and Life Assurance Scheme (which is a closed scheme) and the Graham Asset Management Limited Pension and Life Assurance Scheme. The assets of each scheme are held in a separate trustee-administered fund. The contributions to the schemes are determined with the advice of independent qualified actuaries on the basis of triennial valuations.

Actuarial valuation

John Graham (Dromore) Limited Pension and Life Assurance Scheme

The valuation used for FRS 102 purposes has been based on the most recent actuarial valuations at 5 April 2021 and has been updated by independent qualified actuaries to take account of the requirements of FRS 102 in order to assess the liabilities of the scheme at 31 March 2024; the present value of the defined benefit obligation was measured using the projected unit credit method. Scheme assets are stated at their market value at 31 March 2024. The principal assumptions used by the independent qualified actuaries in updating the latest valuation of the schemes for FRS 102 purposes were:

(a) Financial assumptions

		2024 *(% p.a.)*	*2023* *(% p.a.)*
Retail price inflation (RPI) assumption		3.05	3.05
Consumer price index (CPI) assumption		2.30	2.20
Rate of increases of pensions in payment:	prior to 6 April 1997	3.00	3.00
	after 5 April 1997	3.70	3.65
Discount rate for scheme liabilities		5.00	4.80

The valuation under FRS 102 at 31 March 2024 shows a net pension asset (before deferred tax) of £1,520k (2023 – £5,229k).

The John Graham (Dromore) Limited Pension and Life Assurance Scheme entered into a buy-in policy with Legal & General on the 5th of March 2024. The buy-in policy includes all current pensioner and deferred members of the scheme.

Notes to the Financial Statements (continued)

at 31 March 2024

27. Pensions (continued)

Graham Asset Management Limited Pension and Life Assurance Scheme

The valuation used for FRS 102 purposes has been based on the most recent actuarial valuations at 5 April 2019 and has been updated by independent qualified actuaries to take account of the requirements of FRS 102 in order to assess the liabilities of the scheme at 31 March 2024; the present value of the defined benefit obligation was measured using the projected unit credit method. Scheme assets are stated at their market value at 31 March 2024. The principal assumptions used by the independent qualified actuaries in updating the latest valuation of the schemes for FRS 102 purposes were:

	2024 (% p.a.)	*2023 (% p.a.)*
Rate of increase in salaries	4.05	4.05
Retail price inflation (RPI) assumption	3.05	3.05
Rate of increase of pensions in payment	2.85	2.90
Discount rate for scheme liabilities	4.85	4.85

The long-term expected return on bonds and cash is determined by reference to UK long dated government bond yields at the balance sheet date netted down for fund management charges. The long-term expected rate of return on equities is based on the net rate of return on UK long dated government bonds with an allowance for out performance.

The valuation under FRS 102 at 31 March 2024 shows a net pension surplus (before deferred tax) of £473k (2023 – net pension surplus of £428k).

(b) Scheme assets at fair value

	Value at 31 March 2024 £000	*Value at 31 March 2023 £000*
Equities	290	11,338
Corporate bonds	539	2,091
Gilts	643	6,294
Buy in policy	13,484	–
Cash and other	1,809	101
Total fair value of scheme assets	16,765	19,824
Present value of scheme liabilities	(14,772)	(14,167)
	1,993	5,657

Notes to the Financial Statements (continued)

at 31 March 2024

27. Pensions (continued)

(c) Analysis of the amounts recognised in the Profit and Loss account

Group	*2024* *£000*	*2023* *£000*
Current service cost	316	33
Administration costs	15	33
Net interest (credited) on pension scheme liability	(264)	(174)
Total cost recognised in the profit and loss	67	(108)

(d) Analysis of the amount recognised in the Statement of comprehensive income

Group	*2024* *£000*	*2023* *£000*
Actual return less expected return on pension scheme assets	(3,026)	(5,257)
Actuarial (loss)/gain arising on changes in demographic assumption	17	–
Experience gains and losses arising on the scheme liability	(1)	6
Changes in assumptions underlying the present value of the scheme liability	(608)	4,584
Actuarial (loss)/gain recognised in the statement of Comprehensive Income	(3,618)	(667)

(e) Changes in the present value of the defined benefit obligations

Group and Company	*2024* *£000*	*2023* *£000*
Opening defined benefit obligation	14,168	18,769
Past service cost		
Current service cost	15	33
Member contributions	2	3
Interest on liabilities	665	517
Benefits paid	(670)	(565)
Actuarial (gains)	592	(4,590)
Closing defined benefit obligation	14,772	14,167

The pension plans have not invested in any of the Group's own financial instruments nor in properties or other assets used by the Group.

Notes to the Financial Statements (continued)

at 31 March 2024

27. Pensions (continued)

(f) Changes in the fair value of scheme assets

Group and Company	*2024 £000*	*2023 £000*
Opening value of assets	19,825	24,955
Expected return on plan assets	929	691
Benefits paid	(670)	(565)
Member contributions	2	3
Employer contributions	21	31
Administration expenses	(316)	(33)
Actuarial (losses)	(3,026)	(5,257)
Value of assets	16,765	19,825

(g) Analysis of movement in surplus during the year

Group	*2024 £000*	*2023 £000*
Surplus in scheme at beginning of the year	5,657	6,185
Past service cost		
Current service cost	(316)	(33)
Contributions	21	31
Net interest income	264	174
Administration expenses	(15)	(33)
Actuarial (loss)/gain	(3,618)	(667)
Surplus in scheme at end of the year	1,993	5,657

Contributions to the Graham Asset Management Limited Pension and Life Assurance Scheme are payable at the rate of 38.4% of pensionable salaries. This amounted to £21k during the year ended 31 March 2024 (2023: £31k). Regular employer contributions during the year ended 31 March 2024 are estimated to be £21k (2023: £31k).

Contributions to the John Graham (Dromore) Limited Pension and Life Assurance Scheme were £Nil (2023: £ Nil) per month. Regular employer contributions during year ended 31 March 2024 are estimated to be £Nil (2023: £ Nil).

Notes to the Financial Statements (continued)

at 31 March 2024

27. Pensions (continued)

(h) Other pension arrangements in Graham Asset Management

In addition, as a result of a number of contracts and related TUPE arrangements the Company participates in a number of other defined benefit pensions schemes. The arrangements are such that the Company's liability is in effect limited to its contribution set out in the relevant contracts and hence these are accounted for as Defined Contribution schemes. The company made contributions of £1,548k to these schemes during the year and there were £190k contributions outstanding at the year end.

28. Other financial commitment

At 31 March 2024 the company had future minimum lease payments payable under non-cancellable operating leases as set out below:

	Property 2024 £000	*Office equipment 2024 £000*	*Motor vehicles 2024 £000*	*Property 2023 £000*	*Office equipment 2023 £000*	*Motor vehicles 2023 £000*
Operating leases:						
Within one year	757	54	1,411	744	124	754
In one to five years	699	10	2,272	952	60	1,384
Over five years						
	1,456	64	3,683	1,696	184	2,138

29. Contingent liabilities

Contingencies exist in respect of guarantees and undertakings of a trading nature including, for instance, obligations accepted in entering contract joint ventures and entering into guaranteed bonds. While the amount of any claim may be greater the directors have made appropriate provisions in assessing amounts recoverable. Appropriate provisions are made in assessing amounts recoverable on contracts when any liabilities are deemed to exist in relation to these guarantees and undertakings.

Notes to the Financial Statements (continued)

at 31 March 2024

30. Off-balance sheet arrangements

The group and parent company enters into operating lease arrangements for the hire of buildings and plant and equipment as these arrangements are a cost-efficient way of obtaining the short-term benefits of these assets. The group lease rental expense for the year is disclosed in Note 3 and the group and company commitments under these arrangements are disclosed in Note 28. There are no other material off-balance sheet arrangements.

31. Related party transactions

The Company has taken advantage of the exemption available under paragraph 33.1A of FRS 102, whereby it has not disclosed transaction with any wholly owned subsidiary undertakings of the group.

In the normal course of business, Graham Asset Management Limited provides facilities management and management services on an arms-length basis to Joint Ventures. The total services provided by the business to Joint Ventures amounted to £Nil (2023: £13k). Amounts due from the Joint Ventures at the year-end were £Nil (2023: £ Nil).

In the normal course of business, John Graham Construction Ltd provides construction services on an arms-length basis to Joint Ventures. The total services provided by the business to Joint Ventures amounted to £11,124k (2023: £17,482k). Amounts due to the Joint Ventures at the year-end were £6k (2023: £6k).

32. Ultimate parent undertaking and controlling party

There is no ultimate controlling party of the Company.