NG Bailey

NG Bailey Group Limited

Financial Statements

3 March 2023

Company registration 1490238

Working together for **positive impact**

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Making a *Responsible* IMPACT

Our ***'Net Positive' responsibility strategy*** is aligned to the UN's Sustainable Development Goals

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About **NG Bailey**

*We are the **UK's leading independent engineering** and **services business.***

Founded in 1921, our business has grown from a small electrical contractor to the award-winning, industry-leading group of companies we are today. We are family-owned with a great heritage. We are proud of the projects we've successfully delivered to our customers over the years.

Our vision is to create exceptional environments for present and future generations. We believe in bringing buildings and infrastructure to life and we know that the benefits of our work will be felt by generations to come. Many of our projects are contributing to the increasingly important decarbonisation agenda for the UK.

Working across a variety of sectors within the building and infrastructure industry, our innovative, responsible and forward-thinking approach allows us to work on fantastic ground-breaking projects, providing solutions using the latest tools and technologies.

We have offices, a manufacturing facility and sites located across the UK with over 3,000 employees.

University of York Energy Centre

Financially **strong**

With a **balanced pipeline of work** across **sustainable** and **resilient sectors**

Order book

£1.3bn

2022 £1.2bn

Net assets

£121.3m

2022 £146.6m

Cash & investments

£82.7m

2022 £79.1m

Debt

£nil

From 30 March 2023

Our **people**

*Inclusive culture through our **Fairness, Inclusion and Respect programme***

*Around **3,200** employees with consistently **high employee** engagement*

*Prioritise **mental health and wellbeing**, keeping our **people safe** and supporting them through the **cost-of-living crisis***

*Training apprentices since **1934***

Delivering **customer value**

Consistently ***positive customer feedback*** and ***high net promoter scores***

Engineering
- ***Operational** excellence* *(Mechanical & Electrical)*
- ***Offsite** manufacture*
- ***Sector** expertise*

Services
- ***Outstanding** technical expertise*
- ***End-to-end** proposition*
- ***Assured project** delivery*

Safety First **& Foremost**

Don't Walk By!

DON'T WALK BY!

Our 'Don't Walk By!' campaign has continued to support the safety and wellbeing of our people in the workplace

Reportable **RIDDOR incidents**

2023	6
2022	3
2021	9
2020	5
2019	7

Further information is available on **our Health and Safety pages** 22 and 23

RoSPA **awards**

2023 RoSPA Construction Engineering Sector Award Winner

2023 RoSPA President's Award

2023 RoSPA Gold Award

2023 RoSPA Gold Medal Award

ISO 45001 achieved across the ***Group***

Occupational health and safety management

bsi. ISO 45001 Occupational Health and Safety Management

Prestigious ***ISO 27001*** for ***IT Services***

Information security management

bsi. ISO/IEC 27001 Information Security Management

A ***responsible, family owned*** business

The family's **Guiding Principles** aim to capture the family's long-term aspirations for the business and are set out on page 52 to 53

A national business **with a local presence**

1. Aberdeen
2. Bellshill
3. Boldon
4. Barrow-in-Furness
5. Newton Aycliffe
6. Wakefield
7. Drighlington
8. Leeds*
9. Liversedge
10. Bradford
11. Sheffield
12. Manchester
13. Warrington
14. Deeside
15. Birmingham
16. Stowmarket
17. Hemel Hempstead
18. Chelmsford
19. Cardiff
20. London
21. Dartford
22. Reading
23. Bristol
24. Pembury
25. Exeter
26. Cambridge

*Leeds - Group registered office

Our **One Story**

Our One Story *articulates* ***our purpose****, brought to life through* ***our four pillars of excellence*** *and the* ***fundamental*** *ways in which we operate.*

Our Purpose

Together we create and maintain exceptional buildings and infrastructure to enable a society that connects seamlessly, operates efficiently and prospers now and in the future.

Brought to life through our four pillars of excellence

Our people strive to make a difference.

Our people stand out in our industry – skilled and professional, but also genuine, innovative and positive. We add value for our customers, we put the project first, have the expertise resources, the expertise and a relentless determination to deliver beyond expectation in every situation.

Passion

We put our customers at our core.

Our approach is rooted in our history as a business that builds strong client relationships forged on trust and operational excellence. We listen to our customers and work in partnership with them to deliver positive outcomes no matter how challenging or complex the project is.

Integrity

Together, we operate responsibly.

As a family-owned business, working responsibly means delivering value in a safe, secure and sustainable manner. Environmental and social priorities influence the way we do business and enable us to make a difference for our customers, our people and society – as we transform and maintain the places where we work, live and relax.

Responsibility

Our expertise is driven by innovation and ambition.

We have a reputation as problem solvers, applying our innovative spirit and ingenuity to solve the engineering and infrastructure challenges of our nation. Our outputs and solutions are hugely innovative yet practical and our clients trust and expect us to deliver consistently to the highest standard.

Excellence

Supported by our values and engrained in our values statement.

Together, for positive impact.

Delivered through | **A total built environment offering**

Engineering ***Services*** *Freedom* *Facilities Services* *IT Services*

Strategic **Report**

◀ *Luton DART*

▲ *Golden Jubilee Eye Hospital*

Business review

2022/23 was a challenging year as significant inflationary pressures, the lingering effects of the pandemic and political uncertainty fuelled some of the toughest market conditions the Group has faced in its long history. Despite this, the Group is well placed with a balanced portfolio of strategic opportunities in recession resilient sectors providing a clear route to pre-pandemic levels of trading and beyond.

The Group's balance sheet strength is a key differentiator as customers look for stability across their supply chains over project lifetimes. Looking to the future, our high-quality order book remains healthy, increasing to £1.3bn (2022: £1.2bn) with a growing pipeline of work in recession-proof markets that have high barriers to entry, including defence, nuclear, healthcare, custodial and rail. We have strong and growing credentials in the energy and decarbonisation sectors and are playing a key role in the UK's transition to a low carbon economy.

Our prospects are testament to our people, who have maintained their dedication and hard work during the recent difficult years. Our teams always go the extra mile in working together to support each other, provide quality service for our customers and put more into our communities than we take out.

The Group is in a position of strength for future growth. The quality, expertise and commitment of our teams, backed by our strong balance sheet, experienced management, solid market positions and a pipeline of high quality opportunities, give us confidence that we will be able to successfully deliver our future growth plans.

Economic outlook

The last few years have seen some of our most challenging times as a business and significant market headwinds have again tested our resilience during 2022/23. The energy crisis in Europe, exacerbated by the war in Ukraine, has driven inflation to the highest levels seen in 40 years.

The construction industry has been acutely affected, with prices rising faster than other sectors. On fixed price contracts, the burden of these cost increases have been largely pushed onto contractors, putting operational delivery and trading margins for the sector under pressure.

Material and labour shortages and supply chain insolvencies have created their own challenges, as supply chains have suffered from the effects of COVID-19 and Brexit, compounded more recently by the Ukraine conflict and the cost-of-living crisis.

As a response to high inflation, the Bank of England has driven a series of successive interest rate rises over the last 18 months. Whilst interest rates are expected to peak by the end of 2023, the higher cost of capital has affected customer confidence and decision making.

Given the tough environment, we are being cautious in our growth plans to ensure we don't take on significant risk. Our 'bid no bid', estimation and procurement processes have been tightened and are highly selective to ensure we win work at margins commensurate with the risk.

Whilst these market headwinds are being managed carefully in the short-term, the medium to long-term outlook in our markets is positive, with the UK government committed to economic recovery through significant investment in infrastructure and the drive to a decarbonised economy.

Recruiting and retaining people is one of the biggest challenges throughout our industry, and crucial for our future growth. We have introduced several new employee support initiatives this year, which complement our already established employee benefits package, and continue to heavily invest in our learning and development programmes to nurture our future talent.

Performance

Health and safety remains the top priority for the Group. We continually strive to reduce risks and protect everyone across our business and have comprehensive health and safety policies and procedures in place which are continually reviewed, monitored and communicated.

Sadly, early in 2023 one of our agency workers was involved in a fatal accident during the course of their work. The incident is under investigation, and we are co-operating fully with the authorities. We are offering support to those affected by this tragic event and our thoughts are with their family, friends, and colleagues at this very difficult time.

We are committed to the health and safety of our people, customers, supply chain partners and communities being our first and foremost objective. We understand the importance of strong leadership and behaviours in creating an overall safe working environment. Our new behavioural Safety in Mind initiative launched in May 2023 with the objective to further enhance the health and safety culture across the Group. In addition, our new performance reporting system MySafety is launching imminently across the Group, which will allow incidents to be reported quickly and easily and inspections and risk assessments to be completed electronically.

We are mindful that health and safety is an ever-evolving landscape, and alongside our ongoing internal review and monitoring of our health and safety practices, we commissioned an external, independent review of our policies and procedures to ensure they remain up-to-date, effective and appropriate. The review confirmed that safety is central to our operations and that our already-in-progress initiatives will support our constant drive for continuous improvement in our safety approach.

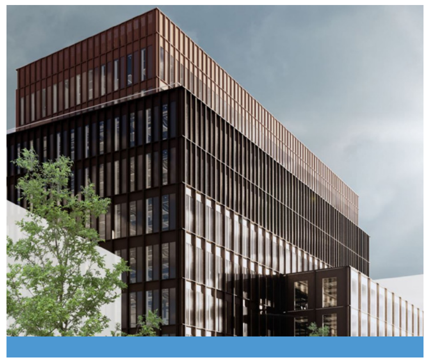
Sales increased to £532m in 2022/23 (2022: £500m) with the Group reporting an underlying operating loss (which is before exceptional items and amortisation) of (£17.3m) (2022: profit of £0.8m). 2022/23 performance was impacted by a small number of Engineering fixed price contracts, which have suffered from unprecedented inflationary pressures, delays and some supply chain failures, that have cost the business significantly. The cash impact of these challenging jobs is now largely behind us with cash reserves remaining robust.

Despite challenges across a handful of contracts, our Engineering division continues to deliver the majority of its contracts profitably. Sales and work winning for the division have improved following the pandemic and we have restructured the division to focus on quality margins and only take on work with an acceptable risk profile.

Our focus for Engineering is markets where we have leading expertise and experience including defence, nuclear, healthcare, custodial and rail. We have a clear path for the division based on sustainable long-term contracts and a strong visible pipeline of work in our chosen markets. This is underpinned by the government's commitment to infrastructure spending and the drive to net zero carbon by 2050. Our Engineering teams are known for their innovation, expertise and skill, which is why our Net Promotor Scores (based on customer feedback) are consistently high right across the business, in every sector.

Throughout the year, we have seen an increase in activity around Modern Methods of Construction (MMC) and design for manufacture solutions that provide safer, more efficient and sustainable alternatives to traditional construction. This will ultimately see a shift in the way that traditional construction methods are used. As a business we continue to be at the forefront for offsite construction methods, having a dedicated facility in Bradford, and champion MMC by looking for new techniques that transform the industry. We were delighted to be awarded the prize for health and safety at the Offsite Awards 2022, in recognition that health and safety has been driven beyond the industry norm.

The consistently strong performance of the Services division demonstrates first-hand the strength of our diversified business plan. The division achieved record levels of profitability in 2022/23, underpinned by exceptional operational performance and high levels of customer retention. All Services business streams (IT Services, Facilities Services and Freedom) outperformed their budgets with strong cash generation. Turnover for the division now accounts for almost half of the overall Group.



The Forge: Our 'kit of parts' approach removed c20,000 operative hours from the project and delivered carbon savings of more than 320 tonnes compared with a traditional method of installation.

MECD: By using our Offsite Manufacture expertise, we achieved significant cost, sustainability and health and safety outcomes, including more than 74,500 hours of work being removed from site.

Services is primed for further growth as we remain committed to playing our part in the decarbonisation of the UK economy, including within the built environment, renewable connections and electric vehicle charging infrastructure markets. With 80% of the buildings to be used in 2050 already constructed, much focus is needed to decarbonise existing building stock. The capabilities within our businesses enable us to provide our customers with a service of measurable carbon reduction strategies across their estates. Further, for our Freedom business, the new regulatory investment cycle for the electricity distribution network operators (DNOs) started in April 2023, and this is expected to drive significant investment over the next five years to accelerate the decarbonisation of the UK electricity network.

In addition to organic growth, we continue to grow through selective strategic low risk acquisitions, notably in our Services division. We have completed four acquisitions in the last five years, with the most recent being the acquisition of the trade and assets of Kershaw Mechanical Services Limited's services and maintenance business in April 2022, which added capability, geography and resilience to our Group.

In spite of macroeconomic factors driving volatility in investment markets, we have seen positive gains and income in the period from our money market investments of £1.1m (2022: £2.5m). The underlying loss before taxation (which is before exceptional items and amortisation) is (£15.6m) (2022: profit of £3.4m).

There was an exceptional cost during the period of (£6.8m) for the write down of the Group's equity investment in Britishvolt. This was a start-up company that aimed to build the UK's first gigafactory in Blyth, Northumberland and, like many, we were disappointed to see Britishvolt enter administration in January 2023. This write down resulted in loss before taxation of (£24.9m) (2022: a profit of £3.0m). We remain committed to playing our part in the decarbonisation of the UK economy and are looking forward to working with our partners and customers to drive forward the UK's transition to net zero.

Executive team changes

After ten years as a non-executive Director and Chair of the Group, Kevin Whiteman stepped down from the Board at the end of February 2023. Peter Emery resigned as a non-executive Director at the end of July 2022 following ten years of service. The Board and family would like to express our thanks for their contribution to the success of the Group over the last decade.

We welcome two new non-executive Directors to the Group; Ian Funnell and Martin Chown. Ian is a chartered engineer with a wealth of relevant experience in our sectors and in a non-executive capacity, and was until recently Chief Executive Officer at Hitachi Energy UK. Ian was appointed as a non-executive Director for the Group on 1 August 2022, and Chair from 1 March 2023.

Martin has a strong commercial background in the public and private sectors and, as the Chief Executive Officer for Sellafield Ltd, is responsible for leading one of the world's most complex nuclear and industrial sites. Martin was appointed as a non-executive Director for the Group on 1 June 2023.

As a business, we are committed to recognising and rewarding our own talent. On 1 March 2023, Jonathan Stockton was appointed to the newly created role of Chief Operating Officer. In his new role, Jonathan oversees the day-to-day operations of the Group and drives our key business strategies. His initial focus has been to restructure the Engineering division, including establishing a new senior leadership team. Jonathan will continue as a Board director. Clare Salmon, previously Group Financial Controller, has been promoted to Group Finance Director and joined the Group Operating Executive team on 1 March 2023.

Our people

The cost-of-living crisis has brought personal challenges for everyone, and we have sought to support our people through our wider employee wellbeing plan.

This year's annual pay rise has been tiered, with our lower paid employees receiving a higher pay rise. We have introduced a new hardship fund which supports our people if they find themselves in significant short-term financial hardship through grants or wage advances. Our new employee discount scheme helps our people make savings on day-to-day expenses with access to discounts and cashback offers through the 'My Discounts' app. From 2023, we will be giving every single person across the Group an annual wellbeing day on top of their normal holiday allowance to provide them the opportunity to recharge and focus on themselves.

We continue to make further investment in our people to ensure we are ready to thrive as opportunities mature. Our new combined HR, payroll, learning and development platform, MyDayforce, is now live across the business. MyDayforce improves our employee's experience by replacing a number of legacy systems with a single, centralised sign on and offering an app-based option for employees, as well as further strengthening our compliance and governance.

We are investing heavily in our ICT systems as part of our Unified Communications programme, which will modernise telephony across the Group and enable external calls to be made and received via Microsoft Teams to support our philosophy of 'making it easy to work here'.

We participate in an international peer group with two similar groups from Australia and the USA respectively. This peer group provides valuable insight and knowledge sharing with a focus on strategy, construction best practice, people and innovation. Through this, we have launched our new employee exchange programme, giving our people the opportunity to complete three month placements in either Australia or the USA.

As a business, we are actively inspiring the next generation through our award winning apprenticeship programme and our newly launched graduate scheme, along with tailored training to support employees wherever they are on their career paths including clear succession plans.

Robust balance sheet

Strong
net assets

Liquid balance
sheet

No debt
from 30 March 2023

Well funded
pension scheme
in surplus

Flexible overdraft
(not used)

Resilience

In the current trading environment, our customers look for stability in their supply chain over project lifetimes, making the strength of our balance sheet a key differentiator for the Group. At 3 March 2023, our net assets were £121m (2022: £147m) and strongly cash backed with cash and investments of £83m (2022: £79m) and a positive operating cash inflow of £3.4m (2022: operating cash outflow of (£3.9m), which included repayment of VAT deferred under the government's deferral scheme during the pandemic). By the end of March 2023, the Group had no external debt having fully repaid the remaining balance of its term loan.

The Group's defined benefit pension scheme is well funded. At 3 March 2023, the pension scheme had a net surplus of £31.2m (2022: net surplus of £39.4m). The reduction mainly reflects the impact of higher interest rates in accordance with accounting rules; the actuarial valuation (a different basis which is the key metric for funding decisions) has remained stable and in surplus due to the scheme's hedging strategies. Consequently, the Group is not required to contribute towards the funding of the scheme and the scheme pays its own expenses given its surplus position.

We have seen an increase in the level of bid activity during the year to pre-pandemic levels, and customer retention rates and Net Promoter Scores (NPS) remain excellent across our businesses. Whilst economic uncertainty and the rising cost of capital continue to impact customer confidence and the gestation of projects from tender to award date, we have continued to win work and secure a number of contract renewals in the year. We have a healthy order book of £1.3bn which is forecast to grow further.

Our well established 'bid no bid' and tendering processes have been strengthened in the light of current market conditions to ensure we are highly selective in winning work at margins commensurate with the risk. This includes short windows being applied to our pricing to reflect these inflationary times, incorporating inflationary protections into our contracts and ensuring advanced purchasing is undertaken once a job is secured. A significant proportion of the Group's sales are now protected from inflationary pressures by contractual provisions.

Despite these significant market headwinds, the Group is in a position of strength and well placed for future growth. Our diversified strategy is well established, and we maintain a balanced portfolio of activities across building construction, infrastructure, and services to provide greater stability in uncertain times. To ensure our business thrives over the longer term, we are committed to making further investment in our target areas of work, our people and our infrastructure.

Our cash reserves are significant and have been for many years. Furthermore, shortly after our year end, the Group fully repaid the remaining amount outstanding on its term loan and now has no external debt on its balance sheet. Our available overdraft facility of £15m has not been used during the period, or subsequently, with the cash balance remaining strong throughout the period, reflecting our strong cash controls and significant focus on cash collection.

Our supply chain partners form an important part of our business and we recognise the importance of paying our suppliers on time, particularly during these challenging times. The percentage of invoices paid within 60 days is industry leading at 97% (2022: 97%).

A further demonstration of our commitment to a culture of strong governance is the recent award of a low risk status by HMRC following its Business Risk Review of our tax controls and approach to tax matters.

Whilst market headwinds have had a significant effect on operations, the Group remains on track with its plans. We have an excellent reputation, extensive operational skills and experience, a balanced portfolio of activities across resilient sectors with high barriers to entry and a healthy order book of £1.3bn. The Board is confident that the Group is operating in the right markets and is well placed to play a significant role in the long-term infrastructure opportunities and the drive to a decarbonised economy that are an important part of rebuilding the UK economy.

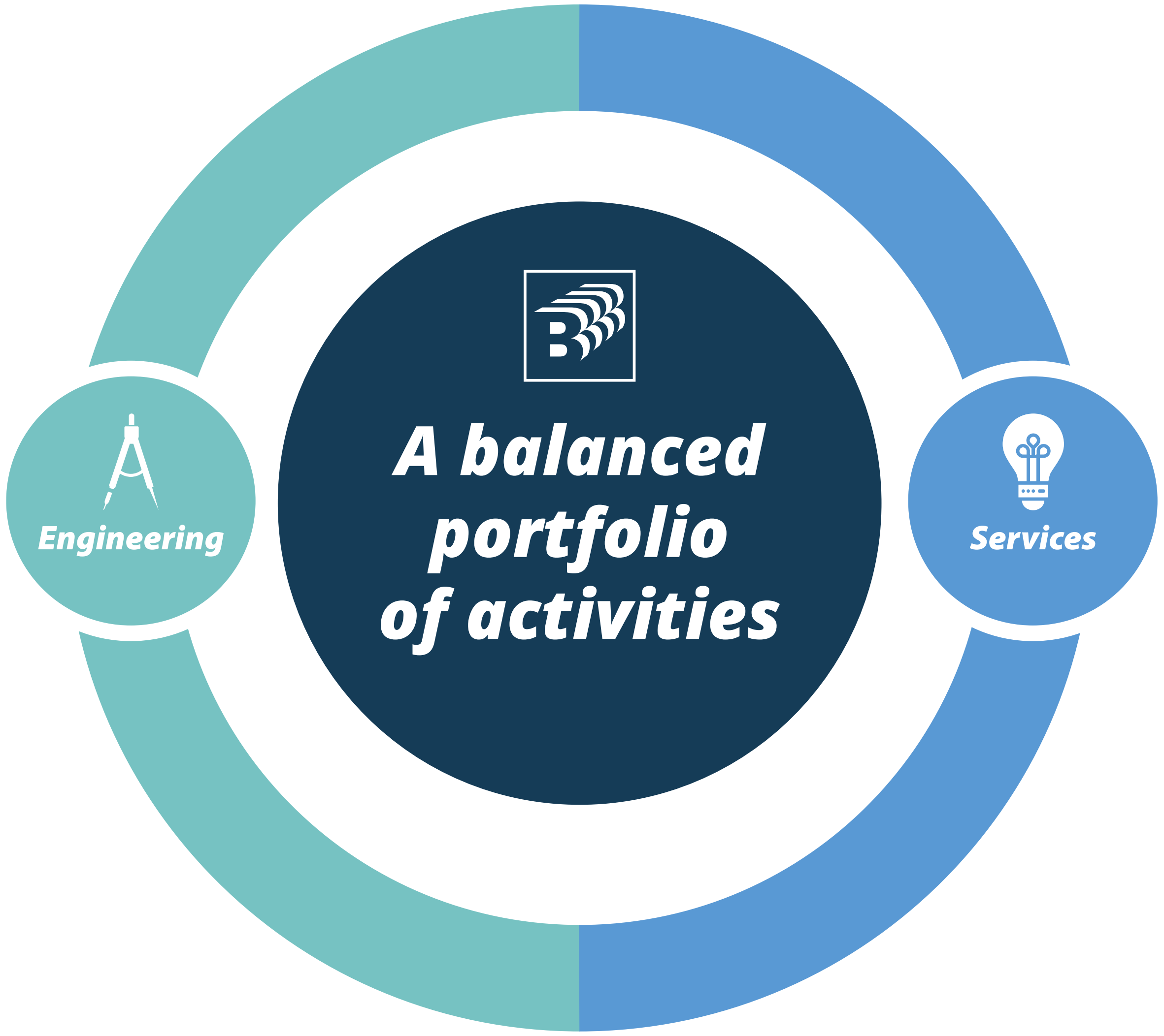
The Board and Bailey family would like to thank all our people for their contribution and for living by our values of Passion, Integrity, Responsibility and Excellence.

POC-MAST™

Principal **Activities**

Founded in 1921, *NG Bailey has a balanced portfolio of activities across* ***building construction, infrastructure*** *and* ***services*** *with* ***a focus on recession resilient sectors.***

The Group primarily consists of two operating divisions, ***Engineering*** *and* ***Services****.*



Group

The principal activities of the Company are the management of subsidiary companies including providing central support services to the divisions (for example finance, HR and ICT), setting out the governance and policy frameworks and management of current asset investments, the defined benefit pension scheme and commercial and industrial properties utilised in the Group's businesses.

Engineering

The Engineering division is a leading construction and engineering business, delivering outstanding projects throughout the built environment for a range of customers.

We specialise in the design, offsite manufacture and installation of mechanical and electrical solutions, and have an industry-leading reputation for delivering work and projects responsibly and sustainably. We have the largest specialist offsite manufacturing facility of its kind in the UK.

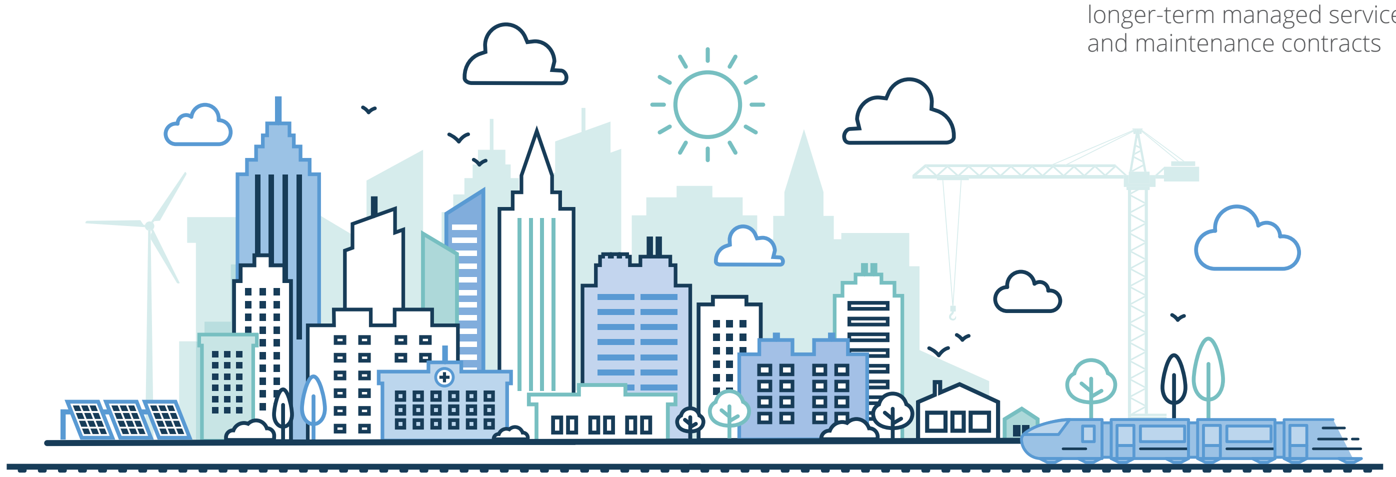
As a national business with a local presence, our project portfolio includes nuclear new build, defence, state of the art schools, universities and hospitals, cutting edge office spaces and retail venues, railway stations, prisons, sports stadiums, data centres and manufacturing facilities. We have a balanced portfolio of large projects of strategic importance to the UK (for example, Hinkley Point C, the UK's first new nuclear power station in over 20 years) along with smaller projects delivered by our regional business. The division has strong and growing credentials in the energy and decarbonisation sectors and is playing a key role in the UK's transition to a low carbon economy.

Services

The Services division offers a highly attractive end-to-end proposition for our customers across a number of markets in the public and private sector, focusing on outstanding technical expertise, strong values and assured project delivery.

The Services division's offering brings together three businesses:

- **Freedom:** the principal activities of Freedom are the design and installation of electrical infrastructure projects and facilities management and maintenance services to the UK Distribution Network Operator (DNO) sector and to the wider utility and infrastructure industry
- **Facilities Services:** the principal activities of Facilities Services are the provision of mechanical and electrical, planned and reactive integrated building services maintenance. The business operates with blue chip companies in a diverse range of sectors including rail, retail, education, financial services and high end residential, commercial and government buildings
- **IT Services:** the principal activities of IT Services are firstly, data network and communications infrastructure design and installation projects and secondly, the associated longer-term managed service and maintenance contracts



Section 172 **Companies Act 2006 Statement**

The Board has chosen to apply the Wates Corporate Governance Principles for Large Private Companies for the period ended 3 March 2023. The Corporate Governance Report, which evidences how the Group applies the principles, is included on pages 42 to 51 and is also available on the Group's website at www.ngbailey.com.

These principles support the Directors in demonstrating how they comply with the requirements of Section 172 of the Companies Act 2006 and how these requirements have affected the Board's decision making throughout the period.

In line with Section 172, the Board's priority is to ensure that the Directors have acted both individually and collectively in a way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole with regard to all its stakeholders and maintaining a reputation for high standards of business conduct.

In carrying out this duty during the period, the Directors have had regard for, amongst other matters, the areas set out in the table below with further details given in the Corporate Governance Report.

Area of consideration	Demonstrated by	Further information
Reputation of the business	NG Bailey has a proud heritage and a proven track record of achievement for more than 100 years. We are a business founded on our values of Passion, Integrity, Responsibility and Excellence which guide the Group's strategy, decisions, processes and culture. The Board believes that in order to continue achieving our goals, we must protect our reputation and relationships with our stakeholders through robust governance on a day-to-day basis, as outlined in our Corporate Governance Report.	Pages 42 to 51
Our shareholders and wider family	The Group is a family-owned business and recognises the importance of dialogue with our shareholders. The family have established their Guiding Principles which aim to capture their long-term aspirations for the business including leadership excellence, being an employer of choice and acting as a responsible business. The Board seeks to align the Group's strategic direction with these Guiding Principles. The Chair of the Board and the two family non-executive Directors are the primary communication routes between the Board and shareholders. An understanding of the shareholders' goals and priorities for the Group is gathered from a programme of communications with the shareholders and wider family.	Page 48 Pages 52 and 53

Area of consideration	Demonstrated by	Further information
Impact on communities and the environment	We recognise that our responsibilities extend beyond our immediate operations, and we are committed to being a good neighbour in our local communities and minimising our impact on the environment. We have established communication channels with communities to listen to their views and we support our employees and customers in charitable and volunteering efforts and community projects. Our responsibility strategy 'Net Positive' supports our long-term goal of doing business in a way that we put more into society, the environment and the global economy than we take out. We are proud to report that our science-based targets have been approved by the Science-Based Targets initiative (SBTi) during the period, supporting our ambitions to limit our climate change impact.	Pages 28 to 37 Page 51
Strategy and long-term impact	The likely consequences on the success and long-term stability of the Group are taken into account when the Board makes decisions. Annually, the Board approves the Group's strategy and monitors its implementation throughout the period. This is facilitated by the Board's agenda of standing items which includes health and safety, financial performance, operational and people matters, risks and opportunities, market conditions and sustainability. The Board and its Committees oversee the Group's comprehensive risk management framework.	Pages 46 and 47
Relationships with employees	The Board recognises that attracting, retaining and developing people is key to its long-term success. The Group aims to be an employer of choice through market-competitive remuneration, training and development and fostering an inclusive culture through our 'Fairness, Inclusion and Respect' programme. We engage through team briefings, regular CEO briefings and our business update videos. Feedback is gathered through regular 'Pulse' surveys and acted upon. We recognise that the cost-of-living crisis has impacted everyone's day-to-day lives and we have introduced several initiatives to help support our people including launching our new employee discount scheme and a hardship fund, along with a tiered pay rise which awarded lower paid staff a higher uplift.	Pages 49 and 50
Relationships with suppliers	Our supply chain partners play a key role in the Group's long-term stability and success. We follow a Customer of Choice strategy in order to manage our supply chain in a responsible and sustainable way and forge close and effective supplier relationships. We recognise the importance of paying the supply chain on time, as demonstrated by our payment performance metrics. During the period, we have invested in our electronic procurement platform, improving the speed, accuracy and supplier experience of e-invoicing and supplier onboarding and integration.	Page 50
Relationships with customers	We listen to feedback from customers through our regular customer engagement surveys to identify improvements and retain our industry-leading reputation. This helps us build strong relationships with customers to support the long-term success of the Group. We have recently undertaken a Group-wide Net Promoter Score (NPS) survey with excellent feedback from our customers. Customer retention rates remain high across the business.	Page 50

Key Performance **Indicators**

Cash & investments

£82.7m

2023	£82.7m
2022	£79.1m
2021	£85.8m
2020	£78.2m
2019	£76.6m

Order book

£1.3bn

2023	£1.3bn
2022	£1.2bn
2021	£1.2bn
2020	£1.4bn
2019	£1.4bn

Net assets

£121.3m

2023	£121.3m
2022	£146.6m
2021	£141.8m
2020	£148.9m
2019	£133.9m

Turnover

£532m

2023	£532m
2022	£500m
2021	£507m
2020	£573m
2019	£556m

EBITDA*

(£12m)

2023	(£12m)
2022	£7m
2021	£3m
2020	£25m
2019	£24m

Underlying operating (loss) / profit**

(£17.3m)

2023	(£17.3m)
2022	£0.8m
2021	(£2.7m)
2020	£19.8m
2019	£19.4m

Reportable RIDDOR incidents***

6

2023	6
2022	3
2021	9
2020	5
2019	7

Group employees

3,216

2023	3,216
2022	3,062
2021	3,202
2020	3,223
2019	3,224

Carbon intensity – tCO_2e per employee (market-based)

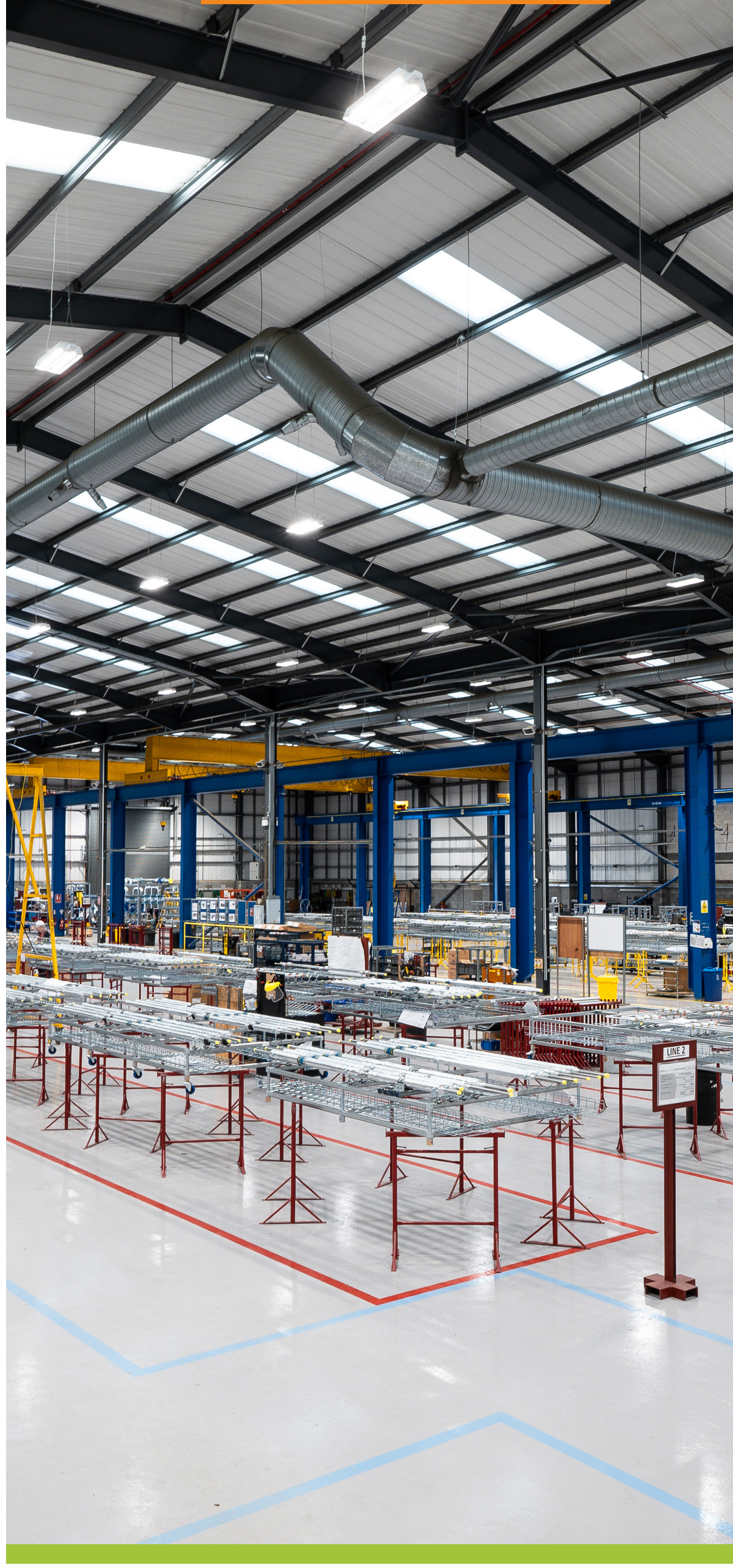
1.74

2023	1.74
2022	1.86
2021	1.63
2020	2.24
2019	2.34

Supplier invoices paid within 60 days****

97%

2023	97%
2022	97%
2021	92%
2020	71%
2019	57%



Our specialist offsite manufacture facility in Yorkshire

* EBITDA is calculated as statutory profit / (loss) adjusted to add back interest, tax, depreciation, amortisation and exceptional items.
** The Group uses underlying operating profit / (loss) as a key performance indicator to assess the performance of the Group. The underlying figure provides a consistent measure of business performance year-on-year and is used by management to measure operating performance. Underlying operating profit / (loss) represents operating profit / (loss) before exceptional items and amortisation of goodwill and acquired intangible assets. A reconciliation of statutory to underlying results is set out on page 64
*** Reporting of Injuries, Diseases and Dangerous Occurrences Regulations
**** Based on reporting for NG Bailey Limited

Health **and Safety**

Health and safety continues to be a top priority for the business. We continually strive to reduce risks and protect our people.

Health and Safety has always been first and foremost at NG Bailey, and we are striving to achieve best practice in the way we implement our processes. Our primary goal is to ensure everyone returns home safely at the end of each day.

Our processes and procedures are under constant review to ensure we align Health and Safety with the business needs.

To ensure that we remain at the forefront of health and safety practices, we are progressing some significant initiatives. MySafety (launching imminently) is an electronic, interactive system available to our teams and supply chain to report and record safety, health and environmental metrics such as, 'Don't Walk By', observations, inspections and risk assessment method statements (RAMS). The system allows incidents and 'Don't Walk By' observations to be reported quickly and easily and inspections and risks assessments to be completed electronically.

This will give us a fully auditable system that can be monitored and tracked to provide better clarity and standardisation of health and safety processes across the Group.

We understand the importance of strong leadership and behaviours in creating an overall safe working environment. Our new Safety in Mind initiative, which launched in May 2023, is a safety culture development programme facilitated by Setters (leaders in coaching safety performance improvement, driven by the conviction that no-one should be harmed through work). The programme has been successfully used by a number of national and international organisations that operate in high risk environments.

The programme started with the leadership teams followed by the workforce and supports our approach to achieve zero harm and a conviction that no one should be harmed through work.

We are mindful that health and safety is an ever-evolving landscape, and alongside our ongoing internal review and monitoring of our health and safety practices, we commissioned an external, independent review of our policies and procedures to ensure they remain up-to-date, effective and appropriate. The review confirmed that safety is central to our operations and that our already-in-progress initiatives will support our constant drive for continuous improvement in our safety approach.

DON'T WALK BY!

36,000
observations
reported in the last
12 months

We are proud of our low
Accident Frequency Rate (AFR)
0.08

SAFETY
First & Foremost

16 RoSPA
awards received
across the Group

2023
RoSPA
Construction Engineering Sector Award
Winner

Safety in Mind
initiative, launched in May 2023, to reinforce health and safety culture

My**Safety**
launching imminently
to make reporting incidents, inspections, 'Don't Walk By!' observations and risk assessments quicker and easier

Future
Developments

The UK economy is expected to take time to recover with, inflationary pressures, structural labour and skills shortages and uncertainty from the Ukraine conflict combined with the lingering effects of Brexit and the pandemic. However, the outlook for our markets is positive with the UK government committing to drive economic recovery through substantial investment in infrastructure and decarbonising our environment.

Significant government commitments that underpin our markets include the National Infrastructure Strategy (which sets out plans to transform UK infrastructure and achieve net zero emissions by 2050) and the Defence Spending Review. Over £600bn of public sector investment in infrastructure will be made over the next five years.

We are well positioned to benefit with a strong pipeline of work in key infrastructure sectors (including defence, nuclear, healthcare, custodial and rail) and growing credentials in the decarbonisation sector. The Group's diversification strategy is well established with a balanced set of activities across its Engineering and Services divisions in recession resilient sectors, providing greater stability in uncertain times.

This is evidenced by the strength of our order book (secured and anticipated work) which is £1.3bn at the period end and forecast to grow further (2022: £1.2bn). The Board and management team continually monitor and develop the Group's plans to ensure we deliver long-term value to our stakeholders.

Key sector	Update	Expertise
Nuclear	Nuclear is a key source of large scale, low carbon energy for the UK, which currently supplies c15% of the country's electricity needs. In 2022, the government released the British Energy Security Strategy with nuclear playing a central role. The strategy targets 24 gigawatts (a quarter of the UK's projected electricity demand) of nuclear power generation by 2050, which could see up to 8 new reactors developed. A new government body, Great British Nuclear, will support the UK nuclear industry by providing better opportunities to build and invest. In November 2022, the government announced that it would be investing c£0.7bn for a 50% stake in the Sizewell C project, with the final investment decision expected to go to parliament by the end of 2024.	NG Bailey engineers have worked in the nuclear sector since the 1950s and continue to deliver precision engineering services today. We are part of the alliance delivering Hinkley Point C and are well placed for the proposed Sizewell C plant. We have also secured a place as a key partner on the Sellafield decommissioning programme.
Rail	The UK government published its Integrated Rail Plan in late 2021 which confirmed funding for HS2 routes to Birmingham and Manchester will go ahead. Despite cancelling the Leeds leg, £96bn funding was committed to improve Northern routes, including the acceleration of the electrification of more than 180 miles of track across Trans Pennine, East Coast and Midland routes as the government pushes ahead to remove all diesel only trains from the network by 2040.	Our industry leading reputation has been built from flagship projects such as Luton DART, Gosforth Rail Depot, the redevelopment of Birmingham New Street station, London Bridge station and the Northern Line extension project. We are well positioned to contribute to the HS2 and other rail programmes and expect to secure meaningful orders over the coming years.
Electric vehicles	Transport is currently responsible for c25% of the UK's total greenhouse gas emissions, with over half coming from cars. The government is committed to the decarbonisation of the transport and energy sectors to meet the target of net zero carbon emissions by 2050, with a focus on electric vehicles including battery gigaplants and charging infrastructure. The sale of new petrol and diesel cars is being phased out by 2030 and all new build homes, workplaces, supermarkets and buildings undergoing major renovations are required to install electric vehicle charging points.	We have demonstrated our credentials with our work at the UK's prestigious and pioneering new battery development facility, the UK Battery Industrialisation Centre (UKBIC). Our market-leading dedicated electric vehicle infrastructure business has been established in response to the increasing demand for electric vehicles. Leveraging expertise and skills from our Engineering and Services teams, we provide a complete service, from consultation through to installation and ongoing maintenance. Our IT Services experts also boast a range of EV cellular and network connectivity innovations for car parking areas.

Key sector	Update	Expertise
Net zero	The UK government's Net Zero Strategy sets out how the UK will deliver on its commitment to reach net zero emissions by 2050. The UK Green Building Council has estimated that the UK Built Environment is currently responsible for 25% of the total UK greenhouse gas emissions. Whilst this has reduced in recent years (mainly due to the decarbonisation of the electricity network), there is still a long way to go to meet the agreed targets. 80% of the buildings to be used in 2050 have already been constructed, so much focus is needed on the decarbonisation of existing building stock.	The existing capabilities within our businesses enable us to provide our customers with a service of measurable carbon reduction strategies across their estates. Our market leading data assessment tools and professional services teams support our customers from the development of their initial strategies through to the implementation and ongoing management of their assets for transitioning to a net zero economy by 2050.
Defence	In November 2020, the government announced a significant programme of investment in British defence with a £16.5bn increase above its 2019 manifesto commitment (which was to exceed a target of 2% of GDP) to be spent over the next four years. A further £11bn increase in defence spending over the next five years was allocated in the 2023 Spring Budget, partly in response to Russia's invasion of Ukraine. Much of this additional spending is on capital projects.	With more than 1,500 employees with a range of security clearances, our teams have the skills and expertise to deliver an end-to-end service offering which includes the delivery of complex engineering projects through to facilities, infrastructure services such as IT and power engineering services.
Electricity distribution network operators (DNOs)	The new regulatory investment cycle for the DNOs started in April 2023, and is expected to drive significant investment over the next five years to accelerate the decarbonisation of the UK electricity network. This includes supporting a shift to more home-grown renewable energy generation and reducing the UK's dependence on imported fossil fuels.	Through our Freedom business, we are closely aligned with the skills requirements in the DNO and electricity regulatory environment. The business has many years' experience in the sector, building up a strong reputation for the quality of its work and safety culture with long-term frameworks with the DNOs. We continue to invest in business development resources to maximise the opportunities which will become available during this new DNO regulatory cycle. Our in-house design capabilities allow us to develop product and process innovations, including our award-winning POC-MAST™ solution which enables a safer, faster and more affordable point of connection.
Data centres	Increase in online demand, the continuous drive to outsourcing and rapid deployment of technology are all driving demand and growth in the data centres sector.	We are engineering specialists with a passion for delivering complex engineering solutions. Committed to providing the highest levels of performance, our wider Group offering can add value to our clients and data centre schemes, including cost effective energy supplies, end-to-end facilities services and an energy led management approach. We have delivered numerous critical environments for private, public, financial and governmental departments.
Custodial	The government has committed over £4bn capital funding to create 20,000 additional prison places across the prison estate by the mid-2020s – the biggest prison building programme for the UK in the last century. As part of this, in June 2022 the government announced a £500m construction programme to build new houseblocks at six prisons across the country to house over 2,200 prisoners.	The projects will be built more quickly, sustainably and cost effectively than ever before thanks to the adoption of offsite manufacture and Modern Methods of Construction (MMC). We are well placed to support such projects and will utilise our established offsite manufacture facility in Bradford to deliver factory-built solutions alongside our engineering delivery capability.
Healthcare	Whilst the government's New Hospital Programme to deliver 40 new hospitals by 2030, is delayed, the government confirmed in May 2023 that a record investment of over £20bn is expected to be spent. The government also confirmed that it remains committed to the delivery of all schemes as part of the biggest hospital building programme in a generation.	Our expertise encompasses all aspects of healthcare facilities including medical research activities and specialist theatre developments. We have strong credentials in this sector working with estates teams across the UK including projects at Golden Jubilee Hospital, Aberdeen Royal Infirmary, the Sheffield Children's Hospital and Royal Hallamshire Hospital.

Supporting the UK's journey to net zero

In 2021, the government set out its Ten Point Plan for a Green Industrial Revolution to Build Back Greener. The ambition was to create the conditions for the private sector to invest with confidence, enabling the creativity of capitalism to generate and drive growth in new green industries that will help the UK to cut carbon emissions and reach net zero by 2050. NG Bailey is playing a key part in this critical new future by supporting a range of industries and clients as we transition to a low carbon economy.

UKBIC

UK Battery Industrialisation Centre (UKBIC)

Part of the UK government's programme to fast track the development of cost-effective, high-performance, durable, safe, low-weight and recyclable batteries.

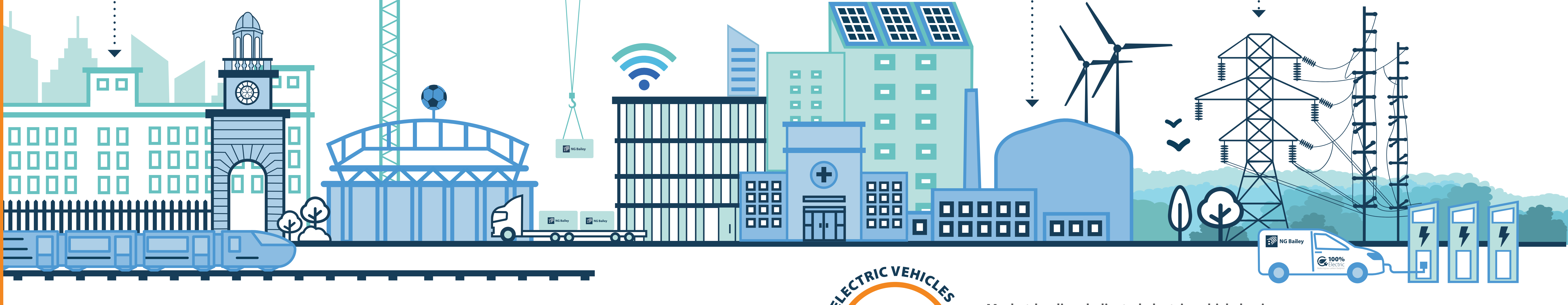
Our work on projects such as their battery development facility demonstrates our expertise in this area.

MODERN METHODS OF CONSTRUCTION

OFFSITE MANUFACTURE

Modern methods of construction

As a business we continue to be at the forefront for offsite construction methods, having a dedicated facility in Bradford, and champion modern methods of construction by looking for new techniques that provide safer, more efficient and sustainable alternatives to traditional construction.



Transforming the UK's built environment

Transitioning the UK's energy infrastructure

Supporting the Electric vehicle revolution

The government has set out some key targets to support the UK to reach net zero by 2050:

- **All UK electricity to come from low carbon sources (subject to security of supply) by 2035**
- **Sale of new petrol and diesel cars is ending in 2030**
- **Building regulations now require all new build homes, workplaces, supermarkets and buildings undergoing major renovations to install electric vehicle charging points**

SUPPORTING DNOs

Decarbonising the UK Grid

For our Freedom business, the new regulatory investment cycle for the electricity distribution network operators (DNOs) started in April 2023, and this is expected to drive significant investment over the next five years to accelerate the decarbonisation of the UK electricity network.

Nuclear New Build

NG Bailey has more than 70 years' experience in the nuclear power sector, a key source of low carbon energy for the UK and an industry that has the potential to grow. We are part of the alliance delivering Hinkley Point C and are well placed for the proposed Sizewell C plant.

SIZEWELL C

HINKLEY POINT C

POC-MAST™

POC-MAST™

The drive towards electrification and renewable energy generation is increasing demand for access to the grid. POC-MAST™ provides a sustainable, safe, reliable, grid connection solution.

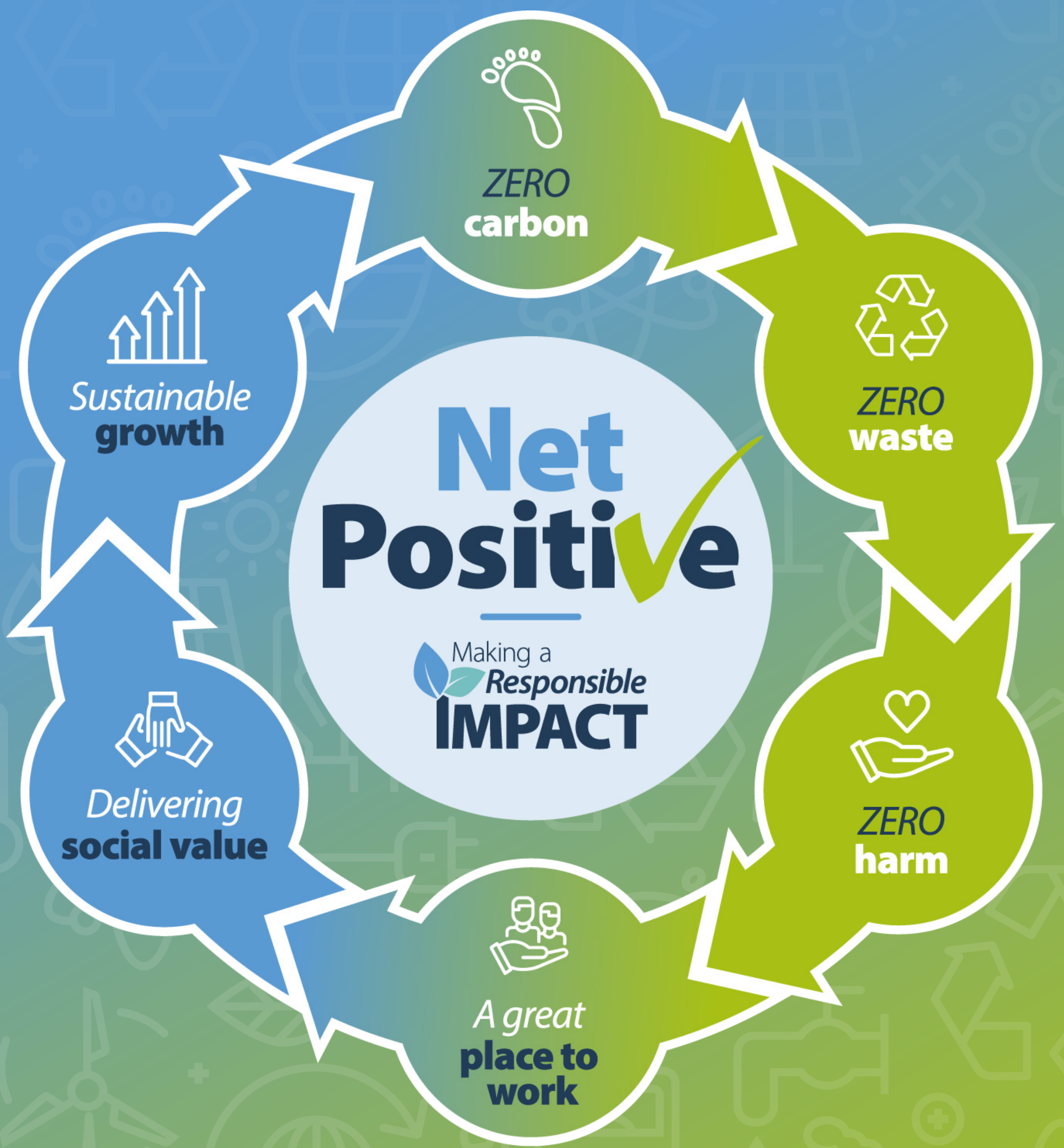
ELECTRIC VEHICLES

Market-leading dedicated electric vehicle business

Leveraging expertise from our Engineering and Services teams, we provide a complete end-to-end service, from consultation through to installation of EV chargers and the ongoing maintenance. Our IT Services business can also provide a range of EV cellular and network connectivity innovations for car parking areas.

Net Positive **Strategy**

Our 'Net Positive' responsibility strategy outlines a way of doing business that ensures we put more into society, the environment and the economy than we take out. It is a long-term strategy that provides us with the vision to drive change across our business through the six ambitions outlined below.



ZERO carbon

We are focused on a range of measures, across the Group's activities, to reduce carbon in line with our science-based targets.

Science-based targets approved

50% **reduction in carbon** by 2031 vs 2018/19 baseline

75% of our supply chain to be **committed to science-based targets by 2027**

2022/23 achievements

29% reduction in our carbon footprint since our baseline year of 2018/19

(2022/23: 3% reduction during the year)

67% **of our company car fleet is low carbon** hybrid, plug-in hybrid or electric vehicles

100% of our owned estate is powered by renewable electricity

Electric vehicles introduced to our commercial van fleet

Invested in the electric vehicle charging capacity across our estate

200 employees received net zero training

Focus for 2023/24

- Engaging our supply-chain to drive commitment to their own science-based targets
- Cut commercial fleet emissions by a further 10%
- Continue transitioning the company car fleet to low emission alternatives
- Further invest in electric vehicle charging capacity across the estate

ZERO waste

Our ambition is to drive down the amount of waste generated by our own activities and from within our supply chain and divert the waste we do generate from landfill.

2022/23 achievements

98% of waste **diverted from landfill**

Working with our waste provider to **enhance our waste management processes**

Dedicated offsite manufacture facility in Bradford

Pioneers in modern methods of construction and offsite manufacture Significantly reducing construction waste and carbon footprint

Focus for 2023/24

- Divert >98.5% of waste from landfill
- Reduce waste generated by 10%
- Increase recycling

Further information is available in our Streamlined Energy and Carbon Reporting on pages 34 to 37

ZERO harm

We are committed to zero harm to people and the planet, ensuring an industry-leading safety culture. We aim to achieve zero RIDDORs and zero reportable environmental incidents across the Group.

2022/23 achievements

Accident Frequency Rate (AFR)

0.08

6 RIDDORs

(Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013)

Zero at fault reportable environmental incidents

c800 employees have received training in **mental health and wellbeing awareness**

2023 RoSPA Construction Engineering Sector Award Winner

16 RoSPA **awards received across the Group**

Focus for 2023/24

- Launch MySafety
- Launch Safety in Mind behavioural change programme

A great place to work

We want our people to be happy, healthy, and able to be themselves at work.

2022/23 achievements

Launched **our new graduate programme**

In 2022 we recruited **our highest apprentice intake for fifteen years**

Supporting our people through the cost-of-living crisis:

- **Hardship fund**
- **Employee discount scheme**
- **Tiered annual pay rise** with our lower paid employees receiving higher uplifts

CERIDIAN Dayforce

Our new **combined HR, payroll, learning and development platform, MyDayforce**, is now live across the Group

Long service awards

34 of our people with...

741 years of service!

Focus for 2023/24

- Continue employee Pulse Survey and respond to actions that matter most to our people
- Embed new MyDayforce L&D platform to drive development
- Improved family friendly policies including for maternity and adoption leave

Further information is available on our Health and Safety pages 22 and 23 and in the Corporate Governance Report on pages 49 and 50

Delivering social value

Our ambition is to deliver social value beyond the direct benefits delivered by our projects.

2022/23 achievements

New **social value standards** launched

Invested in social value team and infrastructure

Volunteering days delivered

430

£86.5k charity donations

including £50,000 donation to Ukraine relief efforts

Focus for 2023/24

- Embed social value tracking software to better report the monetary value of our social value activity
- Colleagues to volunteer 1,000 days
- Donate £50k to charity

Sustainable growth

Our ambition is to operate responsibly to support sustainable growth and demonstrate that we are a partner of choice in our industry and that we can help our clients achieve their sustainability targets through the delivery of our services.

2022/23 achievements

£1.3bn

healthy order book which is forecast to grow further

Financially strong with **strongly cash-backed balance sheet**, well-funded pension scheme and no debt after 30 March 2023

Net assets **£121m**

Cash & investments **£83m**

Industry leading supplier payment performance

97% of our supplier invoices are paid within 60 days

Family owned with a long-term view

Responsible business is embedded in the family's guiding principles

Focus for 2023/24

- Grow our robust and balanced forward order book
- Continue to achieve >95% of suppliers paid within 60 days
- Support the UK's journey to net zero in the sector focussing on nuclear, offsite manufacture, gigafactories and work with DNOs

Further information is available on Social Value on pages 32 and 33 and in our Strategic Report on pages 11 to 14

Social **Value**

NG Bailey has a long history of creating opportunities in the communities we are working in and our commitment to becoming a 'Net Positive' business is focused on ensuring we put more into society, the environment and the global economy than we take out.

Social value is an umbrella term for the value an organisation can provide to society through economic, social and environmental activities. This may include encouraging local employment opportunities, procuring goods and services from local businesses, reducing waste, developing our people's skills, promoting opportunities for disadvantaged groups and improving environmental sustainability.

In support of our 'Net Positive' strategy and in response to an increasing demand in the marketplace to deliver social value, we have developed social value standards for the Group during the year. These standards provide a framework for delivering social value impact in a co-ordinated way, ensuring our time is spent on activities that deliver the greatest benefit to society.

This framework, alongside investment in our social value team and infrastructure, enables us to better measure the value of our social value impact in monetary terms in a consistent and reliable way.

Generating social value through the work we deliver is not only important to us but also important to our customers, particularly following the implementation of the Public Services (Social Value) Act 2012 which requires the public sector to ensure the money it spends on services creates the greatest economic, social and environmental value for local communities. The Group's social value contributions include a range of activities with some examples given on page 33.

*MSMEs and VCSEs - Micro, Small and Medium Enterprises and Voluntary, Community and Social Enterprises

Manchester Metropolitan University's new science and engineering buildings

One of the largest research-led science and technology educators in the UK, Manchester Metropolitan University's Faculty of Science and Engineering offers high-quality undergraduate and postgraduate programmes across specialist departments.

The new science and engineering buildings and the refurbishment of its existing John Dalton complex are part of Manchester Metropolitan University's estates masterplan investment programme. The University is committed to creating a truly world-class campus in the heart of Manchester. This construction will create new facilities for research and laboratory spaces, deliver enhanced STEM education in collaborative working spaces, bring together different departments into a high-tech 'super-lab', deliver world-class modern facilities to support the university's global ambitions and local partnerships, and enhance students' learning.

Once complete, the new building will bring significant benefits to the faculty and wider university, providing greatly enhanced facilities for students.

As well as supporting the University's ambitions, NG Bailey's work on the project also resulted in:

The support of **3 apprentices** with over **61 weeks** training

£6.8 million spent with local micro, small and medium enterprises (MSMEs) with a further **£1.4m** spent in the local supply chain

Two of our work placement students getting to know our Offsite facility as part of their experience

Gartside garden clean up in support of MMU project

37 hours of volunteering, by our people, in support of the local community and environment

crash
charity

NG Bailey is a proud corporate patron for CRASH, supporting the great work that they do, helping homelessness charities and hospices across the UK. We have donated our skills, time and resources to the charities that require CRASH's support and that helps us to deliver social value back into the communities in which we work.

crash
Our partner charity

CRASH unites the construction industry by channelling the professional expertise, construction products and donations of corporate patrons and supporters to transform, create and deliver charitable projects.

Emmaus, Hastings & Rother

CRASH are a long time supporter of Emmaus, Hastings & Rother, who provide a home and meaningful work for 23 formerly homeless people.

Their charity superstore recently faced extreme overheating and both customers and employees found conditions very difficult. As the store was their major source of income, they turned to CRASH for help.

As a corporate patron of CRASH, we visited the building and recommended the installation of new air conditioning units which would regulate temperatures and provide a better shopping experience for customers and a more comfortable working environment for staff. We engaged our supply chain and completed the full project free of charge.

New air conditioning units transform charity superstore

"Our charity superstore is the centre of our community; it provides meaningful work to the residents who find themselves at Emmaus and is our primary source of income. Ensuring our building is a comfortable place in summer will make a huge difference to the people who work there and to our customers. ***Thank you so much to CRASH and their corporate patrons*** *for investing in our community and helping people who are homeless get back on their feet."*

Zach Hurst
Community Manager
Emmaus, Hastings & Rother

emmaus

Streamlined Energy **and Carbon Report**

Reporting period

NG Bailey is reporting for the financial year 2022/23 (March 2022 – February 2023), providing the previous year as a comparator year and 2018/19 as a baseline year. To ensure like-for-like comparisions, 2018/19 is the baseline year to reflect the carbon impact of the Group following our acquisition of Freedom in March 2018.

Environmental management system

NG Bailey operates an environmental management system compliant to ISO 14001:2015 standard for all companies that operate as part of the Group. The Group's management system ensures that it meets environmental standards and legislative requirements across all the Streamlined Energy and Carbon Report key environmental impacts.

Reporting boundary

The statutory entities included in the Group's carbon reporting boundary are: NG Bailey Group Limited, NG Bailey Limited, NG Bailey Facilities Services Limited, NG Bailey IT Services Limited, and The Freedom Group of Companies Limited. Our reporting boundary is based on the Group's financial reporting year and includes impacts from all material reporting units from the entities listed above. The materiality of our units has been determined by its contribution to our overall impact and our ability to influence the impact of the operations. We are unable to report the impacts from our project and site locations due to the limited availability of accurate data at this time.

Measurement methodology

Organisational boundaries were set with reference to the methodology described in the GHG Protocol and the ISO 14064-1:2018 standards. An operational control consolidation approach was used to account for our impacts and emissions.

2022/23 is the fifth consecutive year our Group carbon impacts have been subject to external verification and assurance to the ISO14064-1:2018 standard. It has been certified that the Group meets the requirements of Carbon Reduce® certification having measured its greenhouse gas emissions in accordance with ISO 14064-1:2018 and is committed to managing and reducing its emissions in respect of the operational activities in the UK.

Energy and carbon strategy

The Group takes its role as a responsible business seriously and over the past decade we have consistently looked to reduce our environmental impacts through the reduction of energy and carbon. In 2022/23, we formalised our commitment to achieving net zero emissions by 2050 through the approval of our science-based carbon reduction targets by the Science-Based Targets initiative (SBTi). Our science-based targets require us to deliver a 50% reduction in our scope 1 and 2 carbon impacts by 2030, in line with the 1.5°C limit agreed by scientists as necessary to reduce the destructive impacts of climate change.

Operational trends

In 2022/23, we saw a 3% decrease in the Group's total gross carbon emissions on the prior year 2021/22. This reflects a 29% reduction in total gross carbon emissions since our baseline year 2018/19, maintaining a positive trajectory towards meeting our science-based target reduction of 50% by 2030.

Absolute CO_2e emissions have reduced by 29% from the baseline year of 2018/19, from 8,201t/CO_2e to 5,834 t/CO2e (location-based method) and reduces further to 5,566 t/CO_2e under the market-based method.

Our location-based CO_2e emission intensity ratio of 1.82 tCO_2e per employee is a decrease of 7% on the prior year (1.96 tCO_2e per employee) and a 27% reduction since baseline.

When compared with the prior year, our gross absolute emissions decreased by a net total of 170 t/CO_2e (3%), in 2022/23, largely as the result of significant reductions in our scope 1 emissions (direct emissions, relating to the burning of fossil fuels).

A reduction in the use of diesel-powered plant in project delivery has been the main contributor to this reduction. We recognise that there is potential for year-on-year variation in our use of plant and we are exploring alternatives to diesel powered plant, such as battery storage and electrification to minimise our impact in this area in the future.

Our scope 2 (indirect emissions from the generation of purchased electricity) emissions also saw a reduction on the prior year as the result of targeted energy saving campaigns across the Group. Since our baseline year we have reduced our electricity impacts by 50%.

Energy performance

MWh	2022/23 Reporting year	2021/22 Comparative year	2018/19 Baseline year
Gas	1,203	1,088	1,442
Electricity	1,832	1,940	2,587
Transport fuels	18,738	18,476	20,083
Other energy sources	254	1,880	6,688
Total	**22,027**	**23,384**	**30,800**

Carbon performance

tCO_2e	2022/23 Reporting year	2021/22 Comparative year	2018/19 Baseline year
Scope 1	4,278	4,694	5,538
Scope 2	364	416	733
Scope 3	1,192	894	1,930
Location-based total	**5,834**	**6,004**	**8,201**
Scope 2 - market adjustment	(268)	(315)	(514)
Market-based total	**5,566**	**5,689**	**7,687**

Intensity ratio

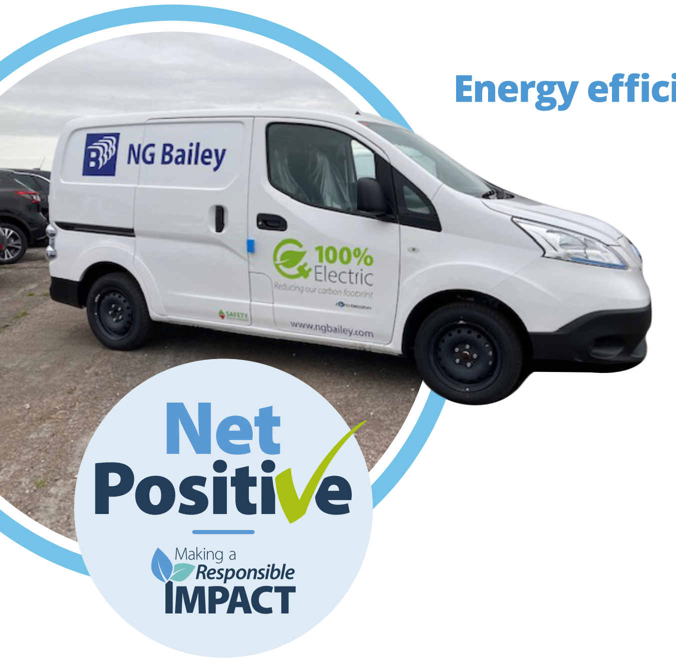
Emissions per employee tCO_2e per employee	2022/23 Reporting year	2021/22 Comparative year	2018/19 Baseline year
Market-based	1.74	1.86	2.34
Location-based	1.82	1.96	2.50

Definitions

Scope 1 emissions: *direct emissions, relating to the burning of fossil fuels (e.g. natural gas, oil, etc)*
Scope 2 emissions: *indirect emissions from the generation of purchased electricity*
Scope 3 emissions: *other indirect emissions that arise from the Group's activities, namely business travel by means not owned or controlled by the Group (rail, air and ferry), electricity T&D (transmission and distribution) losses and private car mileage*

Market / location-based: *emissions are reported using both location and market-based reporting methodologies for scope 2 emissions. The location-based reporting applies an average emissions factor determined by the UK national grid mix across all scope 2 emissions. The market-based reporting applies appropriate emissions factors to differentiate between the electricity tariffs that the Group has chosen to purchase e.g. renewable energy, nuclear energy, etc*

Energy efficiency and carbon reduction achievements



▲ *Charging infrastructure and solar photovoltaics at our Leeds office*

We reset our sustainability ambitions with the delivery of our new **responsibility strategy**, **'Net Positive'**, which supports our journey to a **zero-carbon future**

Our science-based carbon reduction targets have been approved by the Science-Based Targets initiative. These targets align us to a 1.5°C future that sees us join the United Nations Framework on Convention on Climate Change's **'Race to Zero'** and **'We Mean Business Coalition'**

The **biggest contributor** to our carbon footprint is **travel**. We continue to take steps to reduce this:

- We upgraded our commercial vehicle fleet to Euro VI engines and introduced 10 electric vans on contracts where charging infrastructure is readily available
- We have amended our company car choice to feature 100% plug-in hybrid and hybrid cars only, meaning that standard petrol and diesel vehicles will be naturally removed from our fleet over time. At February 2023, 67% of our company car fleet was either a mild hybrid, hybrid or electric vehicle
- We have also implemented an emissions cap of 75gCO_2/km on all new company car vehicles with the average emissions across the existing car fleet reaching 60gCO_2/km

Since April 2021, **100% of the electricity consumed at sites** where we have **operational control** has been procured from renewable sources

We have installed 32 electric vehicle charging points across our estates, which are available to employees and visitors alike, and also installed a further six charging outlets at a customer's location to support their low carbon infrastructure

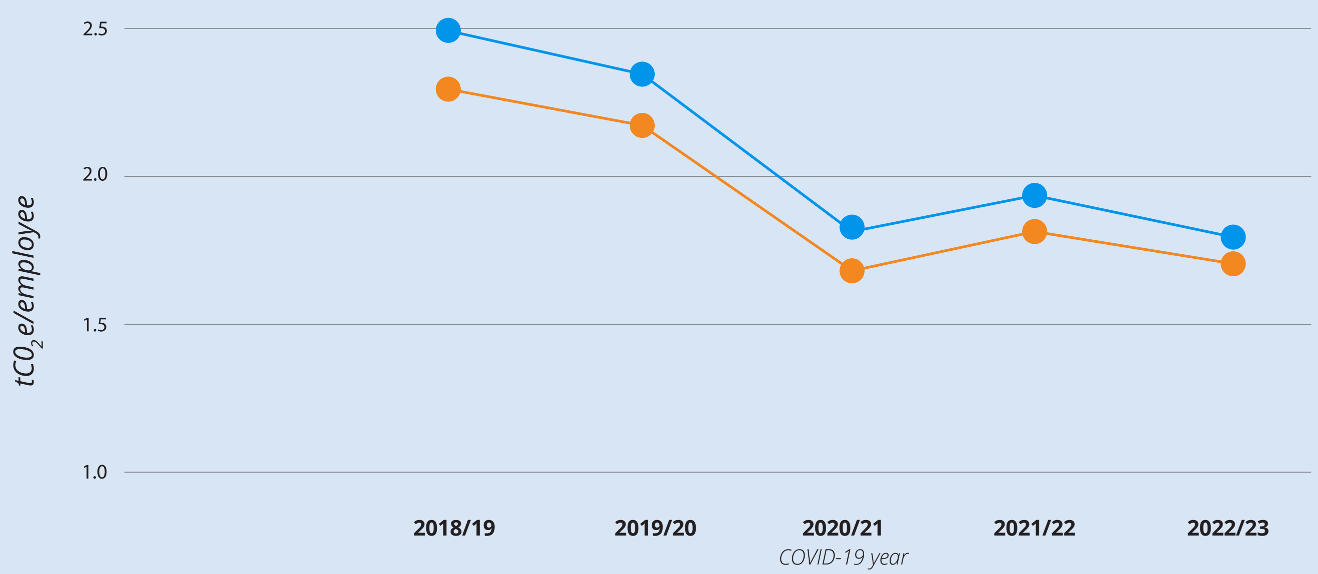
Since 2018/19, we have **generated over 1,400 MWh of our own energy** from our investments in solar photovoltaics across the Group

We have made **net zero carbon training available to all employees** and delivered introductory workshops to our senior leadership teams

Since 2018, we have achieved and **maintained ISO14001:2015 accreditation** for our environmental management system

Through engagement with our suppliers, we have established a baseline understanding of the **environmental awareness** and impacts arising from our supply chain and continue to work with our supply chain to **support their commitment to net zero**

Carbon intensity comparison



	2018/19	2019/20	2020/21 (COVID-19 year)	2021/22	2022/23
tCO_2e per employee (market-based)	2.34	2.24	1.63	1.86	1.74
tCO_2e per employee (location-based)	2.50	2.39	1.77	1.96	1.82

Principal Risks
& Uncertainties

The Board has an established Risk Management Framework to identify and address the principal risks facing the Group. Further details of the Framework are given in the Corporate Governance section on pages 46 and 47. The Group's principal risks and mitigations are as follows:

Risk	Description	Mitigations
Health & safety	Health and safety continues to be a primary focus for the business. 'Safety First & Foremost' is at the heart of everything we do. This has been developed to influence our employees, our customers and our supply chain, through leadership, to behave in a way that puts safety first. Further information on health and safety is provided on pages 22 and 23.	There are comprehensive health and safety policies and procedures in place along with effective leadership and organisational arrangements to ensure, monitor and adapt these procedures and ensure management accountability. To ensure we remain at the forefront of health and safety practices, we have implemented a dedicated action plan, including some significant initiatives. Our new performance reporting system MySafety is launching imminently across the Group, which will allow incidents and 'Don't Walk By' observations to be reported quickly and easily and inspections and risks assessments to be completed electronically. We understand the importance of strong leadership and behaviours in creating an overall safe working environment. Our new behavioural Safety in Mind initiative launched in May 2023, supporting and further developing the health and safety culture across the Group.
Market conditions (including inflation)	The Group's services may be affected by an economic downturn and reductions or delays in government and private sector spending. Over the period, the energy crisis in Europe, exacerbated by the war in Ukraine, has driven inflation to the highest levels seen in 40 years. The construction industry has been acutely impacted, with prices rising faster than other sectors, placing operational delivery and trading margins under pressure. The ongoing effects of the Ukraine conflict and the cost-of-living crisis on supply chains, combined with the lingering effects of Brexit and the pandemic, have led to material and labour shortages. A series of successive interest rate rises by the Bank of England in response to high inflation, has increased the cost of capital for businesses. These factors can result in customers delaying or cancelling proposed and existing projects as well as presenting operational challenges around delivery and control of costs.	The Group's strategy is to focus on recession resilient sectors with a balanced portfolio across building construction, infrastructure and services, limiting the exposure to any one area. In particular, the government's spending plans on infrastructure sectors such as defence, nuclear, healthcare, custodial and rail and its targets for transitioning the UK to a low carbon economy should present opportunities. The Group continues to monitor the impact of the energy crisis, Brexit and the Ukraine conflict, and has developed plans to respond to a range of scenarios. Underpinned by the Group's strong balance sheet, these plans consider market conditions, the availability of the workforce, changes in productivity and the availability and price of materials. The Group's forward order book remains healthy at £1.3bn and is forecast to grow. For new work, the Group's well established 'bid no bid' and tendering processes have been strengthened in light of current market conditions to ensure the Group is highly selective in winnng work at margins commensurate with the risk. This includes short windows being applied to our pricing to reflect these inflationary times, incorporating inflationary provisions into our contracts and ensuring advanced purchasing is undertaken once a job is secured. A significant proportion of the Group's sales are protected against inflationary pressures by contractual provisions or through advance purchases on secured jobs. The Group is not willing to accept the risk of taking on work where the impacts of inflation cannot be acceptably managed.
Competition	The Group operates in highly competitive sectors, some with low margins. Whilst quality, capability, stability and reputation are key parts of a customer's decision, price remains an important factor.	The Group applies a rigorous 'bid no bid' process to ensure we only tender for and win work where the margin is commensurate with the risk. This rigour is increasingly important in the current environment with some competitors accepting lower margins, inflation-related risks and other risks to 'win' turnover. The Group continues to focus on cost and efficiency in order to remain competitive in the market. Our continued investment in people, technology and training along with our offsite manufacturing capability and supported by our strong financial position means the business is well placed to differentiate itself in a competitive environment. Customer retention rates and Net Promoter Scores (NPS) remain excellent across all our businesses. Increasing levels of insolvencies and businesses under strain may present opportunities for low risk strategic acquisitions. We have the agility, cash resources and experienced management team to act swiftly as demonstrated by the four acquisitions completed in the last five years.
Attracting and retaining talent	The Group recognises that attracting, retaining and developing people is key to ensuring it has the right skills and capability to support the success and future growth of the business. During the year, the structural labour and skills shortages in our industry have been exacerbated by the impacts of COVID-19 and Brexit.	The Group has an excellent track record of retaining its employees and aims to be an employer of choice through market-competitive remuneration, training and development, a growing number of apprentice and graduate schemes and fostering an inclusive culture through our 'Fairness, Inclusion and Respect' programme. We offer a competitive package of salary, fixed and flexible benefits and employee discounts across the Group, which are reviewed annually to ensure our people are fairly rewarded for their work. We continue to invest in learning and development (L&D) with a focus on health and safety and ensuring that we have the right people and skills in place to support our future growth plans. Our L&D strategy is aligned with the specific requirements of our divisions and addresses the needs of our people at each stage in their career journey, with clear succession plans in place. Mental and physical wellbeing continues to be an important part of our people policy, as outlined on page 50 including training around 800 employees in mental health and wellbeing awareness during the year. We have sought to support our people as they have felt the effects of the cost of living crisis. This year's annual pay rise was tiered towards our lower paid employees and we have introduced a new hardship fund and employee discount scheme. From 2023, every single person across the Group has been given an annual wellbeing day on top of their normal holiday allowance to provide them the opportunity to recharge and focus on themselves.
Project delivery	The execution of projects involves estimating, planning, designing and delivering, often in complex environments.	The Group's activities are controlled by business management systems within each division, which contain frameworks of policies and procedures designed to minimise avoidable risks. All our policies and procedures, including end-to-end process maps, are hosted on our quality management system, which is accessible to all employees via the MyNGBailey intranet. These resources guide our teams through the various stages of a project lifecycle and enforce best practice, procedural compliance and the necessary points of governance and control. Successful project delivery is supported through a combination of management oversight, project reviews, peer reviews, strong commercial management and contract administration processes and customer feedback.
Customers and supply chain	The risk of insolvency within the construction industry is increasing as businesses struggle to deal with rising costs from high inflation, supply chain challenges and rising interest rates.	The Group continues to appropriately manage its cash flows through robust contract administration of our contracts and undertakes credit checks on customers and the supply chain as a matter of routine. The Group is committed to paying its supply chain promptly. The percentage of invoices paid within 60 days is industry leading at 97%. The Group builds supply chain resilience and strong relationships through its 'Customer of Choice' strategy, working closely with suppliers and subcontractors to achieve the highest quality standards for the best price whilst ensuring that we are not over-reliant on any one supplier or subcontractor. The procurement and project teams work hard to agree prices with the supply chain early in a project to reduce our exposure to inflationary pressures and achieve forecast targets.

Risk	Description	Mitigations
System, data, cyber security and GDPR	The cyber security landscape has seen increased threats in recent years with criminals taking advantage of misaligned networks as businesses moved to remote working during the pandemic. Phishing remains the most common form of online crime and Russia's invasion of the Ukraine has had a significant impact with Russian-based phishing attacks against European and US-based businesses increasing significantly since the invasion. The Group's ability to enable safe, secure, and resilient business operations is dependent on our systems being robust and secure and our data being protected. It is recognised that a loss of key systems through an information security breach or attack could impact business operations and potentially lead to a loss of confidential data, damaging our reputation.	We are continually developing and upgrading our IT infrastructure, software and cyber threat and assessment capabilities. This has been particularly important with the increased level of remote working following the pandemic. Robust controls and procedures are in place to monitor the performance of the systems, to identify and mitigate new and emerging cyber threats and prevent and recover from suspected cyber attacks to IT infrastructure. Response protocols are in place to support the Group's response to threats or incidents. A new digital safety awareness campaign was launched early in 2023, providing regular communications and mandatory online training to ensure that employees are aware of the nature and potential consequences of cyber threats. Cyber security is a standing item on the Board's agenda. We hold Cyber Essentials Plus accreditation which demonstrates our commitment to providing secure and robust ICT and information assurance across the Group. We also continue to develop and enhance data protection procedures in line with regulations and there is a GDPR working group that meets regularly to discuss and address relevant GDPR matters. All employees undertake regular training in data protection and information security management.
The environment	Failure to adequately address the impact of our activities on the environment would present a risk to the reputation of the Group and be at odds with the Bailey family's Guiding Principles. This would harm our ability to compete in our markets and attract and retain a high quality workforce. It also carries a risk of sanctions or penalties from the relevant authorities.	The Group takes its role as a responsible business very seriously. Over the past decade we have consistently looked to reduce our environmental impacts through the reduction of energy and carbon. Our 'Net Positive' strategy supports our long-term goal of doing business in a way that ensures we put more into society, the environment and the global economy than we take out. In 2022/23, we formalised our commitment to achieving net zero emissions by 2050 through the approval of our science-based carbon reduction targets by the Science-Based Targets initiative (SBTi). Our science-based targets require us to deliver a 50% reduction in our scope 1 and 2 carbon impacts by 2030, in line with the 1.5°C limit agreed by scientists as necessary to reduce the destructive impacts of climate change. More detail can be found in our Streamlined Energy and Carbon Reporting on pages 34 to 37. The Board considers environmental issues when reviewing and guiding our strategy, risk management policies, budgets, forecasts and business plans. The route to net zero and decarbonising the UK economy presents significant opportunities to support the Group's growth aspirations.
Liquidity risk	The Group manages its financing facilities and cash flows such that it has sufficient cash resources to meet the business needs.	The Group has a strong balance sheet with cash and investments of £82.7m at 3 March 2023, along with banking facilities of £15m in place to provide further headroom. The facilities have not been used as the cash balance has been strong throughout the period and subsequently. The Group is not complacent and continually monitors and stress tests its liquidity position as a matter of routine.

Approved by the Board of Directors on 21 August 2023 and signed on its behalf by:

R C Salmon
Company Secretary
Registered office:
7 Brown Lane West
Leeds
West Yorkshire
LS12 6EH

Corporate Governance Report

For the period ended 3 March 2023, under the Companies (Miscellaneous Reporting) Regulations 2018, the Company has applied the Wates Corporate Governance Principles for Large Private Companies (published by the Financial Reporting Council in December 2018 and available on their website).

The Board is committed to the highest standards of corporate governance. How the six Wates principles have been applied over the past year is set out in this report.

1. Purpose and leadership

NG Bailey was formed in 1921 and is now the leading independent engineering and services business in the UK with a proud heritage and proven track record of achievement over more than 100 years.

As a family-owned business, our shareholders are actively involved stewards of the Group, with two family shareholders appointed as family non-executive Directors. The family maintain a visible presence in the Group, supporting a responsible culture across the business.

We are a business founded on our values of Passion, Integrity, Responsibility and Excellence. Under the Board's direction, these values underpin our purpose and vision, and guide the Group's strategy, decisions, processes and culture. These messages are communicated to our people through various routes including our leadership conferences, business update videos and regular CEO briefings.

Our purpose is that together we create and maintain exceptional buildings and infrastructure to enable a society that connects seamlessly, operates efficiently and prospers now and in the future. This supports our values statement, "Together, for positive impact". To do this responsibly, we consider both our current operations and our future activities and recognise that the best way to achieve this is through our projects, and by working with our people, customers, supply chain and communities.

Our 'Net Positive' strategy supports our goal of doing business in a way that ensures we put more into society, the environment and the global economy than we take out. The strategy outlines six key ambitions as summarised on pages 28 to 31. These commitments are a mix of operational goals that we strive to always meet, including zero harm, being a great place to work and delivering social value and sustainable growth. Alongside these, we have two transformational goals of zero carbon and zero waste that will drive long-term change through our operations. Each commitment is underpinned by long-term deliverables and each year we will define our priorities.

Our success is marked by a continuing focus to do things better and to meet the challenges of the day, however tough. Spurred on by a growing demand for creative change, we explore ways of doing things differently whilst maintaining our responsibilities to our stakeholders which is considered further on pages 48 to 51.

Passion

Integrity

Responsibility

Excellence

2. Board composition

We recognise the value that a diverse range of experience at Board level can offer to our business. Our Board of Directors comprises of two executive Directors (the Chief Executive and Chief Operating Officer) and five non-executive Directors (two are members of the Bailey family and three are independent non-executive Directors). Each of our Directors brings with them a wealth of knowledge and experience relevant to their area of expertise, which we believe provides a solid foundation for the direction and leadership of the Group. The strength of our non-executive Director group allows for constructive challenge of the executive team.

All our Directors have access to the advice and services of the Company Secretary and, if they wish, can take professional advice at the Company's expense. Our Company Secretary ensures that the Board receives appropriate and timely information, that Board procedures are followed and that statutory and regulatory requirements are met.

Our independent non-executive Directors are wholly independent in that they have no material business relationships with the Group that might influence their independence or judgement.

We have a separate Chairman and Chief Executive to ensure an effective balance of responsibility, accountability and decision making. Likewise, all the Directors have opportunities to voice their views at Board meetings and have equal voting rights when making decisions.

Our Chairman (non-executive Director) is responsible for the Board's effectiveness and sets its agenda. He facilitates the effective contribution of the non-executive Directors and ensures a positive and constructive relationship across the Board and with shareholders.

Our Chief Executive is responsible for the operational management of the Group. He is accountable to the Board for carrying out the Group's strategy, including its corporate responsibility commitments.

Whilst the Board maintains oversight over all its duties, certain of these are executed through committees which have clearly defined terms of reference. Family and independent non-executive Directors are members of these committees so there is an appropriate degree of challenge and influence in these areas.

The Directors maintain and develop their skills, knowledge and familiarity with the Group through meetings with senior management and shareholders and visiting operations (such as visits to project sites). There is an induction programme for all new Directors which is tailored to their specific experience and knowledge and which provides access to all parts of the business.

The Board reviews the effectiveness and programme for the Board and Board Subcommittees periodically. Most recently, an internal review of the effectiveness of the Audit Committee took place in March 2023 and concluded that it was comfortable with its activities and the approach it was taking with some minor suggestions to further enhance its effectiveness.

We acknowledge that Board diversity is a challenge across our sector and are committed to fostering an inclusive culture that encourages diversity across the Group including at the most senior levels. Workforce diversity is discussed further on page 47.

Group Board

Chaired by the independent non-executive Chairman and comprising of seven Directors listed on page 56

Group Subcommittees

Audit Committee	Remuneration Committee	Nomination Committee	Pensions Steering Committee	Family Employment and Development Committee	Investment Committee

Group Operating Executive (GOE)

Chaired by the Chief Executive, the Group Operating Executive (GOE) is the senior leadership team for driving the operational and strategic performance of the business. The members of the GOE are:

- Chief Executive
- Chief Operating Officer
- Group Finance Director
- Group HR Director
- Managing Director, Services

Group Subcommittees

Audit Committee

The Audit Committee is responsible for reviewing the Group's systems of internal control and risk management. It receives reports from both the internal and external auditors on the effectiveness of those controls and recommendations for their improvement.

The Committee meets four times a year. These meetings are also attended by the Chief Operating Officer and the Group Finance Director. The Head of Audit and Assurance and other Group executives and the external auditors, RSM UK Audit LLP, are invited to attend for specific items on the Audit Committee's business timetable.

The Board is satisfied that at least one member of the Audit Committee has relevant financial experience and knowledge to allow for an appropriate level of constructive challenge.

Investment Committee

The Investment Committee is responsible for appointing and overseeing suitable investment managers for our current asset investments and monitoring their performance against agreed benchmarks.

Nomination Committee

The Nomination Committee is responsible for monitoring the composition and balance of the Board and making recommendations to the Board on new Board appointments. Dependent upon the appointment being made, the Committee will be selected from the Board as appropriate. The Committee met twice during the year to consider the appointments of the Chair and one independent non-executive Director.

Pensions Steering Committee

The Pensions Steering Committee is responsible for establishing and reviewing the Group's pension arrangements, strategy and procedures and ensuring that they balance business risk with employee interests over the short, medium and long-term. The Committee advises the Board on a range of matters relating to the Group's pensions arrangements (defined benefit and defined contribution schemes) including compliance evolution, scheme performance and investment strategy considerations.

Family Employment and Development Committee (FEDC)

The Family Employment and Development Committee is responsible for developing family members' knowledge and understanding of the Group and introducing them to the employment opportunities available in the Group. It has a particular focus on the "next generation" of shareholders.

Remuneration Committee

The Remuneration Committee is responsible for making proposals to the Board concerning remuneration for the executive Directors and the senior executives and managers and approving the annual salary pay award for the Group. The Committee meetings are attended by the Chief Executive and the Group HR Director when it is considered appropriate for them to do so.

3. Directors' responsibilities

The Board is responsible to the shareholders for the overall success of the Group. The Board reviews and approves the Group's strategy, monitors its implementation and reviews business performance and the control framework in place.

The Group Operating Executive (GOE), led by the Chief Executive, is responsible for developing the Group's strategy and policies and their implementation along with day-to-day management and monitoring of performance. The GOE has a regular cycle of meetings and conference calls throughout the year.

The Board has a programme of seven principal meetings every year and operates an agenda of standing items appropriate to the Group's operating and reporting cycle including health and safety, financial performance, strategy, risks and opportunities, market conditions, operational and people matters, cyber security and our responsibility strategy.

The Board has put in place reporting processes and other controls designed to ensure that it is provided with relevant information on a timely basis, which set out authorisation limits and reserve certain significant matters for the Board or its Committees.

The Chair is responsible for effective communication with the shareholders and undertakes the evaluation of performance and commitment of individual members of the Board, the Board of Directors as a whole and its Subcommittees. The performance of the Chair is evaluated by the Chair of the Audit Committee.

The Group's conflicts of interest policies are outlined in the Code of Integrity for Employees which applies to all employees including the Directors and other members of the wider leadership team. The Code requires employees to act honestly, fairly and with transparency and not act in a manner which could discredit them or NG Bailey or put themselves in a position which may result in a conflict of interest. A register of potential conflicts is maintained, and 'conflicts of interest' is a standing agenda item at each Board meeting.

4. Opportunity and risk

The overall sustainability and success of our Group depends upon our ability to identify opportunities and mitigate risks in both the short and long-term.

Opportunities

Short-term opportunities are identified and addressed as part of the monthly business performance and quarterly forecast review processes which are attended by the Chief Executive, Chief Operating Officer and members of the senior leadership teams of the Group's divisions.

Long-term strategic opportunities are considered as part of the annual Group strategy process which is presented to the Board. This includes an assessment of how the Group creates and preserves value for the long-term including both financial and non-financial risks and opportunities. Specific presentations on significant opportunities and contracts are also given to the Board by the management team to allow for constructive challenge.

Risks

The Group operates a Risk Management Framework across the business to provide a structured approach to identifying, addressing and monitoring risks that could threaten achievement of the strategic objectives of the Group.

The Group has adopted a "three lines of defence" assurance model for risk management and control, with each of the three lines playing a distinct role within our Risk Management Framework:

- First line: how risks are managed and controlled through the day-to-day operations of the business. The first line of defence is carried out by operational management and central functions (such as HR and finance) that directly support the Group's activities
- Second line: how we oversee the framework to ensure it operates effectively. The second line of defence is carried out by functions that oversee or specialise in risk management and compliance (including health and safety, security, risk management and quality control), providing specialist expertise, support, challenge and assistance in managing risk in the first line of defence
- Third line: provides independent and objective assurance and advice on the adequacy and effectiveness of governance and risk management. The third line of defence is carried out by our Internal Audit and Assurance function or external specialists

We believe that the effectiveness of the Risk Management Framework is dependent on the establishment of a risk management culture throughout the Group, led from the top.

The Group's systems and controls, which have been developed and refined over many years, are designed to ensure that the Group's exposure to significant risks is properly managed in a timely manner. The Board has ultimate responsibility for reviewing the effectiveness of these systems and controls, taking into account the key risks and exposures within the Group.

Risk registers are the key medium through which the Risk Management Framework is applied. They include an assessment of the potential impact and likelihood of identified risks and outline the current controls in place to bring the risks to an acceptable level and are maintained at various levels:

- Board risk register
- GOE risk register
- Divisional and functional risk registers

The Board risk register is in place to capture the most significant risks faced by the Group, Board and shareholders which require oversight and monitoring at a Board level. The register is reviewed by the Board annually.

The GOE maintains an overall Group risk register containing the principal risks faced by the Group and undertakes a full risk review biannually, facilitated by the Head of Audit and Assurance. These principal risks and uncertainties are outlined in the Strategic Report on pages 38 to 40. Through the annual Group strategy process, the GOE is responsible for identification of business risks associated with the strategy and target setting. The Chief Executive formally presents the GOE risk register to the Board for discussion and review biannually.

Each division and key functional area maintains a risk register supported by the Head of Audit and Assurance to ensure consistency and rigour. The divisional and functional risk registers are reviewed annually on a cyclical basis by the Audit Committee. The Audit Committee selects key activities for more detailed review three times a year covering how the activities are managed and the processes and controls in place to mitigate risk and maximise opportunities in these areas.

Our delegated authorities matrices (DAMs) clearly set out our financial and commercial authorisation framework and form a central part of our governance approach. Alongside each division's detailed policies and procedures, these combine to help guide responsible decision making throughout the business. Oversight is maintained over corporate policies via the quality management system to ensure they are regularly reviewed and updated, and any changes are approved and controlled.

Additionally, the Internal Audit and Assurance function assists the Board in understanding threats and opportunities relating to the Group's assets, reputation and sustainability. Risk-based audits of the control framework provide assurance over the adequacy and effectiveness of existing controls and the integrity of reported information. This is a blend of audits performed by the in-house Internal Audit and Assurance team and audits performed by our co-source partner (BDO) particularly for specialist areas.

Actions from these audits are tracked through to completion with progress reported to the Audit Committee.

The Group's systems and controls are designed to manage rather than eliminate risks and can only provide reasonable and not absolute assurance.

A crisis management exercise, using the NG Bailey Crisis Management Plan (CMP), is carried out periodically by the GOE to rehearse the Group's response to, and recovery from, a crisis situation. The crisis management approach was used to support the Group's response to the COVID-19 situation.

5. Remuneration

The Remuneration Committee's primary responsibility is ensuring that remuneration is set at a level which reflects the long-term interests of the Group, shareholders and employees. This recognises that to deliver our strategic aims we need to retain, motivate, and where necessary attract, senior executives and employees of the highest quality.

The Remuneration Committee has a clearly defined terms of reference and is responsible for making proposals to the Board concerning remuneration for executive Directors and the GOE. In addition, it has an oversight role with regards to the remuneration policy for senior managers (normally the first layer of management below GOE level). In carrying out these responsibilities, the Committee considers remuneration packages throughout the Group and also approves the annual salary pay award for the wider workforce.

The Committee seeks external support when it feels it is necessary to fulfil its duties and takes advice and guidance from a number of recognised external advisors. This includes specialists in executive pay and benefit benchmarking, executive pay process and methodology, pensions and employee benefits.

Pay for senior executives is aligned with both short and long-term performance. Short-term performance is recognised through our senior management bonus scheme with criteria requiring both financial and non-financial achievement. The non-financial objectives are linked to the Group's priorities and values including health and safety, sustainability and people development. Long-term success is rewarded through our Long- Term Incentive Plans (open to members of the GOE) which aligns remuneration with the long-term financial and non-financial objectives of the Group including the family's Guiding Principles.

Annually the Committee reports Directors' pay to the shareholders at the Annual General Meeting.

For our workforce, we offer a competitive package of salary, fixed and flexible benefits and employee discounts across the Group. This is reviewed annually to ensure that our people are fairly rewarded for their work in the light of market conditions whilst individual salary reviews are linked to personal performance as measured through our annual performance assessment process. 100% of our people are paid the living wage. Many of our front-end workforce are covered by national agreements and as such their pay and benefits are defined by these. We regularly review this to ensure that the Group, as a minimum, complies with these requirements.

The Remuneration Committee approved a pay award for the Group-wide workforce for the 2023/24 year. In light of the cost-of-living crisis, this year's annual pay rise has been tiered, with our lower paid employees receiving higher uplifts.

We recognise that workforce diversity and gender pay are areas for improvement within our industry and that this will take time. We are committed to our principles of Fairness, Inclusion and Respect and we believe that utilising these will enable us to attract, recruit and retain the best people, ensuring equity at the point of selection and making NG Bailey a place where everyone feels welcomed and valued. The outcome will be a diverse and talented workforce that will continue to make NG Bailey an outstanding organisation.

We actively promote and support initiatives to encourage inclusivity, for all employees to pursue their careers within our sector and partner with organisations to support this including ENEI (Employers Network for Equality and Inclusion); a leading employer network promoting equality and inclusion in the workplace. We are a proud member of The 5% Club, a select group of companies committed to increasing the number of apprentices and graduates in the workforce. On a regional level, we work with a number of schools, colleges and universities across the country to provide young people with opportunities to meet businesses from their local communities, explore a broad range of careers, develop their skills and showcase NG Bailey as a great place to work. These initiatives will pay dividends in the future as the trainees, graduates and apprentices we recruit today develop into the senior leaders of tomorrow.

6. Stakeholders

Our employees, customers, suppliers, communities and other stakeholders expect the highest levels of operational and technical excellence from us as a business. The Board believes that in order to achieve our goals and protect our reputation and relationships with our stakeholders, robust governance and effective communication are essential on a day-to-day basis.

We periodically engage with our stakeholders to identify the issues that matter most to them. As part of this, we examine the environmental, social and supply chain issues that are of most concern to our stakeholders against those that pose risks or present opportunities to the Group. This analysis enables us to identify the material issues that our stakeholders want us to prioritise as a business.

Our shareholders and wider family

The Group recognises the importance of dialogue with our shareholders. The family's Guiding Principles aim to capture the family's long-term aspirations for the business including leadership excellence, being an employer of choice and acting as a responsible business. The Board seeks to align the Group's strategic direction with these Guiding Principles.

The Chairman of the Board and the two family non-executive Directors are the primary communication routes between the Board and shareholders. The Family Council is a representative body for the family which supports the development of responsible owners, facilitates communication between the family and the business via the Board and encourages healthy relationships with the family and the Board.

The family non-executive Directors are both members of the Family Council to provide a communication link between the Board, the shareholders and the wider family.

All Board members attend the Annual General Meeting and are available to answer questions from the shareholders. The Chairman, Chief Executive and Chief Operating Officer meet with the shareholders on two further occasions each year to review strategic objectives and the performance of the Group.

Members of the senior management team also provide business updates on various topics during these family update sessions. This programme of communications provides an opportunity for the business to understand the shareholders' goals and priorities for the Group. Engagement with the next generation of shareholders is supported by the Group at the annual 'Next Generation' event.

Guiding Principles
are set out on pages 52 and 53

Manchester Town Hall

Our people

Our people are at the heart of everything we do. We value their commitment, technical expertise and endeavours in helping us achieve our goals. We recognise and reward exceptional performance from our employees through the employee recognition scheme value awards and our long service awards.

Our Group-wide commitment to putting health and safety first and foremost is core to how we operate with a Safety, Health and Environment (SHE) update at every Board meeting.

We continue to develop and invest in our approach to health and safety and are progressing some significant initiatives including our new performance reporting system MySafety (launching imminently across the Group) and our new behavioural Safety in Mind programme was launched in May 2023 to help focus our employees' attention and actions on working safely.

The MySafety reporting system allows our people to report incidents and 'Don't Walk By' observations quickly and easily and complete inspections and risk assessments electronically. It also provides us with the better ability to analyse trends in detail and identify current and emerging risks.

We understand the importance of strong leadership and behaviours in creating an overall safe working environment. Our cultural development programme, Safety in Mind is all about why we do what we do. Our safety systems, processes, procedures and training must be underpinned by the positive choices and behaviours of the people using them, as the critical path in nearly all incidents is the choices that individuals make. The programme will support our proactive safety culture through:

- Equipping everyone with an understanding of why they make the choices they do and how to make better ones
- Sharing a common language, encouraging everyone to talk to each other about safety
- Ensuring everyone understands their role and the impact they can have on health and safety

Our work towards ensuring a safe working environment for our people and those around us resulted in success at the 2023 RoSPA Awards where we received one Gold Medal Award, six Gold Awards, eight President's Awards and the RoSPA Highly Commended in the Construction Engineering Sector Award for our outstanding health and safety performance.

Fairness, Inclusion and Respect is a key focus for our business. As part of our commitment to being an employer of choice we recognise the important role that a diverse and inclusive culture plays in our organisation. As a minimum we expect all our people and those working on our behalf to treat those around them in a fair, inclusive and respectful manner. Our Equality, Diversity and Inclusion guide alongside our Codes of Integrity for Employees and Business Partners addresses our expectations. Our Fairness, Inclusion and Respect Strategic Leadership Group provides the leadership and drive in this area.

We have a clearly defined outcome to be recognised as an employer of choice and one of our key strategic objectives is to engage, train and retain our people. We continue to invest in learning and development (L&D) to ensure our L&D strategy addresses the needs of our people at each stage in their career journey. Talent is attracted and retained through clear career paths across the Group and adult training in technical and leadership skills, alongside a growing number of apprentice schemes. We employed our first apprentice in 1934 and since then have successfully trained nearly 6,000 people in their chosen field with our highest apprentice intake for 15 years during 2022.

We relaunched our graduate scheme with the first graduates starting the new scheme during 2022. The programme runs for two years with a series of work-based projects and rotations and initial feedback from the graduates has been positive.

Employees are offered the opportunity to gain insight into how similar businesses operate in their respective countries through 10+ week placements in either Australia or the USA through our newly launched overseas employee exchange programme.

Regular 'Pulse' surveys provide insight into what the Group's people are thinking and feeling and help to shape our people strategy. The results and feedback of the December 2022 employee 'Pulse' survey were generally positive with both satisfaction and morale at work scoring well despite the cost of living crisis. Team briefings, regular CEO briefings, business update videos and senior leadership conferences further enable the Group to engage and communicate with its people. A 'one-stop shop' for all communication and news is provided by the employee portal 'MyNGBailey'.

MyNGBailey

FAIRNESS
INCLUSION
RESPECT

Employer of choice
Engage, **train** and **retain**

2023
RoSPA
Construction Engineering Sector Award
Winner

A workplace forum has been established in the Engineering division to improve the level of engagement and collaboration. The aims of the forum are to enhance quality, safety and productivity on our project sites and ensure that the interests, ideas and concerns of all employees are heard, understood and responded to.

We have in place our 'Speak Up' policy which encourages employees to raise their concerns in confidence if they observe or suspect misconduct or inappropriate behaviour. Employees who speak up are protected when raising concerns in good faith and a number of channels are provided to raise concerns including via an external independent organisation.

In support of our strategic commitment to have a happy and healthy workforce, we have invested in a Group-wide Working Well strategy that has been designed to encourage individual wellbeing to deliver business and personal success together. The Working Well Hub makes resources, information and practical support accessible to all our people.

Mental and physical wellbeing continues to be an important part of our people policy and there is a suite of initiatives to support our people when they require it. We promote our wellbeing offering via internal channels including regular wellbeing communications to remind employees of the support programmes in place and a series of campaigns encouraging physical and mental health wellbeing including a mental health awareness week. We provide 24/7 support via our Employee Assistance Programme, a completely confidential and personal service offering counselling and advice for all employees. Around 800 employees have been trained in mental health and wellbeing awareness during the period with similar training planned for the upcoming year.

The cost-of-living crisis has brought personal challenges for everyone, and we have sought to support our people through our wider employee wellbeing plan. This year's annual pay rise has been tiered, with our lower paid employees receiving higher uplifts. We have introduced a new hardship fund which supports our people if they find themselves in significant short-term financial hardship by providing support through grants or wage advances. Our new employee discount scheme helps our people make savings on day-to-day expenses with access to discounts and cashback offers through the 'My Discounts app'.

From 2023, we will be giving every single person across the Group an annual wellbeing day on top of their normal holiday allowance to provide them the opportunity to recharge and focus on themselves.

We are investing heavily in our ICT systems to support our philosophy of 'making it easy to work here'. Our new combined HR, payroll, learning and development platform, MyDayforce, is now live across the business. MyDayforce improves our employee's experience by replacing a number of legacy systems with a single, centralised sign on and offering an app-based option for employees. As part of our Unified Communications programme, we are updating telephony across the Group and enabling external calls to be made and received via Microsoft Teams. We have improved our ICT onboarding and induction processes to make it easier and quicker for new employees or those changing roles to get set up with the right ICT equipment and systems.

Our customers

We build close relationships with our customers via a variety of communication methods including regular meetings (face-to-face and virtual), site visits and Group communications such as our digital magazine Infocus and social media interactions. Alongside our periodic customer engagement surveys, these provide a route for feedback from customers to identify improvements and retain our industry-leading reputation, supporting the long-term success of the Group. We have recently undertaken a Group-wide Net Promoter Score (NPS) survey with excellent feedback from our customers across the Group.

As a result, we continue to see high numbers of repeat customers within our Engineering division and strong retention rates in our Services division.

Our suppliers

Our supply chain partners form an important part of our business and play a key role in our continued success. We want to build and maintain a supply chain that embodies our values and vision. We follow a Customer of Choice strategy so we can manage our supply chain in a responsible and sustainable way and also make sure we have a selection of suppliers and subcontractors who not only perform well but undertake their activities to the highest quality standards and safety expectations.

The introduction of Payment Practices and Performance Reporting has increased the level of scrutiny of how companies pay their suppliers. Payment performance in our sector is inherently challenging due to complex supply chains, contractual terms and the impact of disputes. We closely monitor our payment performance and regularly report on it to the Board, Audit Committee and shareholders.

We recognise the importance of supporting our supply chain and continuously invest in our processes and procedures to pay our supply chain on time. This has resulted in significant improvement in our payment performance reporting over recent years with the percentage of invoices paid within 60 days now at an industry leading, consistent level of 97% (2022: 97%). We continue to invest in this area and during the period our new electronic procurement platform improved the speed, accuracy and supplier experience of e-invoicing and supplier onboarding and integration.

Labour exploitation and modern slavery are risks that our industry, business and wider supply chain face and we are committed to combatting this in partnership with others. The Group is an affiliate member of the TISC (Transparency in the Supply Chain) reporting network. Our Anti-Slavery and Human Trafficking Policy and Modern Slavery Act Statement can be found on our website www.ngbailey.com. We have in place a Code of Integrity for Business Partners which applies to all entities acting in partnership with or on behalf of NG Bailey and sets out clearly our expectations in this area.

Pension trustee

We regularly communicate and work collaboratively with the Pension Trustee of our defined benefit pension scheme (The Pension and Life Assurance Plan of NG Bailey) including attendance by the Trustee at the Pension Steering Committee meetings periodically. This ensures that decisions made by both the Group and the defined benefit pension scheme reflect the interests of all stakeholders, particularly the members of the scheme.

Our communities

We recognise that our responsibilities extend beyond our immediate operations, into the communities we work within and wider society as a whole. The Group's commitment to delivering social value is outlined on pages 32 and 33.

In 2018, we adopted the UN's 17 Sustainable Development Goals (SDGs) as part of our responsibility reporting to demonstrate our impact beyond the business. Our 'Net Positive' responsibility strategy continues to align with them. In recognition of our commitments and progress towards these global goals, we are the only company in our sector to be awarded the top five-star rating by Support the Goals, an initiative to rate and recognise businesses that support the SDGs.

We are always willing to listen to the concerns of our communities and have established communication channels via our website to facilitate this. We make every effort to ensure we operate as a good neighbour in our local communities making considerations for appearance, noise, environmental and access impacts as a result of our work.

We recognise that our sector needs to engage a diverse range of individuals if we are to continue to be successful. In light of this we are engaging with young people and educators in relation to their adoption of science, technology, engineering and maths (STEM). Through our engagement programme, INSPIRE, we've engaged with more than 10,000 students across the UK through school workshops, site visits and work experience weeks as we have sought to bring real life experience and role models into the learning environment for the benefit of young people. This may help encourage them into STEM careers to address the current skills shortage. Of those students engaged, a large majority reported an increase in knowledge regarding engineering with around two-thirds stating that they were more interested in a career in STEM following our engagement. Our regional teams also work with local schools, colleges and universities to provide young people with opportunities to explore different careers and develop their skills.

As a business we play an important role in the communities we work in. We invest in supporting our employees in their charitable efforts through financial and in-kind support and charitable cash donations in the period totalled £87k (2022: £10k). This includes a £50k donation to the Disasters Emergency Committee in March 2022 to show our support for the people of Ukraine and help provide food, water, shelter, healthcare and protection for families fleeing the conflict.

We are partnering with CRASH, the Construction Industry's Charity as a corporate patron. This enables us to offer our skills, time and resources for the charities that require CRASH's support and helps us to deliver social value back into the communities in which we work. Activities in the period included colleagues from the Leeds, Manchester and Newcastle offices coming together to take part in the #picnicforCRASH summer fundraiser in August 2022, supporting their Christmas card appeal for the second year running and the North-West team holding a clay pigeon shoot fundraising event with our clients and supply chain in December 2022. Most recently, we assisted the Emmaus, Hastings and Rother charity via CRASH. The charity helps people who are homeless to regain their self-esteem and move forward through their community of 23 bedrooms and social enterprises. The charity's superstore is their main source of income and had recently been facing extreme overheating. We worked with our supply chain partners to source and install new air conditioning units completely free of charge, improving conditions for their customers and employees.

One of our key considerations as a Group is to reduce our impact on the environment. We have a strong history of achievement and were an early adopter of low carbon technologies. Further details can be found in our Streamlined Energy and Carbon Reporting on pages 34 to 37.

His Majesty's Revenue and Customs (HMRC)

We take our tax responsibilities extremely seriously and are committed to meeting our statutory tax obligations. Our low risk approach to tax is firmly embedded within the business and integral to our culture. We have a Group tax strategy in place which is annually updated, re-approved by the Board and published on our website.

We are committed to maintaining a transparent and constructive dialogue with HMRC with updates on business activities and key developments as they arise. We seek the views of HMRC on uncertain tax positions on a real-time basis.

This is demonstrated by the recent award of a low risk status by HMRC following its Business Risk Review of our tax controls and approach to tax matters.

Corporate partnership with CRASH

Proud Patron of

crash charity

Net Positive

Making a Responsible IMPACT

The family's

Guiding Principles for the Business

The family's Guiding Principles** of **Leadership Excellence**, **being an Employer of Choice** and **acting as a Responsible Business** aim to capture the family's long-term aspirations for the business. The Board seeks to **align the Group's strategic direction with these Guiding Principles.

1921 Founded by Noel Grimshaw Bailey

1934 We recruit our first apprentice

1940s Focus on supporting the war effort

1950s Our first experience of nuclear technology

1960s Offering mobile technology

1970s Our engineering academy: bring new talent into the industry

1980s Nationwide expansion with more regional offices opening

1990s Opened our offsite manufacture facility

2000s Our Safety First & Foremost initiative

2010s Strategic focus on winning nationally important long-term projects (Rail, HPC)

2018 Key acquisition of Freedom to increase our offering to market

2021 Celebrating 100 years

2023 We're in a position of strength and well placed to grow in future years

Guiding Principles

LEADERSHIP EXCELLENCE

- Shareholder and executive **goals are aligned** as far as possible. The family and Board work together with a relationship of responsibility, integrity, trust, support and openness.
- The family supports **excellent governance**, enabling a clear purpose to be delivered on behalf of all stakeholders. Our family non-executive Directors are fundamental to the effectiveness of our current governance model.
- **Sustainable long-term profitability** and growth are sought, underpinned by robust management of opportunities and risks.
- Whilst **measured risk-taking** is accepted as a means of improving and growing, we carefully manage this in line with our values and objectives for the longer-term.
- We improve and innovate and know the importance of **long-term investment** to maximise opportunities.

EMPLOYER OF CHOICE

- We seek to be the **leading employer** in our sectors, with clear, lived values. Work at NG Bailey is inspiring and rewarding.
- The **safety and wellbeing** of our people is fundamental. We aim to remain at the forefront of health and safety practices through continually reinforcing and developing the health and safety culture across the Group.
- We create a **diverse and inclusive workplace** where fairness and respect are the norm.
- We **develop our people** through real engagement, training for all stages of the employee lifecycle and personal development activities.

A RESPONSIBLE BUSINESS

- We are the **customer of choice**. We are fair, honest and good payers. We seek responsibility and fairness throughout our supply chain.
- We are the **supplier of choice** for our customers. We act with integrity, deliver quality and value long-term relationships.
- We recognise the importance of **minimising our impact on the environment** and we expect to lead our sectors in this area.
- We believe that one purpose for being in business is to **serve the community around us**. We engage with industry bodies, community organisations and charities generously and responsibly.

GRADUATES & APPRENTICESHIPS

"Since I started my experience has been nothing but positive."
Hassan

"I am pleased to be able to develop and to gain opportunities within the Group."
Menesh

"I have loved getting to know my colleagues and being part of something valuable."
Alex

4 QUALITY EDUCATION

8 DECENT WORK AND ECONOMIC GROWTH

The Learning and Development team support the delivery of our Group-wide training and development activities, ensuring we have the right expertise in terms of knowledge, skills and competencies throughout the organisation.

Enabling our people to be the best they can be is at the heart of what we do.

We believe training and development comes in many forms and work in partnership with the business to identify or create the most appropriate solutions to the challenges we face offering lifelong learning opportunities from early careers to senior leadership.

We are committed to helping people develop and grow behaviours that reflect our values and a strong set of technical skills.

We have our award-winning apprenticeship programme and deliver a wide range of professionally recognised qualifications, cultivating the next generation of talented people and making NG Bailey a great place to work.

In 2022/23, we welcomed 10 new graduates to the business, following the launch of our new graduate programme earlier in the year.

The two-year training programme starts with a series of Group inductions, followed by activities, development modules, work-based projects, and rotation placements across key business areas, all of which will inspire each new graduate to reach their full potential, and build their confidence and strategic acumen in leadership and project management.

TO APPLY *Visit www.ngbailey.com/working-with-us/apprenticeships*

Electrical apprentice

Matthew *heads down under*

The Electrotechnical JIB
Setting employment standards

Late in 2022, Matthew Pickering, electrical apprentice, took the top prize in the Joint Industry Board (JIB) Apprentice Exchange programme.

This once in a lifetime opportunity gave Matthew the chance to spend six weeks learning and working as an Electrician in Australia.

Matthew was one of three finalists, from NG Bailey, with Kane Seaborne and Kyle Taylor also in the shortlist. This level of recognition highlights the calibre of our apprentice population within the business.

Matthew said *"It is very satisfying to be recognised for the effort I've put in to date. I'm looking forward to learning more about the differences and similarities in culture, working practices, rules and enjoying the life experience. He also said that "the trip will provide a broadening of my industry experience which can't be replicated through my daily work. I hope the trip will open doors for opportunities within the trade and at NG Bailey, where I hope to further broaden my skills."*

FACES OF THE FUTURE

- our graduates

We welcomed 10 new graduates to the business, following the launch of our new graduate programme

TO APPLY *Visit www.ngbailey.com/working-with-us/a-great-place-to-work*

Directors' **Report**

Directors

The Directors who held office during the period and subsequently were as follows:

Ian Funnell (appointed 1 August 2022)	1 2 3 4 5 6	(Chairman)
Kevin Whiteman (resigned 28 February 2023)	1 2 3 4 5 6	(Chairman)
David Hurcomb	4	(Chief Executive)
Jonathan Stockton	4 5 7	(Chief Operating Officer)
Chris Bailey	1 2 3 4 5 7	
Martin Chown (appointed 1 June 2023)	1 3 4	
Peter Emery (resigned 31 July 2022)	1 3 4	
Claire East	1 2 4 6	
Jane Moriarty	1 2 4 5 6 7	

1. Non-Executive Director
2. Member of the Audit Committee (chaired by Jane Moriarty)
3. Member of the Remuneration Committee (chaired by Ian Funnell)
4. Member of the Nomination Committee (chaired either by the Chairman or a non-executive director)
5. Member of the Pensions Steering Committee (chaired by Jonathan Stockton)
6. Member of the Family Employment and Development Committee (chaired by Ian Funnell)
7. Member of the Investment Committee (chaired by Jane Moriarty)

Results and dividends

Details of the results for the period are set out in the Consolidated Income Statement on page 64.

An interim dividend for the period ended 3 March 2023 was paid on 10 February 2023 at the rate of £0.35 per share on the ordinary shares of 5p each amounting to £1.0m.

Not withstanding the strong financial position of the Group, no final dividend is proposed for the period ended 3 March 2023 (2022: £nil).

Financial risk management & policies

The Group's principal financial assets are cash and deposits, trade and other debtors, amounts recoverable on contracts and investments. The Group's credit risk is primarily in relation to trade debtors and amounts recoverable on contracts. The financial strength of customers is assessed prior to entering into a contract and is regularly reviewed together with exposure during the course of the contract.

Management of liquidity risk is achieved by close monitoring and forecasting of cash flow and by matching creditors and debtors within contractual obligations and the implementation of effective cash collection techniques. The Group does not use complex financial instruments.

Changes in the market value of certain financial assets can affect the income and financial position of the Group, notably its current asset investments. The risk is managed by a subcommittee of the Board (Investment Committee) that is responsible for appointing and overseeing suitable investment managers and monitoring their performance against agreed benchmarks with regards to changes in risk profile.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 24 to 27. The principal risks and uncertainties facing the Group, together with a description of how these risks are addressed are set out in the Strategic Report on pages 38 to 40.

The Group's reputation, strong balance sheet, balanced strategy and solid market positions mean it is optimistic and well positioned for the future. The Group has contracts with many customers and suppliers across different industries. With the government's commitment to defence, nuclear, decarbonisation and infrastructure spending, the Group remains positive that the markets in which it operates will remain resilient, albeit the timing of the economic recovery is uncertain.

A significant proportion of the Group's sales are protected against inflationary pressures by contractual provisions or through advance purchases on secured jobs. For new work, the Group's standard 'bid no bid' process ensures the Group only commits to work at an appropriate price. Proposed bid prices are kept open for a short period of time. The Group is not willing to accept the risk of taking on work where the impacts of inflation cannot be acceptably managed.

The Group has considerable financial resources including cash and deposits of £40.5m and liquid current asset investments of £42.2m at 3 March 2023. Additionally, the Group has available undrawn bank facilities amounting to £15.0m (through the Group's overdraft facility). The Group's cash has continued to remain resilient and it has not utilised its overdraft facility throughout the reporting period or subsequently.

In arriving at their opinion on going concern, the Directors have considered the Group's forecast for 12 months from the date of approval of these financial statements. The forecast was prepared based on current productivity with a high proportion of the Group's revenue in the forecast period already secured and includes consideration of future obligations on existing contracts.

Given the economic and trading uncertainties following the pandemic, Brexit and more recently due to the conflict in the Ukraine, including inflationary pressures and availability of labour and materials challenges, the Directors have deemed it appropriate to carry out stress testing to model the impact of potential severe, albeit remote, downside scenarios. Under these remote downside scenarios, the cash flow forecasts indicate the Group would have comfortable headroom on available resources throughout the forecast period.

Based on this assessment, the Directors have a reasonable expectation that the Company and the Group have adequate resources, liquidity and banking facilities to continue in operational existence for the foreseeable future. Accordingly, the Board continues to adopt the going concern basis of accounting in preparing the financial statements.

£82.7m
Cash and investments

£40.5m
Cash

£42.2m
Investments

Directors' liability insurance

As permitted by the Articles of Association, the Directors have the benefit of an indemnity with Chubb European Group SE, which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial period and is currently in force. The Group also purchased and maintained throughout the financial period directors' and officers' liability insurance in respect of itself and its Directors.

Independent auditor

A resolution to reappoint RSM UK Audit LLP as the Group's auditor will be proposed at the forthcoming Annual General Meeting.

Disabled employees

Applications for employment by disabled employees are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Stakeholder engagement

Details of how the Directors have had regard to the need to foster the Group's business relationships with suppliers, customers, employees and others, and the effect of that regard, including on the principal decisions taken by the Group during the period are outlined in the Corporate Governance Report on pages 48 to 51 and the Section 172 statement on pages 18 and 19.

Post balance sheet events

There are no post balance sheet events requiring disclosure.

Strategic Report

The Group has chosen in accordance with Section 414C (11) of the Companies Act 2006 to set out in the Group's Strategic Report, information required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Schedule 7 to be contained in the Directors' Report. It has done so in respect of principal activities, results and key performance indicators, future developments, activities in the field of research and development, and operational risk management.

Streamlined Energy and Carbon Report

The Streamlined Energy and Carbon Report is presented on pages 34 to 37.

Directors' responsibilities statement

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

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

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

The Directors 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.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each Director in office at the date the Report of the Directors is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group and Company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditor is aware of that information.

Approved by the Board of Directors on 21 August 2023 and signed on its behalf by:

R C Salmon
Company Secretary
Registered office:
7 Brown Lane West
Leeds
West Yorkshire
LS12 6EH

Independent Auditor's Report to the Members of NG Bailey Group Limited

Report on the financial statements

Opinion

We have audited the financial statements of NG Bailey Group Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the period ended 3 March 2023 which comprise of the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 3 March 2023 and of the Group's loss for the period then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- 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 and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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's or the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our 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 our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Members of NG Bailey Group Limited (continued)

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 Report of the Directors for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors 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 their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 58, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Independent Auditor's Report to the Members of NG Bailey Group Limited (continued)

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the Group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the Group and Parent Company operates in and how the Group and Parent Company are complying with the legal and regulatory framework
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud; and
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS102, the Companies Act 2006, distributable profits legislation and UK pensions and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included agreeing the financial statement disclosures to underlying supporting documentation, review of Board and Committee meeting minutes, enquiries with management, review of correspondence with legal advisors and review of external press releases.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management whether the Group is in compliance with these laws and regulations and inspected correspondence with regulatory authorities.

The Group audit engagement team identified the risk of management override of controls and management bias in accounting estimates as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business. We evaluated whether there was evidence of bias by management in accounting estimates that represented a risk of material misstatement due to fraud. We challenged assumptions and judgements made by management in their significant accounting estimates, in particular in relation to contract accounting, including the expected margin through assessment of post period end performance and stage of completion, through discussions with the relevant individuals, corroborating evidence provided and inspection of period end valuations; the valuation of properties; and defined benefit pension scheme accounting.

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

Independent Auditor's Report to the Members of NG Bailey Group Limited (continued)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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.

Kelly Boorman
(Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP
Statutory Auditor

Chartered Accountants
Central Square
5th Floor
29 Wellington Street
Leeds
LS1 4DL

21 August 2023

Consolidated Income Statement

for the 12 month period ended 3 March 2023

		2023			2022		
	Note	Underlying performance* £m	Exceptional items and amortisation £m	Total £m	Underlying performance* £m	Exceptional items and amortisation £m	Total £m
TURNOVER	3	531.6	-	531.6	499.5	-	499.5
Cost of sales		(494.6)	-	(494.6)	(446.6)	-	(446.6)
GROSS PROFIT		37.0	-	37.0	52.9	-	52.9
Administrative expenses		(58.1)	(2.5)	(60.6)	(52.6)	(0.4)	(53.0)
Other operating income	4	3.8	-	3.8	0.5	-	0.5
OPERATING (LOSS) / PROFIT	4	**(17.3)**	**(2.5)**	**(19.8)**	**0.8**	**(0.4)**	**0.4**
Interest receivable and similar income	7	2.2	-	2.2	3.1	-	3.1
Interest payable and similar charges	7	(0.6)	(6.8)	(7.4)	(0.5)	-	(0.5)
(LOSS) / PROFIT BEFORE TAXATION		(15.7)	(9.3)	(25.0)	3.4	(0.4)	3.0
Tax on (loss) / profit	8			6.9			(2.8)
(LOSS) / PROFIT FOR THE FINANCIAL PERIOD				(18.1)			0.2

**Underlying performance represents the result before exceptional items (set out in note 4) and amortisation of goodwill and acquired intangible assets.*

All (loss) / profit for the financial period is attributable to the owners of the Company.

All activities relate to continuing operations.

The notes on pages 69 to 92 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

for the 12 month period ended 3 March 2023

	Note	2023 £m	2022 £m
(LOSS) / PROFIT FOR THE FINANCIAL PERIOD		(18.1)	0.2
Remeasurement of defined benefit pension scheme asset	15	(8.7)	6.4
Property revaluation		-	(0.2)
Deferred tax	19	2.5	(1.6)
OTHER COMPREHENSIVE (EXPENSE) / INCOME FOR THE FINANCIAL PERIOD		(6.2)	4.6
TOTAL COMPREHENSIVE (EXPENSE) / INCOME FOR THE FINANCIAL PERIOD		(24.3)	4.8

All total comprehensive (expense) / income for the financial period is attributable to the owners of the Company.

The notes on pages 69 to 92 form an integral part of these financial statements.

Consolidated Statement of Financial Position

at 3 March 2023
Company Registration No. 1490238

	Note	2023 £m	2022 £m
FIXED ASSETS			
Intangible assets	10	27.8	31.8
Tangible assets	11	18.6	34.7
		46.4	66.5
CURRENT ASSETS			
Stocks	13	0.6	0.9
Debtors: amounts falling due within one year	14	130.7	139.6
Pension scheme asset	15	31.2	39.4
Investments	16	42.2	47.9
Cash and deposits		40.5	31.2
		245.2	259.0
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	17	(168.7)	(156.4)
NET CURRENT ASSETS		76.5	102.6
TOTAL ASSETS LESS CURRENT LIABILITIES		122.9	169.1
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	18	-	(10.5)
PROVISION FOR LIABILITIES	19	(1.6)	(12.0)
NET ASSETS		121.3	146.6
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	20	0.1	0.1
RESERVES			
Revaluation reserve	21	4.9	17.6
Capital redemption reserve	21	-	-
Retained earnings	21	116.3	128.9
		121.2	146.5
TOTAL EQUITY		121.3	146.6

These financial statements were approved by the Board of Directors on 21 August 2023 and were signed on its behalf by:

I G FUNNELL

D S HURCOMB

The notes on pages 69 to 92 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the 12 month period ended 3 March 2023

	Note	Share capital £m	Revaluation reserve £m	Capital redemption reserve £m	Retained earnings £m	Total equity £m
AT 26 FEBRUARY 2021		**0.1**	**18.1**	**-**	**123.6**	**141.8**
PROFIT FOR THE FINANCIAL PERIOD		**-**	**-**	**-**	**0.2**	**0.2**
Other comprehensive income / (expense)		-	(0.2)	-	4.8	4.6
TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE PERIOD		**-**	**(0.2)**	**-**	**5.0**	**4.8**
Transfer of realised reserve		-	(0.2)	-	0.2	-
Transfer of additional depreciation on revalued assets		-	(0.1)	-	0.1	-
AT 25 FEBRUARY 2022		**0.1**	**17.6**	**-**	**128.9**	**146.6**
LOSS FOR THE FINANCIAL PERIOD		**-**	**-**	**-**	**(18.1)**	**(18.1)**
Other comprehensive expense		-	-	-	(6.2)	(6.2)
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD		**-**	**-**	**-**	**(24.3)**	**(24.3)**
Transfer of realised reserve		-	(12.6)	-	12.6	-
Transfer of additional depreciation on revalued assets		-	(0.1)	-	0.1	-
Transactions with owners Dividends paid	22	-	-	-	(1.0)	(1.0)
AT 3 MARCH 2023		**0.1**	**4.9**	**-**	**116.3**	**121.3**

The notes on pages 69 to 92 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

for the 12 month period ended 3 March 2023

	Note	2023 £m	2022 £m
(LOSS) / PROFIT FOR THE FINANCIAL PERIOD		(18.1)	0.2
Adjustments for:			
Depreciation	4	4.1	4.1
Amortisation of intangible fixed assets	4	4.0	4.1
Loss on sale of tangible fixed assets	4	0.5	0.1
Interest receivable and similar income	7	(2.2)	(3.1)
Interest payable and similar charges	7	7.4	0.5
Tax (credit) / charge	8	(6.9)	2.8
Decrease in stock		-	0.3
Decrease / (increase) in debtors		8.7	(1.2)
Increase / (decrease) in creditors (2022 includes repayment of VAT deferred under the government's deferral scheme during the pandemic)		5.7	(10.2)
Other non-cash items		0.4	(1.5)
		21.7	(4.1)
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES		3.6	(3.9)
Taxation paid		(0.2)	-
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES		3.4	(3.9)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible assets	11	(3.0)	(2.8)
Purchase of intangible assets	10	-	(0.3)
Proceeds from sale of property		1.6	0.3
Proceeds from sale of businesses	26	10.8	-
NET CASH USED IN INVESTING ACTIVITIES		9.4	(2.8)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid	22	(1.0)	-
Repayment of bank loans	23	(2.0)	(2.0)
Bank interest and fees	7	(0.6)	(0.5)
Purchase of investments	16	(15.4)	(21.5)
Sale of investments	16	15.5	19.6
NET CASH USED IN FINANCING ACTIVITIES		(3.5)	(4.4)
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	23	9.3	(11.1)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	23	31.2	42.3
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	23	40.5	31.2

The notes on pages 69 to 92 form an integral part of these financial statements.

Notes to the Financial Statements

for the 12 month period ended 3 March 2023

1. Company information

The Company is a private company limited by shares and is incorporated in England. The address of its registered office is 7 Brown Lane West, Leeds, West Yorkshire, LS12 6EH. The principal activities of the Company are noted in the Strategic Report on pages 16 and 17.

2. Accounting policies

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

Statement of compliance

These Group and Company financial statements are prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' and the Companies Act 2006 including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Acquisitions are accounted for under the acquisition method. All companies within the Group made up their financial statements to 3 March 2023. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The Group's share of the results, assets and liabilities of contracts carried out in conjunction with another party as a joint operation are included under each relevant heading in the income statement and the statement of financial position.

Exemptions for qualifying entities under FRS102

The Company is a qualifying entity under FRS102 and therefore has taken advantage of disclosure exemptions available to it. Exemptions have been taken in relation to: financial instruments for the Company, preparing a statement of cash flows for the Company, related party transactions and from disclosing the remuneration of the Company's key management personnel. The Company intends to take the same exemptions in future financial periods.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 24 to 27. The principal risks and uncertainties facing the Group, together with a description of how these risks are addressed are set out in the Strategic Report on pages 38 to 40.

The Group's reputation, strong balance sheet, balanced strategy and solid market positions mean it is optimistic and well positioned for the future. The Group has contracts with many customers and suppliers across different industries. With the government's commitment to defence, nuclear, decarbonisation and infrastructure spending, the Group remains positive that the markets in which it operates will remain resilient, albeit the timing of the economic recovery is uncertain.

A significant proportion of the Group's sales are protected against inflationary pressures by contractual provisions or through advance purchases on secured jobs. For new work, the Group's standard 'bid no bid' process ensures the Group only commits to work at an appropriate price. Proposed bid prices are kept open for a short period of time. The Group is not willing to accept the risk of taking on work where the impacts of inflation cannot be acceptably managed.

The Group has considerable liquid financial resources including cash and deposits of £40.5m and liquid current asset investments of £42.2m at 3 March 2023. Additionally, the Group has available undrawn bank facilities amounting to £15.0m (through the Group's overdraft facility). The Group's cash has continued to remain resilient and it has not utilised its overdraft facility throughout the reporting period or subsequently.

2. Accounting policies (continued)

Going concern (continued)

In arriving at their opinion on going concern, the Directors have considered the Group's forecast for 12 months from the date of approval of these financial statements. The forecast was prepared based on current productivity with a high proportion of the Group's revenue in the forecast period already secured and includes consideration of future obligations on existing contracts.

Given the economic and trading uncertainties following the pandemic, Brexit and more recently due to the conflict in the Ukraine, including inflationary pressures and availability of labour and materials challenges, the Directors have deemed it appropriate to carry out stress testing to model the impact of potential severe, albeit remote, downside scenarios. Under these remote downside scenarios, the cash flow forecasts indicate the Group would have comfortable headroom on available resources throughout the forecast period.

Based on this assessment, the Directors have a reasonable expectation that the Company and the Group have adequate resources, liquidity and banking facilities to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Critical accounting judgements and estimation uncertainty

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect amounts recognised for assets and liabilities at the reporting date and the amounts of revenue and expenses incurred during the reporting period. Actual outcomes may differ from these judgements, estimates and assumptions.

The estimates and assumptions that have the most significant effect on the carrying value of assets and liabilities of the Group as at 3 March 2023 are discussed below:

a) Revenue and margin recognition

The Group's revenue and margin recognition policies (set out in Turnover, Long-term contracts and Services rendered policies below) are fundamental to how the Group values the work it has carried out in each reporting period. These policies require forecasts to be made of the outcome of long-term construction services and support services contracts, which require assessments and judgements to be made on recovery of pre-contract costs, contract programmes, maintenance and defects liabilities and changes in costs. At 3 March 2023, the value of amounts recoverable on contracts was £63.5m (2022: £74.9m) and the value of payments received on accounts was £9.7m (2022: £3.9m).

b) Valuation of properties

Freehold properties are professionally valued externally on five-year cycles and reviewed annually by a Directors' valuation supported by an external desktop review using market indices. Surpluses or deficits on individual properties are transferred to the revaluation reserve. Where deficits are considered permanent, these are charged to the income statement. At 3 March 2023, the value of freehold properties was £7.7m (2022: £19.1m).

Recent disposals of properties have realised proceeds in line with the carrying value in the financial statements. There have been no events following the reporting date which would indicate there has been a subsequent material movement in the value of properties.

c) Retirement benefit obligations

Details of the Group's defined benefit pension schemes are set out in note 15, including tables showing the sensitivity of the Group pension scheme obligations and assets to various actuarial assumptions agreed by management including: life expectancy, inflation and discount rates.

At 3 March 2023, the retirement benefit asset recognised on the Group's statement of financial position was £31.2m (2022: £39.4m). The effects of changes in the actuarial assumptions underlying the benefit obligation, discount rates and the differences between expected and actual returns on the scheme's assets are classified as actuarial gains and losses.

Turnover

Turnover is stated net of VAT and excludes sales between Group companies. Turnover comprises, in the main, the value of work executed on long-term contracts together with the amounts receivable for services rendered for short-term contracts and other activities.

2. Accounting policies (continued)

Long-term contracts

Revenue is measured at the fair value of the consideration received or receivable for goods and services provided, net of trade discounts, value added and similar sales-based taxes, after eliminating revenue within the Group.

Revenue from long-term contract activities represents the value of the work carried out during the period, including amounts not invoiced. Revenue is recognised as follows:

- when the outcome of individual contracts can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses retrospectively by reference to the stage of completion at the reporting date
- costs are recognised as incurred and revenue is recognised on the basis of the proportion of total costs at the reporting date to the estimated total costs of the contract
- no margin is recognised until the outcome of the contract can be assessed with reasonable certainty
- provision is made for all known or expected losses on individual contracts once such losses are foreseen
- revenue in respect of variations is recognised when it is probable that they will be agreed by the customer. Revenue in respect of claims is recognised when negotiations have reached an advanced stage such that it is probable the customer will accept the claim and the probable amount can be measured reliably
- (loss) / profit for the period includes the benefit of claims settled in the period on contracts completed in the previous period
- payments received on account are deducted from work in progress and if in excess of individual contract values are included in creditors

Services rendered

Revenue is recognised by reference to the stage of completion of the service at the end of the period when:

- the amount of revenue can be measured reliably
- it is probable that the economic benefits associated with the service will flow to the Group
- the stage of completion of the service at the end of the reporting period can be measured reliably
- the costs incurred for the service and the costs to complete the service can be measured reliably
- where the services are performed by an indeterminate number of acts over a specified period of time, revenue is recognised on a straight-line basis over the specified period

Government grants

Government grants are recognised once there is reasonable assurance that the Group will comply with the conditions attaching to them and the grant will be received. During the current and previous period, the Group received grant income under the government's Research and Development Enhanced Credit Scheme and in the previous period, under the government's Coronavirus Job Retention Scheme, both of which were accounted for under the performance model. Amounts received are disclosed within other operating income in the income statement.

Exceptional items

The Group classifies certain one-off charges or credits to the income statement as 'exceptional items' by virtue of their size and / or nature. These are disclosed separately to provide further understanding of the underlying financial performance of the Group.

Stocks

Stocks are stated at the lower of cost and net realisable value after due regard for obsolete and slow-moving stocks. Net realisable value is based on selling price less anticipated costs to sell.

2. Accounting policies (continued)

Tangible fixed assets and investment properties

Freehold land and buildings and investment properties are held at fair value. All other tangible fixed assets are stated at historical cost less provision for impairment and depreciation. Depreciation on tangible fixed assets, which is provided on a straight-line basis, is charged over the following periods:

Freehold buildings	-	25 years
Freehold land	-	nil
Investment properties	-	nil
Plant and machinery	-	3 to 7 years
Motor vehicles	-	4 years
Fixtures and fittings	-	3 to 7 years

Individual freehold properties are valued externally on five-year cycles and reviewed by Directors annually. Surpluses or deficits on individual properties are transferred to the revaluation reserve. Where deficits are considered permanent, these are charged to the income statement.

Investment properties are carried at fair value and are revalued annually. Changes in fair value are recognised in the income statement. Depreciation is not provided in respect of freehold investment properties.

Intangible assets

Intangible assets are stated at cost less amortisation and impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives as follows:

Software	-	7 to 12 years
Development costs	-	7 years
Acquired intangible assets		
Customer relationships	-	10 to 12 years
Order backlog	-	1 to 3 years
Trade names	-	15 years
Technology-based	-	7 years

Amortisation is included in administrative expenses in the income statement.

Development costs relate to the development of the Group's POC-MAST™ product which offers a viable solution to connecting projects to the Grid with significant health and safety, environmental and cost benefits. Acquired intangible assets include customer relationships, trade names, technology-based assets and order backlog on acquisition.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis.

Directly attributable development costs including those for identifiable and unique software products are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the asset so that it will be available for use
- management intends to complete the asset and use or sell it
- there is an ability to use or sell the asset
- it can be demonstrated how the asset will generate probable future economic benefits
- the expenditure attributable to the asset during its development can be reliably measured

Costs associated with maintaining computer software are recognised as an expense as incurred.

2. Accounting policies (continued)

Goodwill

Goodwill arising on the acquisitions of subsidiary undertakings, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life (which, in the case of Freedom which was acquired in March 2018, is estimated to be 15 years). The Group establishes a reliable estimate of the useful economic life of goodwill based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that influence useful life and assumptions that market participants would consider in respect of similar businesses. Provision is made for any impairment.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) 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 by the reporting date.

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

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the Group is able to control the reversal of the timing difference
- it is probable that the timing difference will not reverse in the foreseeable future

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the Group has a legally enforceable right to set off current tax assets against current tax liabilities
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously

Deferred tax relating to investment property that is measured at fair value in accordance with accounting standards is measured using the tax rates and allowances that apply to the potential sale of the asset. Current tax or deferred tax assets and liabilities are not discounted.

Operating leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the lease term. Any incentives to enter into operating leases are recognised as a reduction of rental expenses over the lease term on a straight-line basis.

2. Accounting policies (continued)

Defined benefit pension scheme

The Group's defined benefit scheme (The Pension and Life Assurance Plan of NG Bailey) is managed by a Trustee in accordance with the Trust Deed, the scheme rules and statutory requirements. The scheme's funds are invested and managed by independent investment managers and are completely separate from the Group's business.

The scheme's funding is normally appraised at not more than three-yearly intervals by an independent actuary (the triennial valuation). The scheme is funded by contributions from the Group at rates recommended by the actuary. The scheme was closed to future accrual of benefits on 31 May 2010. The Group is not currently required to contribute towards the funding of the scheme as it was in surplus at the most recent actuarial valuation.

The assets of the defined benefit scheme are measured using fair values whilst the pension scheme liabilities are measured using a projected unit method and discounted using an appropriate discount rate. A pension scheme surplus or deficit is recognised in full and in the statement of financial position. The movement in the surplus or deficit is split between operating profit and finance income / (charges) in the income statement and also in the statement of comprehensive income. The expected return on assets is credited to interest receivable and similar income in the income statement. Administrative costs and past service costs of the pension scheme are charged to operating profit in the income statement.

The actuarial gain or loss is reflected through the statement of comprehensive income and is made up of two parts. The first part is the difference between the expected return on assets included in the net interest surplus and returns actually achieved by the scheme's assets. The second part is as a result of any changes in the assumptions used to value the defined benefit obligation and any adjustments arising as a result of actual experience differing from actuarial assumptions.

The scheme had a surplus of £31.2m at 3 March 2023 (2022: £39.4m), gross of deferred tax.

Other pension costs

These include contributions to certain defined contribution schemes which are not part of The Pension and Life Assurance Plan of NG Bailey. Contributions to these schemes are accounted for as incurred and totalled £11.7m (2022: £11.0m).

Cash and deposits

Cash and deposits include cash in hand, overnight deposits and other short-term deposits with original maturities of three months or less.

Investments

Investments are initially measured at fair value, which is normally the transaction price. Investments are subsequently carried at fair value and the changes in fair value are recognised in the income statement, except that investments in equity investments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Investment income represents gains / (losses) made on investments sold in the period, interest received, dividends received and the movement in fair value.

Foreign currency

Foreign currency transactions are translated using spot exchange rates at the dates of the transactions. At each period end, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Financial instruments

i. Financial assets

Basic financial assets, including trade debtors, amounts recoverable on contracts and cash, are measured at amortised cost. Investments are initially measured at fair value, which is normally the transaction price. Investments are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity investments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

2. Accounting policies (continued)

Financial instruments (continued)

ii. Financial liabilities

Basic financial liabilities, including trade creditors, accruals and bank loans, are measured at amortised cost.

Research and development

Research and development expenditure is written off as incurred, except that development expenditure on an individual project is capitalised as an intangible asset when it meets the criteria set out in the intangible assets accounting policy.

3. Turnover

The turnover of the Group is principally related to the provision of activities in the following sectors in the United Kingdom:

	2023 £m	2022 £m
Analysis of turnover by sector:		
Engineering	293.1	267.4
Services	238.5	232.1
	531.6	499.5

4. Operating profit

	2023 £m	2022 £m
Operating profit is stated after charging / (crediting):		
Amortisation of goodwill and acquired intangible assets	2.5	2.5
Amortisation of other intangible assets	1.5	1.6
Depreciation expense	4.1	4.1
Loss on disposal of tangible assets	0.5	0.1
Operating lease rentals	2.8	2.4
Fees payable to the Company's auditor and their associates for the audit of the Company's financial statements	-	-
Fees payable to the Company's auditor and their associates for other services to the Group:		
Audit of the Company's subsidiaries	0.3	0.2
Other operating income	3.8	0.5
Rental income	(0.2)	(0.2)

Other operating income relates to grant income in respect of the Research and Development Enhanced Credit Scheme and, in the previous period, the Coronavirus Job Retention Scheme.

The auditor's remuneration for the Group was £270k (2022: £235k) in respect of audit fees and £nil (2022: £nil) in respect of other professional fees.

4. Operating profit (continued)

Exceptional items

	Note	2023 £m	2022 £m
Analysis of exceptional items:			
Administrative expenses:			
Past service pension credit	15	-	2.1
		-	2.1
Interest payable and similar charges:			
Impairment of investments	16	(6.8)	-
		(6.8)	2.1

The Group held a minority equity stake in Power by Britishvolt Limited. In January 2023, Power by Britishvolt Limited entered into administration. Consequently, the Group's equity investment in Britishvolt has been impaired to £nil. The investment was previously held at cost of £6.8m, resulting in an impairment of £6.8m which has been recognised as an exceptional cost in the income statement within interest payable and similar charges due to its size and one-off nature.

In the prior period, the Group's defined benefit pension scheme, The Pension and Life Assurance Plan of NG Bailey, amended its administrative approach to paying Guaranteed Minimum Pension (GMP) step-ups to members who retired before their GMP age to be in line with common practice whilst remaining in line with statutory requirements. This change in approach resulted in a reduction to the expected cost of benefits, reducing the defined benefit obligation by £2.1m (before tax). This was recognised as an exceptional past service pension credit in the income statement.

5. Employees

	2023 £m	2022 £m
Employee costs during the period:		
Wages and salaries	161.3	150.4
Social security costs	17.8	15.6
Other pension costs: Defined contribution scheme	11.7	11.0
	190.8	177.0

	2023 No.	2022 No.
Average number of employees during the period:		
Management, engineering, sales and administrative	2,182	2,088
Hourly paid	1,034	974
	3,216	3,062

The average number of employees of the Company during the period was 194 (2022: 195) and the employee costs of the Company were £13.1m (2022: £11.4m).

The total remuneration of key management personnel was £2,463k (2022: £3,319k) being remuneration of £2,071k (2022: £2,262k) and incentive-based payments of £392k (2022: £1,056k).

6. Directors

Directors' remuneration

	2023 £000	2022 £000
The remuneration of the Directors was as follows:		
Emoluments excluding long-term incentive plans	1,563	1,824
Emoluments under long-term incentive plans	-	187
	1,563	2,011

The Group operated cash-settled long-term incentive plans for the financial periods ended 3 March 2023 and 25 February 2022. The awards under these plans are linked to a combination of financial and non-financial targets for the financial periods ended 3 March 2023 and 25 February 2022 respectively, cash settled over the next three years to those still employed by the Group and are available to members of the Group Operating Executive. The cost of the awards is being charged to the income statement over the three-year payment period.

Pensions

No directors (2022: one) were members of the Group's defined contribution pension scheme during the period.

The above amounts for remuneration include the following in respect of the highest paid Director:

	2023 £000	2022 £000
Emoluments excluding long-term incentive plans	776	969

Long-term incentive plan remuneration for the highest paid Director was £nil (2022: £142k).

7. Net interest (expense) / income

a) Interest receivable and similar income

	Note	2023 £m	2022 £m
Net interest income on post-employment benefits	15	1.0	0.6
Changes in fair value of listed investments	16	1.2	2.5
		2.2	3.1

b) Interest payable and similar charges

	Note	2023 £m	2022 £m
Interest expense on bank loans		(0.6)	(0.5)
Impairment of unlisted investment	16	(6.8)	-
		(7.4)	(0.5)

8. Tax on (loss) / profit

The tax charge is based on the (loss) / profit for the period and represents:

	2023 £m	2022 £m
Current taxation:		
UK corporation tax	-	-
Foreign tax	0.5	-
Adjustments in respect of prior periods	0.5	-
Total current tax charge	1.0	-
Deferred taxation:		
Origination and reversal of timing differences	(8.0)	0.7
Adjustments in respect of prior periods	0.1	(0.3)
Changes in tax rates	-	2.4
Total deferred tax (credit) / charge	(7.9)	2.8
Total tax (credit) / charge	(6.9)	2.8

The tax assessed for the period is higher than (2022: higher than) the standard rate of corporation tax in the United Kingdom at 19% (2022: 19%). The differences are explained as follows:

	2023 £m	2022 £m
(Loss) / profit before taxation	(25.0)	3.0
(Loss) / profit multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2022: 19%)	(4.8)	0.6
Income not subject to tax	(0.5)	(0.2)
Expenses not deductible for tax purposes	0.2	0.3
Other temporary differences*	(1.4)	-
Impact of overseas tax rates	0.2	-
Changes in tax rates**	(1.2)	2.4
Adjustments in respect of prior periods	0.6	(0.3)
Total tax (credit) / charge	(6.9)	2.8

* Other temporary differences relate to the release of deferred tax liabilities following the divestment of Denton Hall & Estates Limited
** The changes in tax rates amount for 2023 reflects that the tax loss for the year is carried forward in the deferred tax balance at a rate of 25%

An increase in the main rate of UK corporation tax from 19% to 25% was substantially enacted on 10 June 2021 to take effect from 1 April 2023. Deferred tax balances at 3 March 2023 have been measured at a rate of 25%, being the rate at which deferred tax assets and liabilities are expected to reverse based on substantively enacted legislation (2022: 25%).

9. (Loss) / profit of the Company for the financial period

	2023 £m	2022 £m
(Loss) / profit for the financial period before dividend dealt with in the financial statements of the Company	(6.3)	3.3

As permitted by Section 408 of the Companies Act 2006, the income statement of the Company is not presented as part of these financial statements.

10. Intangible assets

				Acquired intangibles					
CONSOLIDATED	Software £m	Development costs £m	Goodwill £m	Customer relationships £m	Order backlog £m	Trade names £m	Technology based £m	Acquired intangibles total £m	Total
COST OR VALUATION									
At 26 February 2022	13.7	0.6	16.6	8.0	0.5	5.5	2.3	16.3	47.2
Disposals	(0.3)	-	-	-	-	-	-	-	(0.3)
At 3 March 2023	13.4	0.6	16.6	8.0	0.5	5.5	2.3	16.3	46.9
ACCUMULATED AMORTISATION									
At 26 February 2022	5.0	0.1	4.3	2.7	0.5	1.5	1.3	6.0	15.4
Charge for the period	1.4	0.1	1.1	0.7	-	0.4	0.3	1.4	4.0
Disposals	(0.3)	-	-	-	-	-	-	-	(0.3)
At 3 March 2023	6.1	0.2	5.4	3.4	0.5	1.9	1.6	7.4	19.1
NET BOOK VALUE									
At 3 March 2023	7.3	0.4	11.2	4.6	-	3.6	0.7	8.9	27.8
At 25 February 2022	8.7	0.5	12.3	5.3	-	4.0	1.0	10.3	31.8

COMPANY	Software £m
COST OR VALUATION	
At 26 February 2022 and 3 March 2023	11.5
ACCUMULATED AMORTISATION	
At 26 February 2022	4.5
Charge for the period	1.1
At 3 March 2023	5.6
NET BOOK VALUE	
At 3 March 2023	5.9
At 25 February 2022	7.0

The individual intangible asset, excluding goodwill, which is material to the financial statements is the enterprise resource planning system used by certain parts of the Services division which has a carrying amount of £5.9m (2022: £7.0m) and a residual amortisation period of 5 years (2022: 6 years).

11. Tangible assets

CONSOLIDATED	Land and buildings £m	Investment properties £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
COST OR VALUATION					
At 26 February 2022	22.3	3.5	2.7	22.8	51.3
Additions	-	-	0.2	2.8	3.0
Disposals	(12.5)	(3.5)	(0.8)	(2.7)	(19.5)
At 3 March 2023	9.8	-	2.1	22.9	34.8
ACCUMULATED DEPRECIATION					
At 26 February 2022	3.2	-	1.9	11.5	16.6
Charge for the period	0.6	-	0.2	3.3	4.1
Disposals	(1.7)	-	(0.7)	(2.1)	(4.5)
At 3 March 2023	2.1	-	1.4	12.7	16.2
NET BOOK VALUE					
At 3 March 2023	7.7	-	0.7	10.2	18.6
At 25 February 2022	19.1	3.5	0.8	11.3	34.7

On 28 February 2023, the Company completed the sale of a wholly owned subsidiary of the NG Bailey Group, Denton Hall & Estate Limited which held the trade and assets of the Denton Park Estate, including £9.2m of land and buildings, £3.5m of investment properties and £0.1m of fixtures and fittings. Further details are set out in note 26.

COMPANY	Land and buildings £m	Fixtures and fittings £m	Total £m
COST OR VALUATION			
At 26 February 2022	11.6	21.7	33.3
Additions	-	2.6	2.6
Disposals	(1.8)	(2.0)	(3.8)
At 3 March 2023	9.8	22.3	32.1
ACCUMULATED DEPRECIATION			
At 26 February 2022	1.9	10.8	12.7
Charge for the period	0.4	3.1	3.5
Disposals	(0.2)	(1.5)	(1.7)
At 3 March 2023	2.1	12.4	14.5
NET BOOK VALUE			
At 3 March 2023	7.7	9.9	17.6
At 25 February 2022	9.7	10.9	20.6

11. Tangible assets (continued)

Consolidated and Company

The individual freehold properties are valued externally on five-year cycles and reviewed by Directors annually supported by an external desktop review using market indices. The valuations and desktop review at 3 March 2023 were undertaken by independent, professionally qualified RICS valuers. The valuations were carried out in accordance with the Royal Institution of Chartered Surveyors' Red Book.

If stated under historical cost principles, the comparable amount for the total of land and buildings would be:

	2023 £m	2022 £m
Cost	12.7	16.2
Accumulated depreciation	(9.5)	(11.1)
Net book value	3.2	5.1

All other tangible fixed assets are stated at historical cost less accumulated depreciation.

12. Investments in subsidiaries

COMPANY	£m
COST	
At 26 February 2022	3.1
Disposals	(3.0)
At 3 March 2023	0.1
PROVISIONS FOR IMPAIRMENT	
At 26 February 2022 and 3 March 2023	-
NET BOOK VALUE	
At 3 March 2023	0.1
At 25 February 2022	3.1

The disposal relates to the sale of Denton Hall & Estate Limited on 28 February 2023. Further details are set out in Note 26.

Subsidiary companies

The subsidiaries which, in the opinion of the Directors, principally affect the result or net assets of the Group are:

Subsidiaries by division:

- Mechanical and electrical engineering services, with a mix of regional and large strategic projects across a range of industry areas including rail, manufacturing, industrial, defence, education, power, data centres, gigaplants and nuclear:

  NG Bailey Limited

- Design and installation of electrical infrastructure projects and facilities management and maintenance services to the UK Distribution Network Operator (DNO) sector and to the wider utility and infrastructure industry:

  The Freedom Group of Companies Ltd.

12. Investments in subsidiaries (continued)

Subsidiary companies (continued)

- Design, supply, installation, management and maintenance of voice, data networks and structured cabling solutions and mechanical and electrical, planned and reactive integrated building services maintenance

  NG Bailey IT Services Limited
  NG Bailey Facilities Services Limited

- Hold and manage the Group's investment in The Freedom Group of Companies Ltd:

  NGBF Holdings Limited

NG Bailey Group Limited directly owns 100% of the shares in NG Bailey Limited. NG Bailey Limited owns 100% of the shares in NG Bailey IT Services Limited, NG Bailey Facilities Services Limited and NGBF Holdings Limited. NGBF Holdings Limited owns 100% of the shares in The Freedom Group of Companies Ltd.

The nominal value of share capital of the subsidiary companies comprises ordinary shares. The Directors believe that the carrying value of the investments is supported by their underlying net assets.

The Group also owns the following non-trading and dormant subsidiary companies. All of the dormant companies are exempt from audit as dormant companies:

		Proportion of shares held		
NAME OF COMPANY	Holding	2023	2022	Owner
Dormant companies				
Hamsaard 2019 Limited	Ordinary	100%	100%	NG Bailey IT Services Limited
Bailey Leasing Limited	Ordinary	100%	100%	NG Bailey Group Limited
Bailey Systems Limited	Ordinary	100%	100%	NG Bailey Group Limited
Denton Park Ltd	Ordinary	100%	100%	NG Bailey Group Limited
Bailey Off-Site Limited	Ordinary	100%	100%	NG Bailey Group Limited
NG Bailey Pensions Trustees Limited	Ordinary	100%	100%	NG Bailey Group Limited
SI Site Services Limited	Ordinary	100%	100%	NG Bailey Limited
Berdost 2019 Limited	Ordinary	100%	100%	NG Bailey Limited
Bailey Rail Limited	Ordinary	100%	100%	NG Bailey Limited
Bailey Building Management Limited	Ordinary	100%	100%	NG Bailey Limited
Bailey Energy Limited	Ordinary	100%	100%	NG Bailey IT Services Limited
British Power International Limited	Ordinary	100%	100%	The Freedom Group of Companies Ltd.
Morfind 2019 Limited	Ordinary	100%	100%	NGBF Holdings Limited
Morfind 2020 Limited	Ordinary	100%	100%	Morfind 2019 Limited
Morfind 2021 Limited	Ordinary	100%	100%	Morfind 2020 Limited
Morfind 2022 Limited	Ordinary	100%	100%	Morfind 2021 Limited
Morfind 2023 Limited	Ordinary	100%	100%	Morfind 2022 Limited
Morfind 2024 Limited	Ordinary	100%	100%	Morfind 2023 Limited
Morfind 2025 Limited	Ordinary	100%	100%	Morfind 2024 Limited
Morfind 2026 Limited	Ordinary	100%	100%	Morfind 2025 Limited
Morfind 2027 Limited	Ordinary	100%	100%	Morfind 2025 Limited
Morfind 2028 Limited	Ordinary	100%	100%	Morfind 2025 Limited
Morfind 2029 Limited	Ordinary	100%	100%	Morfind 2028 Limited
Morfind 2030 Limited	Ordinary	100%	100%	Morfind 2025 Limited

12. Investments in subsidiaries (continued)

Subsidiary companies (continued)

All of the subsidiaries above are incorporated in England and their registered office is 7 Brown Lane West, Leeds, West Yorkshire, LS12 6EH, except as shown in the table below:

NAME OF COMPANY	Incorporated in	Registered address
Hamsaard 2019 Limited	Northern Ireland	Carson Mcdowell, Murray House, Murray Street, Belfast, BT1 6DN
Morfind 2021 Limited	Jersey	44 Esplanade, St Helier, Jersey, JE4 9WG

13. Stocks

	Consolidated		Company	
	2023 £m	2022 £m	2023 £m	2022 £m
Raw materials	0.4	0.6	-	-
Work in progress	0.2	0.3	-	-
	0.6	0.9	-	-

14. Debtors: amounts falling due within one year

	Consolidated		Company	
	2023 £m	2022 £m	2023 £m	2022 £m
Amounts recoverable on contracts	63.5	74.9	-	-
Trade debtors	47.3	47.2	-	0.2
Other debtors	4.5	2.8	7.2	3.6
Corporation tax	3.7	1.2	-	-
Amounts owed by Group undertakings	-	-	-	0.7
Group relief	-	-	0.5	-
Prepayments and accrued income	11.7	13.5	0.5	0.4
	130.7	139.6	8.2	4.9

15. Pension scheme

The Group participates in a defined benefit pension scheme, The Pension and Life Assurance Plan of NG Bailey.

The Pension and Life Assurance Plan of NG Bailey is set up as a separate trust, independent of the Group and is governed by an independent Trustee. The Trustee is responsible for the operation and the governance of the scheme, including making decisions regarding the scheme's funding and investment strategy in conjunction with the Group. The scheme does not have any active members. Most of the scheme's current pensioners are covered by an insurance policy, although they remain the responsibility of the scheme. The scheme is externally funded and was contracted-out of the second-tier of State pension provision.

a) Information from the scheme actuary's triennial review of the pension scheme

The most recent triennial actuarial valuation of the scheme assets and the present value of the defined benefit obligation was carried out at 1 March 2021.

This valuation found that the scheme was in surplus on the Trustee's funding measure, and as a result, the Group is not currently required to make further contributions towards the funding of the scheme. Administrative expenses are paid for from the scheme's assets. This valuation was prepared using the projected unit method.

b) Information relating to Financial Reporting Standard No. 102 "Retirement benefits"

The actuarial valuation described above has been projected to 3 March 2023. An allowance for the impact of Guaranteed Minimum Pension (GMP) equalisation using assumptions that are consistent with the requirements of FRS102 was included in the an earlier period.

Investments have been valued, for this purpose, at fair value.

For FRS102 purposes the following financial assumptions have been used:

	2023 % p.a.	2022 % p.a.
Consumer Prices Index inflation ('CPI')	2.90	3.25
Retail Prices Index inflation ('RPI')	3.35	3.70
Rate of increase for deferred pensions in excess of GMP	2.90	3.25
Rate of increase for deferred pensions GMP benefits	4.90	5.25
Rate of increase for pensions in payment (post 2008)	2.05	2.20
Rate of increase for pensions in payment (post 1997, pre 2008)	2.85	3.15
Rate of increase for pensions in payment (pre 1997)	0.00	0.00
Discount rate	4.90	2.65

The most significant non-financial assumption is the assumed rate of longevity. Post-retirement mortality at 3 March 2023 has been assumed to be in accordance with 105% of the published self-administered pension scheme survey standard tables projected from 2007 using 2021 CMI core projections with a 1.5% p.a. long-term trend improvement for males and females (2022: 2020 CMI core projections with a 1.5% p.a. long-term trend improvement for males and females). For the 2021 tables, a smoothing factor of 7.0 was used and an initial addition to mortality improvements of 0.5% was used to reflect the fact that mortality improvements have tended to be quicker for members of occupational pension schemes compared with the population of England and Wales (2022: for the 2020 tables, a smoothing factor of 7.0 and an initial addition to mortality improvements of 0.5%).

At 3 March 2023, the implied life expectancies are as follows:

	Males Years	Females Years
For a member aged 65 at 3 March 2023	87.2	88.8
For a member aged 45 at 3 March 2023	88.8	91.0

15. Pension scheme (continued)

b) Information relating to Financial Reporting Standard No. 102 "Retirement benefits" (continued)

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

	Change in assumption	Impact on liabilities
Discount rate	0.1% -/+	£4.0m +/-
Inflation and pension increases	0.1% +/-	£3.3m +/-
Life expectancy	1 year +/-	£6.2m +/-

The above sensitivities in the value of the scheme's liabilities are based on changing each assumption in isolation while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. The scheme has a hedging strategy, which is achieved by investing in a Liability Driven Investment (LDI) portfolio. This is an investment in a fund containing a range of assets which respond to market movements in a way that closely matches how the scheme's liabilities respond to changes in interest rates and inflation. The scheme has also purchased insurance contracts (annuities) which match the majority of the scheme's pensioner liabilities. The LDI portfolio and annuities will mean that the balance sheet position of the scheme is less sensitive to changes in interest rates or inflation than the sensitivities shown above for the scheme's liabilities in isolation.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2023	2022
Equities	5.2%	3.9%
Property	0.9%	0.9%
Corporate bonds	6.0%	5.5%
Semi-liquid credit fund	9.7%	13.2%
Multi-asset funds	9.6%	25.6%
LDI portfolio	35.1%	23.3%
Annuities	29.3%	25.6%
Cash	4.2%	2.0%

The scheme assets do not include any of the Group's financial instruments nor is any property occupied by any Group entity.

To capitalise on the strong position of the scheme, the scheme has purchased insurance contracts (annuities) which match the majority of the scheme's pensioner liabilities. The scheme holds the insurance policies as investments which are valued at the estimated value of the related liabilities measured using the FRS102 assumptions.

The scheme invests in a semi-liquid credit fund that aims to generate enhanced returns by investing in a combination of semi-liquid debt instruments issued by organisations with high quality credit ratings to take advantage of the scheme's ability to invest over a medium-term horizon. The scheme also holds multi-asset funds that seek to provide a total return, taking into account both capital and income returns over the long-term through multiple asset classes which are together expected to generate growth with comparatively lower risk than investing in worldwide equities alone.

15. Pension scheme (continued)

b) Information relating to Financial Reporting Standard No. 102 "Retirement benefits" (continued)

	Consolidated 2023 £m	Consolidated 2022 £m	Company 2023 £m	Company 2022 £m
Analysis of the movement in the scheme surplus during the period				
Surplus at 26 February 2022	39.4	30.8	39.4	30.8
Actuarial (loss) / gain	(8.7)	6.4	-	6.4
Net interest income	1.0	0.6	-	0.6
Scheme administration expenses	(0.5)	(0.8)	-	(0.8)
Past service credit (see below)	-	2.4	-	2.4
Effect of intercompany pension apportionment (see below)	-	-	(39.4)	-
Surplus at 3 March 2023	31.2	39.4	-	39.4

At the beginning of the period, a restructuring of the sponsoring entities of the scheme was carried out. This resulted in NGBF Holdings Limited becoming the sole sponsoring employer of the scheme with the previous sponsoring employers retaining an obligation to guarantee the benefits of the scheme in order to maintain the security of members' benefits. This has had no impact on the consolidated Group accounts. It has resulted in the scheme's surplus being brought onto the balance sheet of NGBF Holdings Limited and removed from the Company balance sheet of NG Bailey Group Limited.

During the previous period, the scheme amended its administrative approach to paying Guaranteed Minimum Pension (GMP) step-ups to members who retired before their GMP age to be in line with common practice whilst remaining in line with statutory requirements. This change in approach resulted in a reduction to the expected cost of benefits, reducing the defined benefit obligation by £2.1m (before tax). This was recognised as an exceptional past service credit in the income statement during the previous period.

In the prior period, there was a bulk transfer of the NG Bailey Section of the Prudential Platinum Pension into the scheme. All benefit entitlements of members have remained the same. The NG Bailey Section of the Prudential Platinum Pension had a surplus of £0.3m (before tax) at the point of transfer, which was included in the FRS102 position of the scheme at 25 February 2022. This was recognised as a past service credit in the income statement during the previous period.

	Note	Consolidated 2023 £m	Consolidated 2022 £m	Company 2023 £m	Company 2022 £m
Amounts charged to operating profit in respect of defined benefit schemes					
Scheme administration expenses		0.5	0.8	-	0.8
Past service credit		-	(2.4)	-	(2.4)
Amounts credited to interest receivable and similar income					
Net interest income on defined benefit asset	7	(1.0)	(0.6)	-	(0.6)
Total consolidated income statement credit before deduction of tax		(0.5)	(2.2)	-	(2.2)

15. Pension scheme (continued)

b) Information relating to Financial Reporting Standard No. 102 "Retirement benefits" (continued)

	Consolidated 2023 £m	Consolidated 2022 £m	Company 2023 £m	Company 2022 £m
Analysis of amounts recognised in other comprehensive (expense) / income				
(Loss) / gain on pension scheme assets	(138.1)	13.1	-	13.1
Gain / (loss) on change of assumptions	129.8	(6.7)	-	(6.7)
Experience losses	(0.4)	-	-	-
Effect of intercompany pension apportionment	-	-	(39.4)	-
Total actuarial (loss) / gain recognised in other comprehensive (expense) / income	(8.7)	6.4	(39.4)	6.4

	Consolidated 2023 £m	Consolidated 2022 £m	Company 2023 £m	Company 2022 £m
Analysis of the change in the present value of the scheme's liabilities				
Liabilities at 26 February 2022	365.1	357.8	365.1	357.8
Past service cost	-	1.8	-	1.8
Interest cost	9.6	7.1	-	7.1
Actuarial (gain) / loss	(129.4)	6.7	-	6.7
Benefits paid	(7.6)	(8.3)	-	(8.3)
Effect of intercompany pension apportionment	-	-	(365.1)	-
Liabilities at 3 March 2023	237.7	365.1	-	365.1

	Consolidated 2023 £m	Consolidated 2022 £m	Company 2023 £m	Company 2022 £m
Analysis of the change in the fair value of the scheme's assets				
Assets at 26 February 2022	404.5	388.6	404.5	388.6
Interest income	10.6	7.7	-	7.7
(Loss) / gain on scheme assets excluding interest income	(138.1)	13.1	-	13.1
Past service credit	-	4.2	-	4.2
Scheme administration expenses	(0.5)	(0.8)	-	(0.8)
Benefits paid	(7.6)	(8.3)	-	(8.3)
Effect of intercompany pension apportionment	-	-	(404.5)	-
Assets at 3 March 2023	268.9	404.5	-	404.5

15. Pension scheme (continued)

b) Information relating to Financial Reporting Standard No. 102 "Retirement benefits" (continued)

The scheme's liabilities decreased by £129.4m (2022: increased by £6.7m) due to changes in actuarial assumptions. The decrease in the current period was mostly due to the increase in the discount rate caused by the rise in corporate bond yields. Interest rates rose steadily over 2022, partly as a result of the Bank of England's aim to control inflation, plus there was a sharp increase in rates following the Chancellor's 'mini budget' in September 2022. The increase in the prior period was due to the increase in inflation assumptions, updated expectations of future life expectancy and revisions to early retirement age assumptions which more than offset the increase in discount rate as corporate bond yields rose during the prior period.

Assets of the scheme had a loss of £138.1m excluding interest income (2022: a gain of £13.1m) over the period driven mostly by changes in the value of the scheme's LDI investments, which are designed to respond to market movements in a way that closely matches how pension scheme liabilities respond to interest rates. This demonstrates the effectiveness of the scheme's hedging strategy.

Estimated contributions for the period from 3 March 2023

Further estimated contributions by the employer for the period beginning 3 March 2023 are £nil (2022: £nil).

	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Five year history					
Scheme liabilities	(237.7)	(365.1)	(357.8)	(373.7)	(318.4)
Scheme assets	268.9	404.5	388.6	407.1	351.0
Asset	31.2	39.4	30.8	33.4	32.6
(Loss) / gain on scheme assets	(138.1)	13.1	(16.0)	55.6	(1.4)
Percentage of scheme assets	(51.4%)	3.2%	4.1%	13.7%	0.4%
Experience (loss) / gain on scheme liabilities	(0.4)	-	-	14.1	-
Percentage of scheme liabilities	(0.2%)	0.0%	0.0%	3.8%	0.0%

Scheme assets are valued at bid price, or in the case of annuities, at the estimated value of the related liabilities.

16. Investments

	Consolidated and Company	
	2023 £m	2022 £m
Listed investments at fair value		
Listed on a recognised investment exchange	24.3	24.3
Listed on an exchange of repute outside the United Kingdom	17.9	16.8
	42.2	41.1
Unlisted investment	-	6.8
	42.2	47.9

The unlisted investment represents the equity investment of £6.8m in Power by Britishvolt Limited which was written down to £nil in the period following Britishvolt entering adminstration in January 2023.

16. Investments (continued)

	£m
Investments	
At 26 February 2022	47.9
Purchase of investments	15.4
Sale of investments	(15.5)
Fair value movement	1.2
Impairment of unlisted investment	(6.8)
At 3 March 2023	42.2

17. Creditors: amounts falling due within one year

	Consolidated		Company	
	2023 £m	2022 £m	2023 £m	2022 £m
Payments received on account	9.7	3.9	-	-
Trade creditors	42.9	46.2	1.6	1.0
Accruals	67.9	70.5	8.4	10.3
Bank loans	10.5	2.0	10.5	2.0
Other taxation and social security	16.8	14.5	0.3	0.3
Deferred income	20.9	19.3	-	-
Group relief	-	-	-	0.7
Amounts owed to subsidiary companies	-	-	9.4	-
	168.7	156.4	30.2	14.3

Amounts owed to subsidiary undertakings are unsecured, interest free and are repayable on demand.

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

	Consolidated and Company	
	2023 £m	2022 £m
Bank loans	-	10.5

Bank loans, included within creditors, are analysed as follows:

	Consolidated and Company	
	2023 £m	2022 £m
Term loan	10.5	12.5

The term loan of £20.0m was held with HSBC Bank PLC and was repayable in quarterly instalments of £0.5m with a final repayment of £10.5m that was paid in March 2023. Interest was charged at SONIA plus 1.9% of the outstanding balance. The Group has no external debt following the repayment in March 2023.

The bank loans were initially recognised net of prepaid transaction costs of £0.2m. The loans were secured by fixed and floating charges over the Group and Company's assets which were released on repayment in March 2023.

19. Deferred tax liability / (asset)

	Note	Consolidated Deferred tax £m	Company Deferred tax £m
At 26 February 2022		12.0	11.0
Credit to the income statement	8	(7.9)	(0.9)
Credit to other comprehensive income*		(2.5)	(10.2)
At 3 March 2023		1.6	(0.1)

* Deferred tax credit to other comprehensive income relates to movements in the deferred tax assets and liabilities associated with revalued property and investment property and the pension scheme asset.

Deferred taxation liability / (asset) provided for at 25% (2022: 25%) in the financial statements is set out below:

	Consolidated		Company	
	2023 £m	2022 £m	2023 £m	2022 £m
Accelerated capital allowances	0.2	(0.1)	0.6	0.2
Revalued property and investment property	(0.9)	0.8	(0.9)	(0.5)
Investments at fair value	0.9	2.0	0.9	2.0
Other short-term timing differences	(0.8)	(0.6)	(0.4)	(0.2)
Losses available to carry forward	(7.9)	(2.6)	(0.3)	(0.4)
Pension scheme asset	7.8	9.9	-	9.9
Acquired intangible assets	2.3	2.6	-	-
	1.6	12.0	(0.1)	11.0

The amount of the net reversal of deferred tax expected to occur next period is £1.8m (2022: £0.4m) relating to the reversal of other timing differences and utilisation of tax losses. There are no unrecognised tax losses at 3 March 2023 (2022: £0.6m).

20. Called up share capital

	Consolidated and Company	
	2023 £m	2022 £m
Share capital - allotted, called up and fully paid		
2,824,657 (2022: 2,824,657) ordinary shares of 5p each	0.1	0.1

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends. The repayment of capital is governed by the terms of the procedures as set out in the Company's Articles of Association.

21. Reserves

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

The capital redemption reserve represents the nominal value of shares repurchased and still held at the end of the reporting period.

Revaluation reserve represents the surplus arising from valuation of properties compared with the historic cost.

Retained earnings include all current and prior period retained profits and losses.

22. Dividend paid

	2023 £m	2022 £m
Analysis of amounts recognised in other comprehensive income / (expense)		
Interim 2023 dividend at £0.35 (2022: interim 2022 dividend at £nil) per 5p share	1.0	-
	1.0	-

23. Analysis of changes in net funds

	At 26 February 2022 £m	Cash flow £m	At 3 March 2023 £m
Cash and deposits	31.2	9.3	40.5
Bank loans	(12.5)	2.0	(10.5)
Net funds	18.7	11.3	30.0

24. Commitments

Operating leases

The Group and Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Consolidated		Company	
	2023 £m	2022 £m	2023 £m	2022 £m
within one year	7.9	6.5	7.6	6.1
within two to five years	15.7	11.4	15.1	10.6
after five years	0.4	1.6	0.3	1.4
	24.0	19.5	23.0	18.1

25. Financial assets and liabilities

The Group's financial instruments may be analysed as follows:

	Consolidated	
	2023 £m	2022 £m
Financial assets		
Financial assets measured at fair value through the income statement	42.2	41.1

Financial assets measured at fair value through the income statement comprise current asset investments in a trading portfolio of listed company shares.

26. Related party transactions

On 28 February 2023, the Group completed the sale of the entire share capital of Denton Hall & Estate Limited, a wholly owned subsidiary of the Group which operated and held the trading assets of the Denton Park Estate. The strategic decision was taken to sell Denton Hall & Estate Limited in the prior period, as the trade of Denton Park Estate was non-core to the Group's engineering and services business model.

The purchaser was Denton Park Estate Holdings Limited, a company jointly controlled by some members of the Bailey family who are deemed to have significant influence over the Company via their combined ownership of more than 20% of the Company's shares. A sale and purchase agreement was signed in June 2021 with the purchaser, resulting in a non-refundable deposit of £2m being received by the Group in the prior period.

Cash proceeds of £14m were generated from the sale, received as follows; £2m in the prior period, £10.8m in the current period and £1.2m in March 2023. The proceeds covered the carrying value of the net assets of Denton Hall & Estates Limited on the date of disposal of £13.1m (which consisted of £12.8m tangible fixed assets and £0.3m inventory) and the costs arising from the sale (primarily stamp duty and legal and tax advice), resulting in minimal profit or loss on the sale.

Company Statement of Financial Position

at 3 March 2023
Company Registration No. 1490238

	Note	2023 £m	2022 £m
FIXED ASSETS			
Intangible assets	10	5.9	7.0
Tangible assets	11	17.6	20.6
Investments	12	0.1	3.1
		23.6	30.7
CURRENT ASSETS			
Debtors: amounts falling due within one year	14	8.2	4.9
Deferred tax asset	19	0.1	-
Pension scheme asset	15	-	39.4
Investments	16	42.2	47.9
Cash and deposits		18.6	11.9
		69.1	104.1
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	17	(30.2)	(14.3)
NET CURRENT ASSETS		38.9	89.8
TOTAL ASSETS LESS CURRENT LIABILITIES		62.5	120.5
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	18	-	(10.5)
PROVISION FOR LIABILITIES	19	-	(11.0)
NET ASSETS		62.5	99.0
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	20	0.1	0.1
RESERVES			
Revaluation reserve	21	4.9	5.2
Capital redemption reserve	21	-	-
Retained earnings	21	57.5	93.7
		62.4	98.9
TOTAL EQUITY		62.5	99.0

As permitted by Section 408 of the Companies Act 2006, the income statement of the Company is not presented as part of these financial statements. The loss for the financial period dealt with in the accounts of the Company was (£6.3m) (2022: a profit of £3.3m).

These financial statements were approved by the Board of Directors on 21 August 2023 and were signed on its behalf by:

I G FUNNELL

D S HURCOMB

The notes on pages 69 to 92 form an integral part of these financial statements.

Company Statement of Changes in Equity

for the 12 month period ended 3 March 2023

	Note	Share capital £m	Revaluation reserve £m	Capital redemption reserve £m	Retained earnings £m	Total equity £m
AT 26 FEBRUARY 2021		**0.1**	**18.1**	**-**	**73.9**	**92.1**
PROFIT FOR THE FINANCIAL PERIOD	9	**-**	**-**	**-**	**3.3**	**3.3**
Remeasurement of defined benefit pension scheme asset	15	-	-	-	6.4	6.4
Property revaluation in period		-	(0.2)	-	-	(0.2)
Deferred tax on pension scheme asset		-	-	-	(1.6)	(1.6)
Deferred tax on revalued property		-	-	-	(1.0)	(1.0)
OTHER COMPREHENSIVE EXPENSE		**-**	**(0.2)**	**-**	**3.8**	**3.6**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**-**	**(0.2)**	**-**	**7.1**	**6.9**
Transfer of realised reserve		-	(12.6)	-	12.6	-
Transfer of additional depreciation on revalued assets		-	(0.1)	-	0.1	-
AT 25 FEBRUARY 2022		**0.1**	**5.2**	**-**	**93.7**	**99.0**
LOSS FOR THE FINANCIAL PERIOD	9	**-**	**-**	**-**	**(6.3)**	**(6.3)**
Effect of intercompany defined benefit pension reapportionment	15	-	-	-	(39.4)	(39.4)
Deferred tax on pension scheme asset		-	-	-	9.9	9.9
Deferred tax on revalued property		-	-	-	0.3	0.3
OTHER COMPREHENSIVE EXPENSE		**-**	**-**	**-**	**(29.2)**	**(29.2)**
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD		**-**	**-**	**-**	**(35.5)**	**(35.5)**
Transfer of realised reserve		-	(0.2)	-	0.2	-
Transfer of additional depreciation on revalued assets		-	(0.1)	-	0.1	-
Transactions with owners Dividends paid		-	-	-	(1.0)	(1.0)
AT 3 MARCH 2023		**0.1**	**4.9**	**-**	**57.5**	**62.5**

The notes on pages 69 to 92 form an integral part of these financial statements.

NG Bailey

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