NG Bailey

NG BAILEY
GROUP LIMITED
FINANCIAL STATEMENTS
2024

PASSION | INTEGRITY | RESPONSIBILITY | EXCELLENCE

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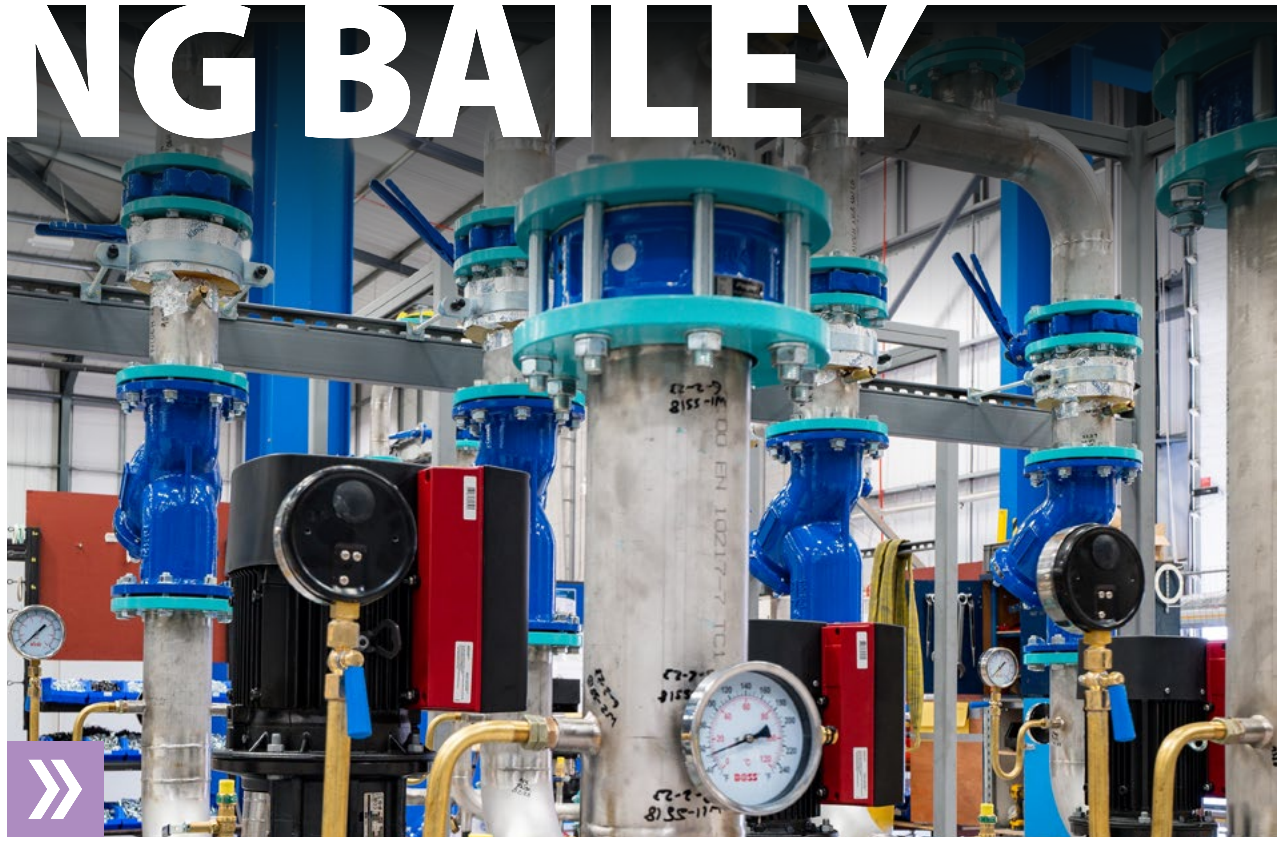
Making a Responsible IMPACT

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

ABOUT NG BAILEY



Offsite Manufacture

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

We work together with our people, customers, supply chain and communities 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 and putting more into society, the environment and the global economy than we take out.

We have sites, offices and manufacturing facilities located across the UK with around 3,400 employees.

The Forge

FINANCIALLY **STRONG**

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

ORDER BOOK

£1.4bn

2023 £1.3bn

NET ASSETS

£129m

2023 £121m

CASH & INVESTMENTS

£70m

2023 £83m

DEBT

£nil

2023 £11m

NG BAILEY AT A GLANCE

OUR PEOPLE

- *Inclusive culture supported by our* ***Fairness, Inclusion and Respect programme***
- *Around* ***3,400*** *employees with* ***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!

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

THE FAMILY'S GUIDING PRINCIPLES

Capture ***the family's long-term aspirations for the business*** (see pages 60 and 61)

RoSPA AWARDS

2024 RoSPA President's Award

2024 RoSPA Gold Award

2024 RoSPA Gold Medal Award

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

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

Occupational health and safety management

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

Information security management

A national business **with a local presence**

1. Aberdeen
2. Glasgow
3. Boldon
4. Barrow-in-Furness
5. Catterick
6. Wakefield
7. Drighlington
8. Leeds*
9. Liversedge
10. Bradford
11. Sheffield
12. Manchester
13. Deeside
14. Birmingham
15. Cambridge
16. Stowmarket
17. Wickford
18. Basildon
19. Cardiff
20. London
21. Dartford
22. Reading
23. Basingstoke
24. Bristol
25. Plymouth

*Leeds - Group registered office

OUR ONE STORY

*Our One Story articulates **our purpose**, brought to life through **our four pillars of excellence** and underpinned by **our values**.*

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**

A true end-to-end solution that covers the whole built environment. From initial project concept, through design, engineering, infrastructure, and digital infrastructure solutions onto energy solutions and facilities management.

Engineering | Services | Freedom | Facilities Services | IT Services

STRATEGIC REPORT

Business review

We are pleased to report that the Group has returned to profitability in 2023/24 with improved performance in both our divisions.

Our Services division has had another excellent year of record performance and is primed for further growth.

In our Engineering division, the benefits of our cautious grow back plans are showing through, with our renewed focus on quality margins and risk management supporting a profitable year. This follows a few challenging years due to the pandemic, and the follow-on consequences of unprecedented high inflation, project delays and supply chain failures, which hampered a small number of fixed price contracts during 2022/23.

With high interest rates and economic and political uncertainty continuing to fuel tough trading conditions, the Group's strong balance sheet is a key differentiator as customers look for supply chain stability over the lifecycle of their projects. Our high-quality order book has increased to £1.4bn (2023: £1.3bn), with an increasing proportion of work directly with the end client rather than through a main contractor. A growing pipeline of work in recession resilient markets with high barriers to entry, including defence, nuclear, healthcare, airports, universities and rail, provides a robust platform for the Group to further grow profitability. We also 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.

These factors, alongside the quality, expertise and commitment of our teams and experienced management, give us confidence that we will successfully deliver our growth plans with a clear route to pre-pandemic levels of trading and beyond.

Offsite Manufacture, Drighlington

Offsite Manufacture

Economic outlook

Whilst inflationary pressures eased during 2023/24, trading conditions remain challenging as high interest rates and economic and political uncertainty in the UK make customers cautious, impacting demand. Whilst the Group's order book was unaffected by the government's decision in October 2023 to cancel HS2 phase 2, we are aware of the potential for delays or further cancellations of government-backed projects, and our future plans reflect a sensible level of caution with this in mind.

In spite of these short-term headwinds, the medium to long-term outlook in our markets is positive. Both the current UK government and the opposition parties recognise the importance of infrastructure to enable economic growth and have publicly committed to accelerating the building of critical infrastructure for energy, transport and technology.

Furthermore, the UK was the first major economy to set a legally binding commitment to reach net zero emissions by 2050 with substantial investment necessary to meet this target. NG Bailey is uniquely placed to play a key role in this critical transformation and is already supporting a range of industries and clients as we transition to a low carbon economy.

Whilst the current government and the Labour party have downgraded their decarbonisation pledges during 2023/24 as a result of economic pressures, both remain committed to considerable investment in green infrastructure that reflects a sharp increase on current spending. This supports our growth plans, particularly for our Services division where there is significant market opportunity over the medium-term.

Construction has been acutely affected in recent years by inflationary cost pressures, with prices rising faster than other sectors. On fixed-price lump-sum contracts, the impact of these cost increases has been largely borne by contractors, putting operational delivery and trading margins under pressure.

Material and structural labour shortages have created their own challenges as supply chains have suffered from the combined effects of the pandemic, Brexit, the Ukraine conflict, uncertainty in the Middle East, and the cost-of-living crisis.

Bank of England base interest rate increases during 2022 and 2023 to address rising inflation have resulted in a high cost of debt. Whilst the expectation is that rates have peaked, uncertainty around the timing of rate reductions and the outcome of upcoming UK elections is impacting customer decision-making and demand in the short-term.

Whilst we remain committed to being a responsible business by focusing on paying our supply chain on time and are proud that we are consistently a top performer amongst our peers in this regard, this is in contrast to the wider industry where a culture of late payments and underpayments remains prevalent as we have seen from some of our customers. This can increase financial strain and inhibit growth potential for businesses in our sector (including our supply chain).

The combination of these market headwinds is fuelling high levels of construction insolvencies, with supply chain failures subsequently putting additional pressure on surviving businesses.

Given the tough environment, we are being cautious in our growth plans, particularly in our Engineering division, to ensure that we don't take on significant risk. Our 'bid no bid', estimation and procurement process has been refreshed and our commercial approach to setting terms and conditions have clearly defined acceptable parameters to ensure that we win work at margins commensurate with the risk. A significant proportion of next year's sales are already secured, supporting our highly selective 'bid no bid' approach as we will not chase turnover.

One of the biggest challenges throughout our sectors is a structural skills shortage, with the recruitment and retention of people being crucial for the delivery of our future growth plans. We continue to invest heavily in learning and development programmes to nurture our future talent and build skills. We delivered more than 24,500 training days during 2023/24 and are imminently launching two new leadership development programmes. We also have a well-established competitive employee benefits package and have further enhanced our offering this year through the introduction of several new initiatives including an annual wellbeing day for all employees and revised family friendly policies for maternity and adoption leave.

Performance

Our commitment to health and safety remains at the forefront of our performance. Our aim is to engage everyone across our business and supply chain to put 'safety first and foremost'. In support of this aspiration, all employees across the Group have a performance objective linked to safety for 2024/25.

Sadly, early in 2023 one of our agency workers was involved in a fatal accident during the course of their work. We co-operated fully with the authorities and accept the findings of the court hearing in March 2024 following the Health & Safety Executive's investigation. We continue to offer support to those affected by this tragic event. Our thoughts remain with the family, friends and colleagues of the agency worker.

We are fully committed to the health and safety of our people, customers, supply chain partners and communities with two significant safety initiatives launched during 2023/24. Our new culture development Safety in Mind initiative launched in May 2023 with the aim to further enhance behavioural safety across the Group. Our new safety performance reporting system MySafety also went live during the period, allowing incidents to be reported quickly and easily, risk assessments to be completed electronically and for trends to be identified and proactively and promptly addressed.

We continually review and monitor our comprehensive health and safety policies and procedures to ensure they are appropriate for an ever-evolving safety environment. Alongside our internal assessment routines, we commissioned an external, independent review of our health and safety policies and procedures during 2023/24 to ensure that they remain effective and appropriate. The review confirmed that safety is central to our operations, with strong policies and procedures in place, and that the initiatives launched during the period will support a our constant drive for continuous improvement in our safety approach.

Sales for the Group increased to £600m in 2023/24 (2023: £532m) and we are pleased to report that we have returned to profitability in the year, delivering an underlying operating profit (which is before amortisation) of £11.2m (2023: a loss of (£17.3m)).

The Services division continues to perform strongly, delivering record levels of profitability in 2023/24 for the second year in a row. This demonstrates first-hand the strength of our diversified business plan, with the division's turnover, headcount and order book now accounting for broadly half of the overall Group.

Services' core business is in an excellent place, with strong operational performance, customer relationships and cash generation. Its healthy and growing order book largely consists of lower-risk annuity-style work, providing stability and resilience during uncertain times.

The decarbonisation of the UK economy is underpinning a fantastic range of tangible opportunities for Services, particularly from the renewable connections and electric vehicle charging infrastructure markets.

Furthermore, for our Freedom business, the new regulatory investment cycle for the electricity distribution network operators (DNOs) that started in April 2023 has driven an increase in underlying run rates through 2023/24, alongside rising demand for independent connections projects, and is expected to drive significant further investment over the next four years as the government looks to accelerate the decarbonisation of the UK electricity network.

In addition to organic growth, we have added capability, geography and resilience to the Services division through selective, low risk acquisitions. We have completed four acquisitions since 2018 and remain open to further opportunities that fit our strategic direction.

The Engineering division returned to profitability in 2023/24, supported by a refreshed leadership team led by the Chief Executive Designate, Jonathan Stockton, with a renewed focus on governance, quality margins and risk management, including reinforced and strengthened contract management at all stages of the contract lifecycle.

Our focus for Engineering is markets where we have leading expertise and experience including defence, nuclear, healthcare, airports, universities and rail. Whilst 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, we are being cautious and highly selective in our work winning approach given current market headwinds. Through our well established 'bid no bid' and tendering processes, alongside a robust commercial approach when agreeing terms and conditions, we have a clear route to ensure we don't take on projects where the margin or risk is unacceptable.

Our success in this area is demonstrated by a marked improvement in average margins in our order book for the Engineering division, accompanied by a strategic shift in the mix of work away from fixed-price lump-sum contracts and towards more commercially benign contract structures (e.g. cost-reimbursable or target cost contracts). There is a a growing proportion of arrangements directly with the end client rather than through a main contractor.

As a business, we continue to be at the forefront for offsite construction methods, having a dedicated facility in Bradford. We champion Modern Methods of Construction 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 new techniques are developed that will transform the industry. We are seeing a growing take-up of these methods within our current portfolio.

Significant investment is committed in the next 12 to 18 months to accelerate further digitalisation and systemisation of our systems and workflows to improve productivity, enable better decision making and enhance the working experience for our people.

Whilst global uncertainty caused some volatility in our money market investments during the period, the easing of inflation towards the back end of the year stabilised the position with the portfolio increasing in value, generating income of £0.7m in the period (2023: £1.2m). The profit before taxation is £10.7m (2023: a loss of (£25.0m)).

Our people

We are proud of our people, who have maintained their dedication and hard work during more recent difficult years. Our teams always go the extra mile in working together to support each other, provide quality service to our customers and put more into our communities than we take out. Paid volunteering leave is available to all our people and an amazing 900 days of volunteering were delivered during 2023/24 (2023: 430), more than double the volunteering time of the prior period.

We recognise that we operate in an industry where there is competition for the best people, so it is crucial that we retain and develop our people and attract and recruit the right skills and experience needed to ensure we are ready to thrive as opportunities mature.

We continually invest in the development of our people to give them the skills and competencies they need for their future success.

As a business, we are actively inspiring the next generation through our award winning apprenticeship programme and graduate scheme, along with tailored training to support employees wherever they are on their career paths, including clear succession plans. We are pleased to announce the upcoming launch of two new leadership development programmes to strengthen our leadership and succession pipeline. The future leader and future executive programmes, starting June 2024, have been developed by the Group alongside our trusted learning and development partner. Both programmes take a blended learning approach to strengthen capabilities and confidence and give our future leaders the skills they need to drive change and support the delivery of our future plans.

During 2023/24, we entered a corporate partnership with the Institute of Engineering and Technology (IET), one of the world's largest professional engineering institutions. The IET champion the importance of engineering and technology with c154,000 engineering and technical professionals across 148 countries. Employees are offered the option to become accredited with the IET, with their professional fees paid by the Group.

For specialist areas, we are taking targeted action to ensure we have the right skills to deliver growth. In Freedom, two training schools have been opened to provide skills training approved by our two largest distribution network operator (DNO) customers. We are also working with well-renowned and reputable labour specialists to recruit specialist skilled labour overseas, most recently bringing onboard 11 experienced overhead linesmen from the Philippines.

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. This partnership also facilitates our employee exchange programmes, giving our people the opportunity to complete three-month placements in either Australia or the USA.

Whilst inflation has eased during 2023, cost-of-living pressures continue to affect our people and we have sought to provide support through our wider employee wellbeing plan. This year's annual pay rise has been tiered for the second year running, with our lower paid employees receiving a higher pay rise. Our hardship fund provides our people with grants or wage advances if they find themselves in significant short-term financial hardship. Our 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 onwards, every person across the Group receives an additional wellbeing day on top of their normal holiday allowance to provide them the opportunity to recharge and focus on themselves, with a further two days paid volunteering leave to support our communities.

In support of our philosophy of 'making it easy to work here', our Unified Communications programme continues with the introduction of external call functionality via Microsoft Teams and our new 'Bring Your Own Device' policy, which allows our people the choice of using their personal mobile phone to access Group applications, whilst also helping our sustainability goals by reducing mobile device usage.

Our combined HR, payroll, and learning and development platform, MyDayforce, went live across the Group in 2022/23. MyDayforce improves our employees' 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 know that family is important to all our people and during 2023/24 we launched refreshed family friendly policies for maternity and adoption leave to increase the help given to colleagues whose families are growing.

Executive team changes

After 14 years of leadership, innovation and strategic vision, David Hurcomb retires from his role as Chief Executive Officer of the Group in May 2024. Under David's leadership, the Group has experienced unprecedented growth, diversification and success. From cultivating a balanced business in the engineering and building infrastructure services sectors, to delivering groundbreaking projects, David has been instrumental in positioning the company as a formidable force in the built environment sector.

Jonathan Stockton will replace David in the role of Chief Executive Officer. Jonathan joined NG Bailey in 2016 and has held several senior roles within the business, including Chief Financial Officer and Chief Operating Officer. He was appointed to the Group Board in 2021, and has worked closely with David at a strategic Group level as part of this planned transition.

Following his retirement in May 2024, David will continue to work closely with the business for a short period to support the transition of responsibility and overall leadership to Jonathan.

The Board and family would like to express their thanks to David for his contribution to the success of the Group over the last 14 years, and wish him a much deserved, long and happy retirement.

GOE changes

Jonathan will lead our Group Operating Executive (GOE), the senior leadership team responsible for the Group's strategy and operations. The GOE has been refreshed by the addition of Craig McGowan, Group Commercial Director, and Clare Salmon, Group Finance Director, in 2023/24, and Paul Aulton, Engineering Managing Director will also join in June 2024.

Clare Salmon, Group Finance Director, will join the Board in June 2024.

Resilience

Given the market challenges in our sector, the strength of our balance sheet is a key differentiator for our customers, who want stability in their supply chain over the lifetime of their contracts and projects. At 1 March 2024, our net assets were £129m (2023: £121m) and strongly cash-backed with cash and investments of £70m (2023: £83m). During 2023/24, the Group fully repaid the remaining balance of its term loan of £11m, with this being the main reason for the reduction in cash and investments during the period.

The Group's defined benefit pension scheme is well funded. At 1 March 2024, the pension scheme had a net surplus of £31.2m (2023: a net surplus of £31.2m). The scheme's actuarial valuation (a different basis which is the key metric for funding decisions) has also remained in surplus and consequently, the Group is not required to contribute towards the funding of the scheme and the scheme pays for its own expenses.

Economic uncertainty and a high cost of capital continue to impact customer confidence and the gestation of projects from tender to award date. We are also seeing a slight slowdown in work winning activity as customers temporarily pause decision making until there is greater certainty around the timing of anticipated interest rate reductions and the outcome of the upcoming UK general election. Despite these market factors, we have a healthy order book of £1.4bn that is forecast to grow further, with a significant proportion of 2024/25 sales already secured (ahead of historical run rates).

In light of current market conditions, contract risk management is of critical importance at all stages of the contract lifecycle and our approach is continually refreshed and strengthened. This includes our well established 'bid no bid' and tendering processes with clearly defined, acceptable commercial terms and conditions, to ensure that we win work at margins commensurate with the risk. We are also strategically shifting the mix of work away from fixed-price lump-sum contracts towards more commercially benign cost-reimbursable or target cost contracts alongside a growing proportion of work directly contracted with the end client (rather than through a main contractor).

Whilst high inflation has eased during the period, we continue to carefully manage cost inflation through offering short windows on bid pricing, 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 protected from inflationary pressures by contractual provisions.

Against a backdrop of increased levels of insolvencies in our sector, we routinely monitor the Group's exposures in order to avoid over dependency on individual counterparties and carefully manage the risks of potential business failures from both the upstream (i.e. customer) and downstream (i.e supply chain) perspectives.

The Group is in a position of strength and well placed for future growth. Our diversified strategy is well established with our Services division now accounting for broadly half of Group turnover, order book and headcount, and this direction of travel is expected to continue as significant growth opportunities for Services mature in the next few years. This balance provides greater stability in uncertain times, particularly as Services work is typically lower risk. To ensure our business thrives over the longer term, we are committed to making further investment in our people, our target areas of work and our infrastructure.

Our cash reserves are significant and have been for many years, reflecting our strong cash controls and significant focus on cash collection. Following repayment of the remaining term loan in March 2023, the Group has no external debt. Our available overdraft facility of £15m provides further headroom for working capital fluctuations, which is vital given some of the structural challenges around late and underpayments from customers which is sadly endemic within our industry. With the cash outflows behind us from the handful of challenging jobs that affected our 2022/23 result, our cash reserves are forecast to grow further in future years from cash-backed profits.

Our supply chain partners form an important part of the business and we recognise the importance of paying our suppliers on time, particularly during these challenging times. The percentage of our invoices paid within 60 days is industry leading at 98% (2023: 97%).

A further demonstration of our commitment to strong governance is the low-risk status awarded to us by HMRC during 2023 following its Business Risk Review of our tax controls and approach to tax matters.

Whilst market conditions remain challenging, the Group has a great platform to grow in a controlled manner with a clear route to pre-pandemic levels of trading and beyond. We have an excellent reputation, extensive operational skills and experience, a balanced portfolio of activities across resilient sectors with high barriers to entry with a healthy order book of £1.4bn. The Board is confident that the Group is operating in the right markets and is well placed to play a key role in critical long-term infrastructure projects and the drive to a decarbonised economy that are an important part of future growth in the UK economy.

▼ *The University of Bristol's Temple Quarter Enterprise Campus*

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.

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, ***Services*** *and* ***Engineering****.*

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 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.

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 and installation of mechanical and electrical solutions, and have an industry-leading reputation for delivering work and projects responsibly and sustainably. We have a large specialist offsite manufacturing facility.

As a national business with a local presence, our project portfolio includes nuclear new build, defence, universities, hospitals, commercial office spaces, rail, prisons, data centres, airports, infrastructure 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.

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.

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 1 March 2024. The Corporate Governance Report, which evidences how the Group applies the principles, is included on pages 50 to 59 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 50 to 59
Our shareholders and wider family	The Group is a family-owned business and recognises the importance of dialogue with its shareholders. The family have established their Guiding Principles which aim to capture their long-term aspirations for the business including leadership excellence, being a great place to work 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 54 Pages 60 and 61
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 long-term science-based emissions reduction target, to become net zero by 2045, has been submitted to the Science-Based Targets initiative (SBTi) during the period (approval expected in 2024/25), further supporting our ambitions to limit our climate change impact.	Pages 30 to 45 Page 59
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, operational and people matters, financial performance, strategy, risks and opportunities, market conditions, cyber security and sustainability. The Board and its Committees oversee the Group's comprehensive risk management framework.	Pages 54 and 55
Relationships with employees	The Board recognises that attracting, retaining and developing people is key to its long-term success. The Group aims to be a great place to work 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 our annual employee survey, MyVoice, and acted upon. We continually review and update our people offering to ensure it remains competitive, and we seek to support our people through our wider approach to wellbeing.	Pages 57 and 58
Relationships with suppliers	Our supply chain partners play a key role in the Group's long-term stability and success. We 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 further invested in our electronic procurement platform to increase the volume of supplier invoices that are processed in this way, improving the speed, accuracy and supplier experience of invoicing.	Pages 58 and 59
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 regularly undertake our Group-wide Net Promoter Score (NPS) surveys with our customers and act on the feedback gathered. We have long-standing relationships with many of our customers and retention rates remain high across the business.	Page 58

KEY PERFORMANCE INDICATORS

Cash & investments

£70m

2024	£70m
2023	£83m
2022	£79m
2021	£86m
2020	£78m

Order book

£1.4bn

2024	£1.4bn
2023	£1.3bn
2022	£1.2bn
2021	£1.2bn
2020	£1.4bn

Net assets

£129m

2024	£129m
2023	£121m
2022	£147m
2021	£142m
2020	£149m

Turnover

£600m

2024	£600m
2023	£532m
2022	£500m
2021	£507m
2020	£573m

EBITDA[1]

£17m

2024	£17m
2023	(£12m)
2022	£7m
2021	£3m
2020	£25m

Underlying operating profit / (loss)[2]

£11.2m

2024	£11.2m
2023	(£17.3m)
2022	£0.8m
2021	(£2.7m)
2020	£19.8m

Reportable RIDDOR incidents[3]

6

2024	6
2023	6
2022	3
2021	9
2020	5

Group employees

3,411

2024	3,411
2023	3,216
2022	3,062
2021	3,202
2020	3,223

Carbon intensity – tCO_2e per employee (market-based)

1.47

2024	1.47
2023	1.74
2022	1.86
2021[4]	1.63
2020	2.24

Supplier invoices paid within 60 days[5]

98%

2024	98%
2023	97%
2022	97%
2021	92%
2020	71%

1. EBITDA is calculated as statutory profit / (loss) adjusted to add back interest, tax, depreciation, amortisation and exceptional items.

2. 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 72

3. Reporting of Injuries, Diseases and Dangerous Occurrences Regulations

4. COVID-19 year

5. Based on suppler payment reporting for NG Bailey Limited

HEALTH AND SAFETY

Health and safety continues to be the 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 launched two significant initiatives during 2023/24.

MySafety 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 gives 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 and to identify trends early.

We understand the importance of strong leadership and behaviours in creating an overall safe working environment. Our new Safety in Mind initiative 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 wider workforce, and supports our approach to achieve zero harm.

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 during 2023/24 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!

38,600 observations reported in the last **12 months**

Safety in Mind initiative, launched in 2023/24 to reinforce health and safety culture

9 RoSPA awards received across the Group

2024 RoSPA

MySafety *new safety reporting system* to make reporting incidents, inspections, 'Don't Walk By!' observations and risk assessments quick, easy and consistent

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

SAFETY First & Foremost

FUTURE DEVELOPMENTS

The UK economy is expected to take time to recover from its recent challenges, with high inflation, structural labour and skills shortages, uncertainty from the Ukraine conflict and instability in the Middle East combined with the lingering effects of Brexit and the pandemic taking their toll. However, the medium-term outlook for our markets is positive with both the current UK government and opposition parties 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 Defending Britain policy paper (which sets out plans to increase defence spending to 2.5% of GDP).

We are well positioned to benefit with a strong pipeline of work in key infrastructure sectors (including defence, nuclear, healthcare, airports, universities and rail) and growing credentials in the decarbonisation sector. The Group's diversification strategy is well established with a turnover, headcount and order book split broadly 50:50 between the Services and Engineering divisions. This balance in work is expected to shift further in favour of Services as significant growth opportunities for the division mature in the next few years, providing greater stability in uncertain times as Services work is typically lower risk and more commercially benign.

Our order book (secured and anticipated work) is £1.4bn at the period end and forecast to grow further (2023: £1.3bn). 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, was launched in July 2023 to support the UK nuclear industry by providing better opportunities to build and invest. The launch was accompanied by a commitment to invest up to £20bn in funding to design and build small modular reactor (SMR) nuclear projects and a £157m grant funding package across the nuclear industry. In January 2024, the government announced a further c£1.3bn investment in the Sizewell C project to help fund early construction works, having already invested c£1.2bn. The final investment decision on Sizewell C is 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 of HS2, a further £3.9bn funding was committed in December 2023 for the Transpennine Route Upgrade to improve Northern rail routes. This brings the total government investment to £6.9bn and represents a major infrastructure project made up of a number of sub-projects to improve services on the route between Manchester, Huddersfield, Leeds and York 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 already working on the initial stages of HS2 and the Transpennine Route Upgrade, and are well positioned to continue to contribute significantly to both these and other rail programmes. We expect to secure further meaningful orders over the coming years.
Electric vehicles	Transport is 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 UK's legally binding commitment 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 2035 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 in this space 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 to support the increasing demand for electric vehicle infrastructure. Leveraging expertise and skills from our Engineering and Services teams, our in-house design, Independent Connection Provider (ICP) and delivery teams means we can offer our customers a complete service, from early concept through to installation, commissioning, ongoing maintenance and aftercare.

Key sector	Update	Expertise
Net zero buildings	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. With the government starting to introduce rising standards on the energy efficiency of buildings, there is a real risk for our customers of unusable 'stranded assets' if they don't act soon.	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. Whilst retrofitting older building stock to modern standards is particularly challenging as there is often incomplete information and it may not be known what will be found until the renovation is underway, we have extensive experience in this area such as our recent work on the 140-year-old Grade 1 listed Town Hall in Manchester.
Defence	In April 2024, the government announced its new commitment to increase spending on defence, targeting to reach 2.5% of GDP by 2030 to ensure the UK is well placed to defend its people, bolster its alliances and deter its adversaries in a more dangerous world. The UK's defence spending will increase immediately and rise steadily to reach c£87bn annual spending by 2030. This reflects an additional £75bn of spend over the next six years on top of the government's previous commitments. The Labour Party has also made strong statements around their commitment to an increase in defence spending. Whilst they are also targeting an increase in spending to 2.5% of GDP, this is dependent upon the UK economy meeting their fiscal rules. Nevertheless, spending in the defence arena will be a key focus.	With c900 employees and c900 trusted subcontract partners 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. We have delivered and are delivering numerous defence projects, many in highly secure environments.
Electricity distribution network operators (DNOs)	The new regulatory investment cycle for the DNOs that started in April 2023 has driven an increase in underlying run rates, alongside rising demand for independent connections projects, through 2023/24. These factors are expected to drive significant further investment over the next four years as the government looks 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.
Healthcare	The government's New Hospital Programme was set up in 2020 combining eight hospital building projects already underway with the delivery of 40 new hospitals by 2030. In 2023, seven hospitals that needed rebuilding because they contained reinforced autoclave aerated concrete (RAAC) were brought under the programme and prioritised due to the safety risk posed. The addition of these seven hospitals to the project and the rising cost of building materials mean that the government has confirmed that some projects will now not be completed until after 2030. Whilst the Labour Party has so far refused to commit to completing the New Hospital Programme and have expressed scepticism around the government's plans in this area, they have committed to strengthening the NHS infrastructure.	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.

Modern methods of construction

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

This benefits our customers by saving build costs, labour costs and time, significantly reducing deliveries, man hours and on-site waste and supporting our proven track record of delivering projects on time, on budget, and defect-free. Our 'design for manufacture' approach presents a realistic, affordable, efficient and environmentally-friendly alternative to labour-intensive and time-consuming on-site production and assembly, or where there are specific challenges related to being on site.

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.

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 2035**
- **Building regulations now require all new build homes, workplaces, supermarkets and buildings undergoing major renovations to install electric vehicle charging points**

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.

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 four years to accelerate the decarbonisation of the UK electricity network.

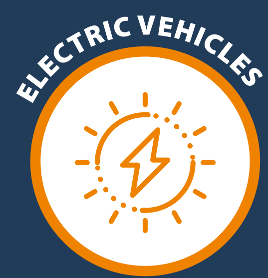
POC-MAST™

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

Transforming the UK's built environment

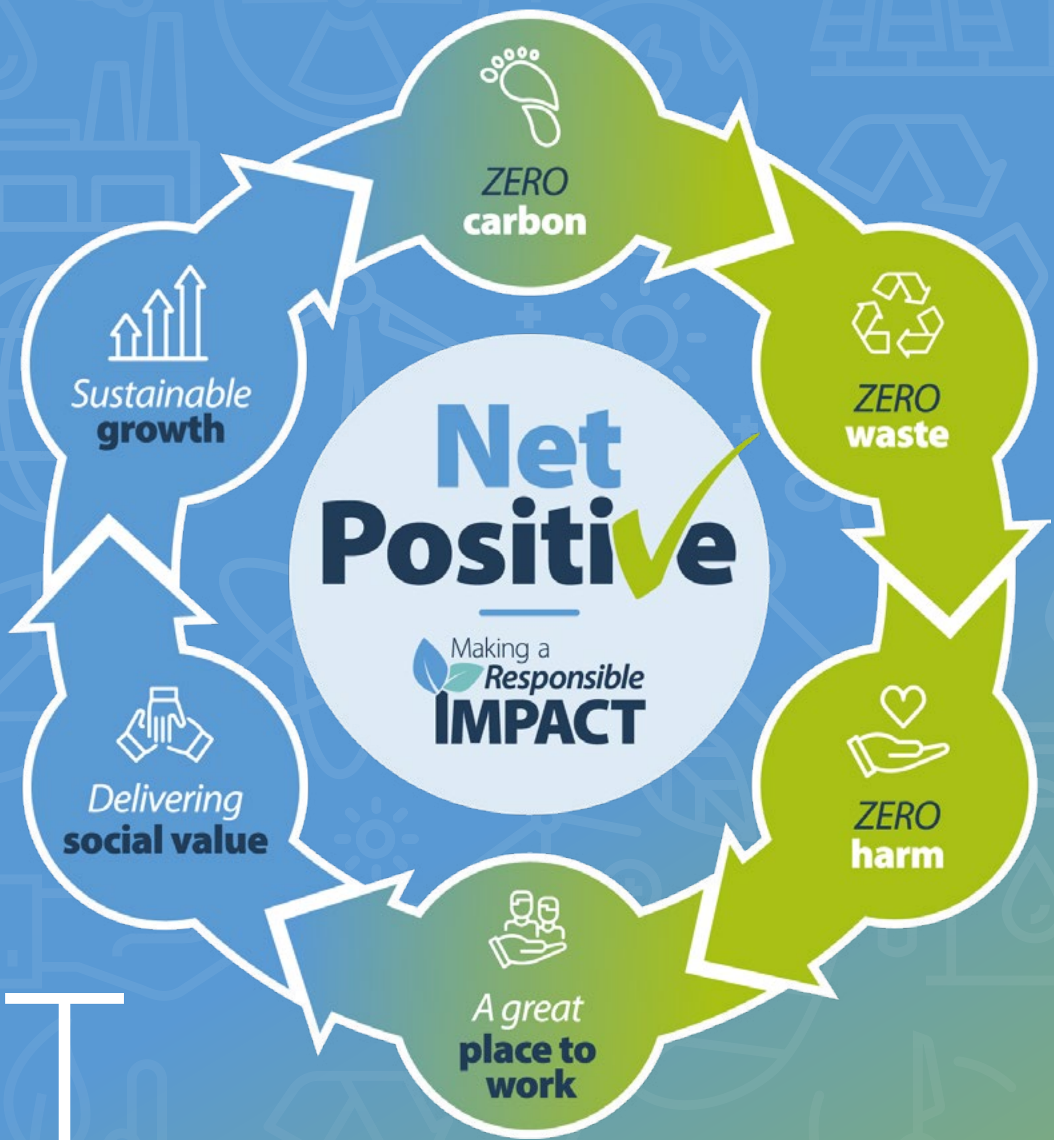
Transitioning the UK's energy infrastructure

Supporting the Electric vehicle revolution



Market-leading dedicated electric vehicle business

Leveraging our technical expertise to support customers on their EV journey, we provide a complete end-to-end service, from concept through to installation and commissioning of EV charging hubs, depots and workplace charging and their ongoing maintenance and aftercare. We can act as principal designer and principal contractor on our customers' projects.



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.

1 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.

13 CLIMATE ACTION

Our long-term target to reach net zero by 2045 (equivalent to 90% reduction in emissions) was submitted to the Science-Based Targets initiative (awaiting approval)

Medium-term 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**

35% reduction in our carbon footprint since our baseline year of 2018/19

91% **of our company car fleet is low carbon hybrid, plug-in hybrid or electric vehicles**

4% **reduction in commercial fleet emissions** since our baseline year of 2018/19

Increased electric vehicle charging capacity across our estate

Focus for 2024/25

- Secure long-term net zero target approval from SBTi
- Embed net zero action plans at a divisional level
- Cut commercial fleet emissions by a further 10%
- Further engagement with our supply chain to drive commitment to their own science-based targets

2 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.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

98.9% of waste diverted from landfill

Offsite facility trialled circular economy approach avoiding **over 1,400 kg waste** and saving over **7 tonnes of embodied carbon**

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

Focus for 2024/25

- Increase scope of Offsite circular economy approach
- Progress alternative routes for inert waste management

3 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.

3 GOOD HEALTH AND WELL-BEING

2023/24 achievements:

MySafety
New SHE reporting system launched

Zero at fault reportable environmental incidents

Safety in Mind
New safety culture development programme underway

0.08
Accident Frequency Rate (AFR)

Focus for 2024/25

- Embed MySafety and Safety in Mind initiatives to further enhance safety culture and performance
- All employees have a performance objective linked to safety for 2024/25

4 A GREAT PLACE TO WORK

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

8 DECENT WORK AND ECONOMIC GROWTH

2023/24 achievements:

Supporting our people

- **Hardship fund**
- **Employee discount scheme**
- **Tiered annual pay rise** for the second year in a row with our lower paid employees receiving higher uplifts
- **An annual wellbeing day** for every person across the Group on top of their normal holiday allowance

Launched our new family friendly policies including refreshed maternity and adoption leave policies

MyVoice Rebranded **MyVoice annual employee survey** with continuing high engagement

Values awards
291 awards (to individuals and teams) for 398 people

24,500+ training days
delivered to develop our people supported by the new MyDayforce learning & development platform

Long service awards
26 people with 607 years of service

Focus for 2024/25

- Two new leadership development programmes launching in Summer 2024
- Embed steering groups for Wellbeing and Fairness, Inclusion & Respect to lead the Group's agenda in these areas
- Recruit 2024/25 apprentice and graduate cohorts

5 DELIVERING SOCIAL VALUE

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

10 REDUCED INEQUALITIES

2023/24 achievements:

Over £17 million
spent in local supply chains generating local employment opportunities with our suppliers

900 days of volunteered time generating over **£113,000 of social value in our communities**

Over £13.8 million
spent with Voluntary, Community and Social Enterprises and Micro, Small and Medium Enterprises

Over £7 million
of education and employability value generated through the provision of apprenticeships, work placements, school and college visits and training

£48k charity donations

Focus for 2024/25

- Promote volunteering policies to increase volunteering days further
- Continue to develop resources and relationships to support the delivery of our social value standards

6 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.

2023/24 achievements:

ORDER BOOK
£1.4bn
2023 £1.3bn

NET ASSETS
£129m
2023 £121m

CASH & INVESTMENTS
£70m
2023 £83m

DEBT
£nil
2023 £11m

Focus for 2024/25

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

SOCIAL **VALUE**

Our Net Positive strategy incorporates a commitment to generate meaningful social value. Social value is an umbrella term covering economic, social and environmental activities. It seeks to maximise the benefits of public procurement by encouraging employment opportunities, developing skills, and improving environmental sustainability.

We have refined our core social value activity through our social value standards. These provide a consistent framework by which we can respond to project and community requirements, whilst also outlining the areas where our teams can generate the most impact through leveraging our business capabilities. To support this activity, we have invested in our digital reporting capability to measure and capture our project-related social value to increase visibility and engagement.

The Group's social value contributions include a range of activities with some examples given on pages 35 to 37.

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

Education and employability opportunities

NORTH WEST WORK EXPERIENCE WEEK

Our North West Engineering team organised a work experience week for 11 students from five different colleges across Greater Manchester. The team gave an insight into the construction industry, helping students to build their skills and knowledge, while spreading awareness of our available apprenticeships. The students, aged 16 to 19, went head-to-head in 'The Airport Challenge', which involved three teams competing to design the full fit-out of a brand-new visitor experience centre at Manchester Airport.

Throughout the week, students engaged in a series of workshops with a focus on safety, design, commercial, environmental, community, and planning aspects, as well as a live site tour of the airport. The students also participated in sessions on building skills, careers in engineering, presentation tips, and apprentice insights. At the end of the placement, all students said they had developed their employability skills and knowledge of the engineering industry. As a result of the work experience placements, several of the students have now applied for an apprenticeship with NG Bailey.

APPRENTICE PLACEMENTS FOR NHS GRAMPIAN

As part of a new approach to apprenticeships and social value, the Scottish Engineering team worked with our client, NHS Grampian, to support eight week-placements at the Baird & Anchor project for three of their apprentices. The project team developed a learning plan that allowed the apprentices to gain experience of installing systems that they would ultimately be asked to maintain once their training with NHS Grampian was complete.

"NHS Grampian is grateful for the ongoing support being provided by NG Bailey around the enhanced modern apprenticeship placements being offered. We have found that the apprentices who have participated can get involved and see a different range of work activities, which in turn helps them develop a range of different skills and competencies."

Douglas Andrew, Learning & Development Manager at NHS Grampian

Manchester Airport

Education and employability opportunities (continued)

CLASS OF YOUR OWN

NG Bailey is funding a three-year engagement programme with Netherhall School in Maryport, Cumbria. The programme delivered in partnership with 'Class of Your Own' (creators of the award-winning Design Engineer Construct! learning programme) will see students gain a recognised qualification in Design Engineering and Construction which now forms part of their Year 9 curriculum.

To date there have been 120 learners (6 classes of 20 students each), broadly split 50:50 between girls and boys. Each learner has completed 21 hours learning of our 'Design a Home for Everyone' DEC Connect Award.

As sponsor, NG Bailey regularly spends time with the students, delivering sessions and helping them with their course work. This allows the students to hear from professionals about the different roles available within the industry and share career pathways to help inspire them.

4,621 *Young people engaged with STEM & career sessions*

Social value generated = **£119,000**

86 *Weeks of work placements*

Social value generated = **£17,000**

245 *Candidates engaged with 'support to work assistance'*

Social value generated = **£12,000**

Ensure a happy, healthy, and diverse workforce

SUPPORTING MEN'S HEALTH

North West Engineering Project Manager Chris McGrath went on a UK Roadshow to share his experiences of living with Prostate Cancer with NG Bailey colleagues, as well as raising awareness of Testicular Cancer.

Over 300 colleagues attended his briefing which included the symptoms to look out for, the statistics of developing cancer and breaking common myths about the disease. Chris took his roadshow to our office and project locations and received the Our Town Hall project's annual award for Health, Safety & Wellbeing.

Volunteer our time, skills and experience

VOLUNTEERING AT MEANWOOD VALLEY TRAIL

Twenty-two employees from across our Engineering and Services divisions came together to volunteer at Meanwood Valley Trail in Leeds where they helped Countryside Rangers with public right of way tasks as part of the Great British Spring Clean. This included footpath repairs, resurfacing with stone, drainage, erosion tasks and litter picking.

Feedback from the day included:

"I'm really passionate about the countryside and enjoy walking, and wanted to do my bit to help maintain footpaths as I knew local people would appreciate the upkeep."

CRASH PATRONAGE

NG Bailey is a proud corporate patron for CRASH, and worked with the Winchester Beacon charity as part of this. Winchester Beacon is open 365 days a year and provides accommodation, food, and vital support services to help break the cycle of homelessness.

The charity accommodates 60 to 80 people annually and provides ongoing support to many more, offering guidance to help them plan for an independent future and a more permanent home.

The charity applied for CRASH's help to change their communal facilities, to enable every resident to have a single bedroom and their own bathroom facilities. This included a new accessible bathroom for any residents with accessibility needs.

The formerly communal bathroom facilities were transformed into single shower rooms, complete with a shower, wash basin and toilet with NG Bailey providing mechanical and electrical advice.

The total professional expertise and discounted materials supplied totalled £53k with CRASH donating grants totalling £40k.

Total value support of £93,000

SELLAFIELD TEAM GIVE BACK TO NORTHSIDE COMMUNITY CENTRE

Located just outside Workington in Cumbria, the small community of Northside is an area of social deprivation. The community centre is an important part of the local area, acting as a youth club, employment centre, support hub, and food bank.

Over two days, twenty-four volunteers from the Sellafield project gave their time to make significant improvements to the centre, including electrical maintenance, plumbing, decorating, and tidying up external areas. For many volunteers, this was their first time being involved with this type of event, and everyone found it to be a positive experience.

STREAMLINED ENERGY AND CARBON REPORT

REPORTING PERIOD

NG Bailey is reporting for the financial period 2023/24 (March 2023 – February 2024), providing the previous period as a comparator and 2018/19 as a baseline. 2018/19 is the baseline period 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 Reporting 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.

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.

2023/24 is the sixth 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 our science-based target was approved to see us committed to delivering 50% reductions on our scope 1 and 2 impacts by 2030, in line with the 1.5°C limit agreed by scientists as necessary to reduce the destructive impacts of climate change. We have further examined our approach to carbon reduction in 2023/24 and committed to achieving Net Zero emissions by 2045 in the long-term. This target has been completed and submitted for peer approval by the Science -Based Targets initiative (approval expected in 2024/25).

OPERATIONAL TRENDS

In 2023/24 we saw an 9% decrease in total gross carbon emissions on the prior period for our Group carbon footprint resulting in a 35% reduction in total gross emissions since our baseline period, maintaining a positive trajectory to meeting our science-based reductions target of 50% by 2031.

Absolute carbon emissions have reduced by 35% from the baseline period of 2018/19, from 8,201 tCO_2e to 5,334 tCO_2e (location-based method) and reduces further to 5,028 tCO_2e when accounting for our market-based footprint.

When compared with the prior period, our gross absolute emissions decreased by 500 tCO_2e, largely as the result of significant reductions in our scope 1 emissions. A continued increase in the number of electric and plug-in hybrid vehicles in our company car fleet has allowed us to reduce our use of diesel fuel and the sale of Denton Hall in February 2023 has also contributed to the reduction.

Our scope 2 (location-based) emissions saw a slight increase of 2% on prior period as the result of further electrifying our properties, the installation of additional electric vehicle charging infrastructure on our estate and increased electric vehicles within our fleet.

Our location-based carbon emissions intensity ratio has decreased to 1.56 tCO_2e per employee, a decrease of 14% on the prior period and 38% since our baseline period. Furthermore, when accounting for our market-based reporting, our intensity reduces further to 1.47 tCO_2e per employee, a reduction of 16% on the prior period and 37% since our baseline period, all showing healthy progress.

ENERGY PERFORMANCE

MWh	2023/24 Reporting year	2022/23 Comparative year	2018/19 Baseline year
Gas	918	1,203	1,442
Electricity	1,496	1,832	2,587
Transport fuels	17,061	18,738	20,083
Other energy sources	11	254	6,688
Total	19,486	22,027	30,800

CARBON PERFORMANCE

tCO_2e	2023/24 Reporting year	2022/23 Comparative year	2018/19 Baseline year
Scope 1	3,757	4,278	5,538
Scope 2	371	364	733
Scope 3	1,206	1,192	1,930
Location-based total	5,334	5,834	8,201
Scope 2 - market adjustment	(306)	(268)	(514)
Market-based total	5,028	5,566	7,687

INTENSITY RATIO

Emissions per employee tCO_2e per employee	2023/24 Reporting year	2022/23 Comparative year	2018/19 Baseline year
Market-based	1.47	1.74	2.34
Location-based	1.56	1.82	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

We have introduced a salary sacrifice car scheme that is open to all our employees. This enables them to access the latest plug-in hybrid and electric vehicles at a lower price

13 CLIMATE ACTION

Our **responsibility strategy**, '**Net Positive**', supports our journey to a **zero-carbon future**

Having previously committed to our medium-term science-based emissions reduction targets aligned to a 1.5°C future, **in 2023/24 we set our long-term target to achieve net zero by 2045** and submitted it to the Science-Based Targets initiative for approval.

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

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

- Our commercial vehicle fleet have Euro VI engines and 28 electric vans have been embedded within our business.
- 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 removed from our fleet over time. At the end of 2023/24, 91% of our company car fleet is either a mild hybrid, plug-in hybrid or electric vehicle.
- We implemented an emissions cap of 75gCO_2/km on all new company car vehicles, with the average emissions across the existing car fleet reaching 35gCO_2/km in 2023/24.
- We have introduced a salary sacrifice car scheme open to all employees to enable them to access the latest plug-in hybrid and electric vehicles at a lower price.

Other **activities**:

- We are implementing an Environmental, Social and Governance (ESG) framework for our Group to give greater focus and visibility over the management of climate and carbon risks for our business.
- We have developed tailored ESG training for our procurement teams to enable them to discuss the importance of ESG activity and performance with our supply chain.
- We have enhanced our ESG e-learning by integrating a suite of specific sustainability learning to enable our employees to access a broader range of ESG topics.

We have installed thirty four vehicle charging bays across our Leeds, Reading, Dartford, Stowmarket, Wakefield, Bradford, Devonport and Bristol locations which are available to employees and visitors alike.

Our dedicated electric vehicle infrastructure business has also installed a further two hundred charging outlets at a customer's location to support their low carbon infrastructure.

NG Bailey Leeds Office EV charging points

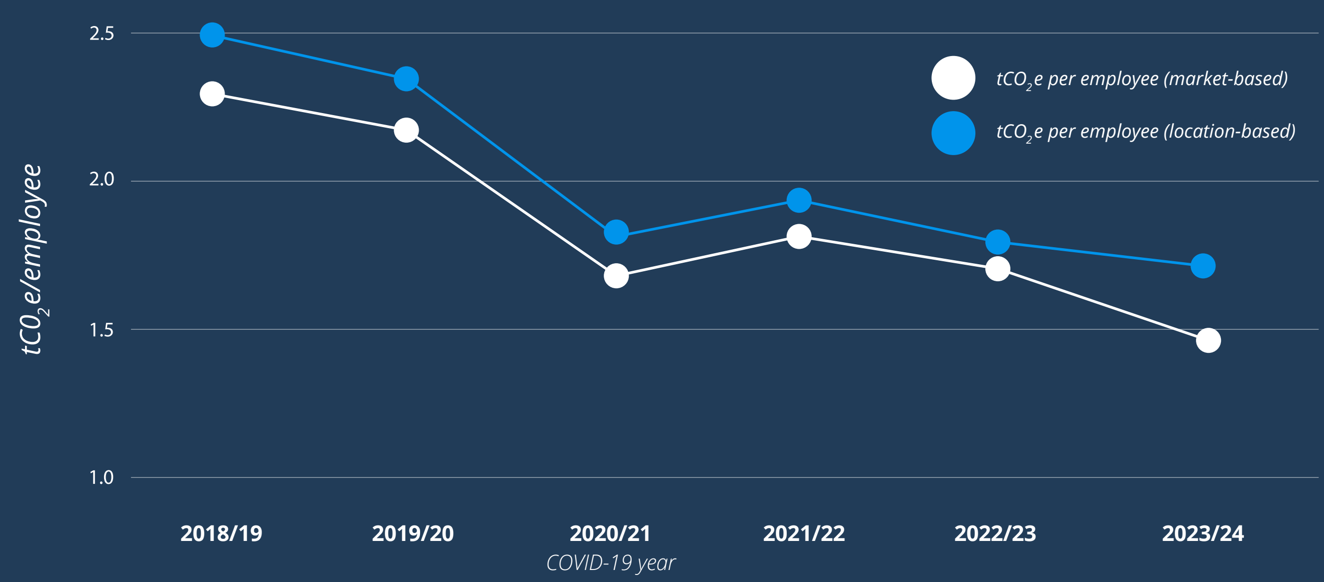
Since 2018/19, we have **generated over 1,577 MWh of our own energy** from our investments in solar photovoltaics across the Group

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

Since 2018, we have **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

CARBON INTENSITY COMPARISON



	2018/19	2019/20	2020/21 COVID-19 year	2021/22	2022/23	2023/24
(market-based)	2.34	2.24	1.63	1.86	1.74	1.47
(location-based)	2.50	2.39	1.77	1.96	1.82	1.56

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

The NG Bailey Group recognises the threat posed by climate change and its importance as a driver of change for business and wider society. The Group is committed to becoming a 'Net Positive' business, ensuring we put more into society, the environment, and the global economy than we take out. This includes managing and reducing the Group's impact on the environment and playing our part in limiting the damage caused by global warming. The Group's commitment is underpinned by our Net Positive strategy, further details of which can be found on pages 30 to 33.

For the period ended 1 March 2024, the Group has applied the recommendations from The Task Force on Climate-related Financial Disclosures (TCFD) for the first time. These recommendations provide a framework for reporting climate-related financial information across four thematic areas; governance; strategy; risk management; and metrics and targets. It is anticipated that disclosures will evolve and mature as we progress along our net zero journey.

Governance

The Board is responsible for setting the long-term strategy of the Group, supported by a framework of effective systems and controls that enable risks and opportunities (including climate-related risks and opportunities) to be assessed and managed effectively. The Board has delegated the implementation of the strategy and day-to-day operation of the business to the Group Operating Executive (GOE). The Corporate Governance Report on pages 50 to 59 sets out further information on the Group's overall governance structure.

NG Bailey has a dedicated Environmental, Social and Governance (ESG) team that is responsible for driving the ESG agenda within the Group, providing the business with support in delivering its ESG objectives and embedding strong ESG governance. The team is led by the Group Head of Responsibility, supported by specialist carbon and sustainability managers embedded across the Group's operations. The ESG team ensures that regulatory requirements are met, advises on best practice and provides ESG insight. An update on the activities of the ESG team is provided at each Board meeting.

The launch of a new ESG governance framework for the Group is underway. Under the framework, a Net Positive Steering Group will provide direction for the Group's ESG agenda and develop and oversee delivery of the Group's coherent strategy to manage climate risks and opportunities and meet the Group's carbon reduction targets. The Steering Group has representation from across the business, including GOE-level, and reports into the Audit & Risk Committee. Existing environmental, sustainability and social impact working groups are being brought together and formalised to provide support to the Steering Group through identifying ESG opportunities and risks, implementing strategic decisions, engaging with customers and the supply chain, and monitoring progress against ESG targets.

Strategy

The Group has identified **key risks and opportunities**, both physical and transitional facing the organisation as a result of climate change:

If we fail to address the risks from the increasing frequency and intensity of extreme weather events and supply chain disruptions, caused by increased greenhouse gas emissions from human activities (primarily the burning of fossil fuels) we will be left behind in our transition to a net zero economy and may fail to deliver our climate change commitments. Failure to adequately manage this risk could result in increased dangers to the Group's workforce, project delays, margin erosion, property and equipment damage and legal liabilities resulting in financial losses and reduced productivity as well as limiting our ability to innovate, attract and retain talent, and to capitalise on emerging opportunities.

To mitigate these risks, the Group implemented its Net Positive strategy, which launched in June 2021. The strategy outlines a way of doing business that ensures the Group puts more into society, the environment, and the economy than it is taking out. It is a long-term strategy that provides the vision to drive change across the business through six ambitions; zero carbon, zero waste, zero harm, a great place to work, delivering social value and sustainable growth (see pages 30 to 33 for further details).

The Group has undertaken high-level scenario analysis to understand the resilience of the business to the risks of climate change and how its existing strategies are anticipated to perform under potential future scenarios. This analysis has been supported by advice from Bioregional (an award-winning sustainability consultancy). Our approach involved selecting two climate-related scenarios (as set out in the table below) and projecting them forward to 2050 to estimate how the business will fare under different climate outcomes.

Scenario	Temperature Range	Source*	Overview	Rationale
High emissions scenario (HES)	> 4°C temperature rise by 2100	SSP 5 RCP 8.5	A 'high emissions' climate change scenario, with limited climate action beyond current levels, energy intensive growth and increasing fossil fuel emissions	Represents a worst-case scenario for possible future risks if there is minimal action to mitigate the worst impacts of climate change
Low emissions scenario (LES)	< 2°C temperature rise by 2100	SSP 1 RCP 2.6	A co-ordinated global low-carbon transition, which limits the global temperature rise to 1.5°C by 2100 (from pre-industrial levels). It assumes current net zero pledges are achieved in full and there are extensive efforts to de-carbonise	Aligns with a best-case scenario and current recommendations from the IPCC (Intergovernmental Panel on Climate Change)

**IPCC (Intergovernmental Panel on Climate Change) scenario code*

We conducted a qualitative analysis of the identified climate-related risks and opportunities facing the Group, supported by quantitative data where available. Risks and opportunities were categorised against the likelihood of occurrence and their impact on operations. Impact categories considered in this process included the effect on revenue, expenditure, assets and liabilities, capital and financing. Each area of risk and opportunity identified was scored against the two climate scenarios selected, to assess how the business may be impacted. This analysis was conducted at a group level across all NG Bailey divisions.

Climate-related impacts	Type	Potential impact on the business	Time horizon	Risk / opportunity rating (after mitigations)	
				Scenario 1 (HES)	Scenario 2 (LES)
We are left behind in the journey to a net-zero economy	Transition risk	Failure to respond to the growing threat of climate change could limit our ability to innovate, attract and retain talent, and capitalise on emerging opportunities.	Medium-term	**Low**	**Low**
Failure to deliver on net zero commitments	Transition risk	Reputational damage from a failure to deliver on our net zero commitments could lead to a loss of customers and increased scrutiny from regulators.	Medium-term	**Low**	**Low**
Climate change impacts on project timelines and assets	Physical risk	Any project delays, property and equipment damage and legal liabilities resulting from extreme weather from climate change could result in financial losses and reduced productivity.	Short to medium-term	**Medium**	**Medium**
Increased demand for net-zero infrastructure	Transition opportunity	NG Bailey is well positioned to benefit from the journey to a net-zero economy, with a strong pipeline of work in key infrastructure sectors, and growing credentials in the decarbonisation sector.	Short to medium-term	**Medium**	**High**

Whilst climate change introduces risks to all businesses, the UK government's legally binding commitment to achieving net zero also provides significant business opportunities for NG Bailey. The Group will benefit by taking action to deliver a low carbon economy; both indirectly through reduced physical risks to its own operations from climate change, and directly from the significant business opportunities presented by supporting the UK's wider transition to a low carbon economy.

The Group is uniquely positioned with the key skills and experience needed to support a range of industries and clients in this endeavour. c70% of the Group's order book is linked to net zero opportunities and we have strong and growing credentials in the decarbonisation sector.

Examples of the Group's expertise include decarbonisation of existing building stock (retrofitting), supporting the installation and maintenance of UK's electricity network (via the services our Freedom business provides to the UK distribution network operators), end-to-end electric vehicle charging infrastructure installation, installation of rail infrastructure (becoming an energy-efficient sustainable mode of transport) and supporting the development of the UK's nuclear power capacity (a low emissions alternative to fossil fuels for power generation). Further information on the Group's capabilities in this area are given on pages 28 and 29.

Risk Management

The Board has ultimate responsibility for risk management, including climate-related risks, and has a well-established risk management framework which has been developed over many years and continues to evolve to respond to the changes in the risk environment. The framework identifies risks that threaten the objectives of the Group, considers the systems and controls in place to manage these risks, and the further actions required to mitigate risks to acceptable levels.

Key risks are documented in the Group's Board and GOE risk registers, supported by more detailed business unit and functional risk registers. Material enterprise level risks are reviewed by the Audit & Risk Committee through a rolling programme of reviews and by the Board twice a year.

As part of the continuous approach to risk management, the Board and GOE risk registers have been reviewed and updated during the period to prioritise climate as a standalone risk due to its growing importance.

Metrics and targets

The Group takes its role as a responsible business extremely seriously, and over the past decade has consistently looked to reduce its environmental impacts through the reduction of energy and carbon. We have reduced carbon emissions by 35% since 2018/19 (baseline year for measurement) and are on track to meet our carbon reduction targets.

In 2022/23, the commitment to achieving net zero emissions was formalised through the approval of NG Bailey's science-based carbon reduction targets by the Science-Based Targets initiative (SBTi). The targets require:

- delivery of a 50% reduction in scope 1 and 2 carbon impacts by 2031, in line with the 1.5°C limit agreed by scientists as necessary to reduce the destructive impacts of climate change
- 75% of our supply chain to be committed to science-based targets by 2027

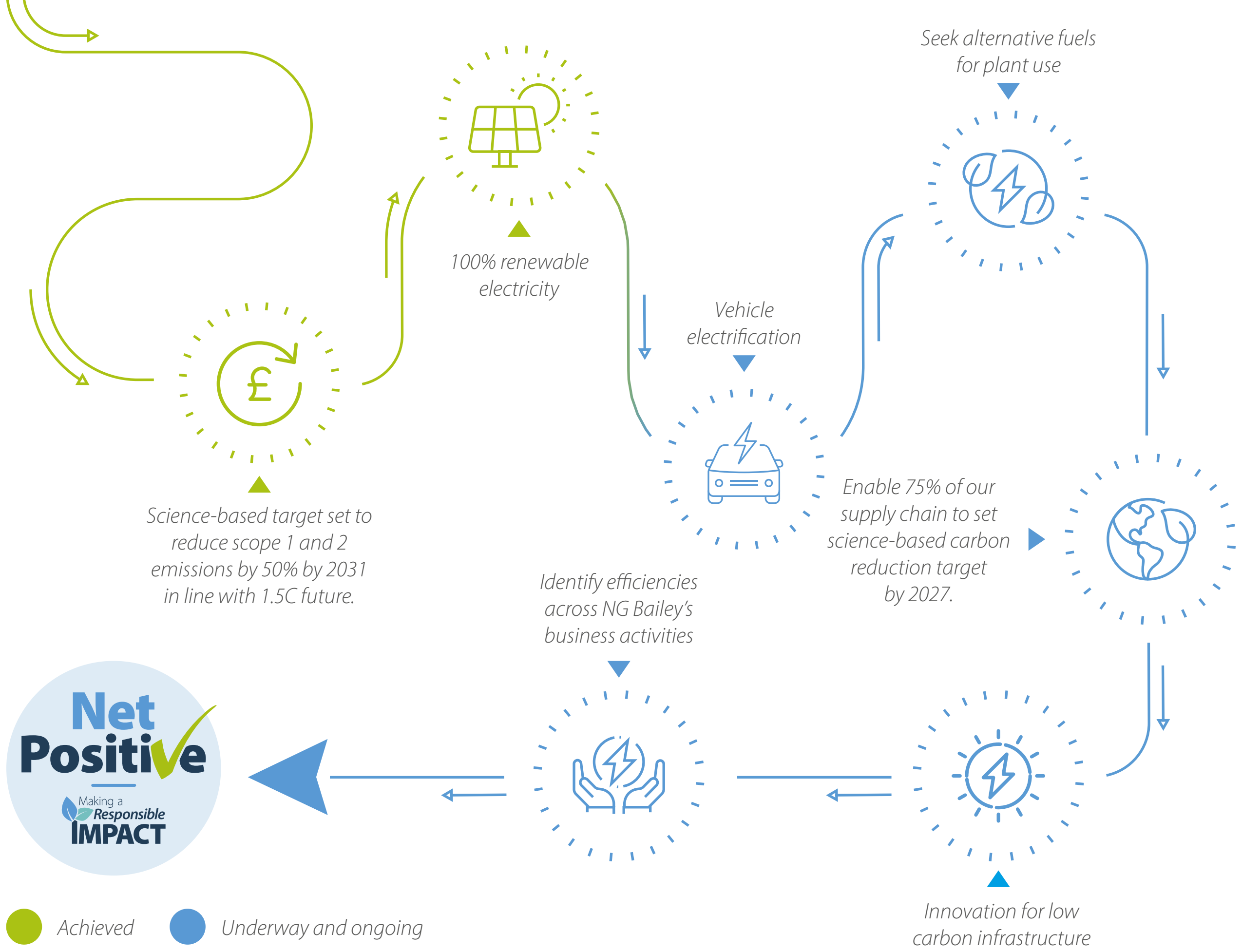
During 2023/24, the Group submitted a target to the SBTi to achieve net zero by 2045 further demonstrating our commitment to reduce our impact on the environment (approval of this target by the SBTI is expected in 2024/25).

A Group-wide plan has been developed to deliver the targeted carbon reductions supported by a range of specific carbon reduction initiatives, most of which are now underway. Strategies to reduce the Group's carbon footprint include using renewable electricity, switching the company car fleet to low-carbon alternatives (hybrid, plug-in hybrid or electric), investing in electric vehicle chargers across the property estate and introducing electric vans into the commercial van fleet. Updates are regularly provided to the Audit & Risk Committee and the Board on the Group's carbon performance and initiatives.

A working group has been established between the Group's procurement and ESG teams that aims to drive engagement across our supply chain on the topic of science-based carbon targets. The group has a clear, strategic plan to educate and support the supply chain in their own journeys to creating and committing to carbon reduction targets. This includes the creation of an ongoing training programme for the procurement team supported by the Supply Chain Sustainability School and the development and delivery of a suite of supplier webinars and workshops by the Group's ESG team.

Emissions data is tracked to monitor progress against the carbon reduction targets. Each division is developing a detailed transition pathway to net zero, the success of which will be measured using emissions data. Carbon performance is formally measured twice yearly, with the full year carbon performance externally audited and published in the Group's Streamlined Energy and Carbon Report (on pages 38 to 41).

Our journey to net zero



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 54 and 55. The Group's principal risks and mitigations are as follows:

Risk	Description	Mitigations
Health & safety	Health and safety continues to be the 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 24 and 25.	There are comprehensive health and safety policies and procedures in place along with effective leadership and organisational arrangements to operate, 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 was launched during the period, allowing incidents and 'Don't Walk By' observations to be reported quickly and easily, inspections and risks assessments to be completed electronically and consistently, and for trends to be identified and addressed promptly. 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, supports and further develops the health and safety culture across the Group. 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 during 2023/24 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.
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. Whilst inflationary pressures eased during 2023/24, market conditions remain challenging with high interest rates and economic and political uncertainty in the UK impacting demand. The construction industry has been acutely impacted in recent years by inflationary cost increases, with prices rising faster than other sectors. The impact of these cost increases on fixed-price lump-sum contracts has been largely borne by contractors, placing operational delivery and trading margins under pressure. The ongoing effect on supply chains of the combination of the pandemic, Brexit, the Ukraine Conflict, uncertainty in the Middle East and the cost-of-living crisis, has led to material and labour shortages. 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, airports, universities and rail and its targets for transitioning the UK to a low carbon economy should present opportunities. Both the current UK government and the opposition parties recognise the important of infrastructure to enable economic growth and have publicly committed to accelerating the building of critical infrastructure for energy, transport and technology. The Group continues to monitor the impact of the challenging market conditions, 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 £1.4bn and is forecast to grow with an increasing proportion of work direct with the end client. Given the tough environment, the Group's well established 'bid no bid', estimation and procurement processes for new work have been refreshed and the commercial approach to agreeing terms and conditions has clearly defined acceptable parameters to ensure that the Group is highly selective and wins work at margins commensurate with the risk. We are also strategically shifting the mix of work away from fixed-price lump-sum contracts towards more commercially benign cost-reimbursable or target cost contracts alongside a growing proportion of work directly contracted with the end client (rather than through a main contractor). Whilst inflation has eased during the period, we continue to carefully manage cost inflation including offering short windows on our pricing, 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 will only take on work where the impacts of inflation can be acceptably managed.

Risk	Description	Mitigations
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. A significant proportion of next year's sales are already secured, supporting our highly selective 'bid no bid' approach as we will not chase 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 levels of repeat business 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 necessary to act swiftly as demonstrated by the four acquisitions completed since 2018.
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. Structural labour and skills shortages in our industry have been exacerbated in recent years by the impacts of the pandemic and Brexit.	The Group has an excellent track record of retaining its employees and aims to be a great place to work 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. During 2023/24, we delivered more than 24,500 training days and are imminently launching two new leadership development programmes to strengthen our leadership and succession pipeline. Mental and physical wellbeing continues to be an important part of our people policy and we have 1,300+ people trained in mental health and wellbeing awareness across the Group. 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 for the second year running and we have a hardship fund and employee discount scheme in place. 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, with a further two days paid volunteering leave to support our communities.
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. In light of current market conditions, contract risk management is of critical importance at all stages of the contract lifecycle and our approach is continually refreshed and strengthened. 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. Significant investment is committed in the next 12 to 18 months to accelerate further digitalisation and systemisation of our systems and workflows to improve productivity, enable better decision making and enhance the working experience for our people.

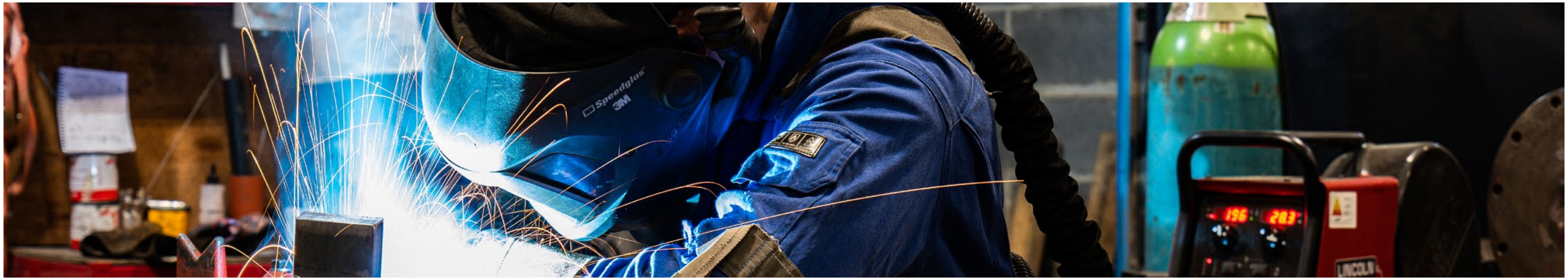
Risk	Description	Mitigations
Customers and supply chain	The risk of insolvency within the construction industry is increasing as businesses struggle to deal with rising costs from high inflation, supply chain challenges and high interest rates.	The Group continues to appropriately manage its cash flows through robust contract administration of our contracts and undertakes credit checks on customers and our supply chain as a matter of routine. Against a backdrop of increased levels of insolvencies in our sector, we routinely monitor the Group's exposures in order to avoid over dependency on individual counterparties and carefully manage the risks of potential business failures from both the upstream (i.e. customer) and downstream (i.e supply chain) perspectives. The Group builds supply chain resilience and strong relationships, 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. The Group is committed to paying its supply chain promptly. The percentage of invoices paid within 60 days is industry leading at 98%.
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. Cyber security is a standing item on the Board's agenda with robust controls and procedures 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. During 2023/24, we have invested in our security operations centre, which is key to monitoring, managing and defending our digital infrastructure, and successfully implemented network access control (NAC) across the vast majority of our office estate, preventing external devices from accessing our wired network points. Response protocols are in place to support the Group's response to threats or incidents with crisis management exercises carried out periodically to test our plans and rehearse the Group's response to, and recovery from, a cyber attack. Given that employees can be unwitting participants to data breaches, we launched our digital safety awareness campaign 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. 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.

Risk	Description	Mitigations
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. We previously formalised our commitment to achieving net zero emissions by 2050 through the approval of our medium-term science-based carbon reduction targets by the Science-Based Targets initiative (SBTi). Our medium 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. We extended this commitment in 2023/24 by submitting our longer-term science-based carbon reduction target, to become net zero by 2045, to the SBTi (approval expected in 2024/25). More detail can be found in our Streamlined Energy and Carbon Reporting on pages 38 to 41 and our Task Force on Climate-related Financial Disclosures on pages 42 to 45. 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 £70m and net assets of £129m at 1 March 2024, along with banking facilities of £15m in place to provide further headroom. 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 23 May 2024 and signed on its behalf by:

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

Offsite Manufacture, Drighlington



CORPORATE GOVERNANCE

CORPORATE GOVERNANCE REPORT

For the period ended 1 March 2024, 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 services and engineering 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 Bailey family maintain a visible and prominent presence in the Group, supporting a responsible culture across the business. The family have established their Guiding Principles which aim to capture their long-term aspirations for the business, including leadership excellence, being a great place to work and acting as a responsible business, as set out on pages 60 and 61.

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 values statement and purpose are brought together to form our One Story, as set out on pages 8 and 9. Our One Story articulates the whole Group narrative in a clear and consistent way for our people and external stakeholders.

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 30 to 33. 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 we annually redefine our priorities for the upcoming year.

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 as set out on pages 56 to 59.

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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 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. In May 2024, David Hurcomb will retire from his role as Chief Executive after 14 years. Jonathan Stockton will take the role of Chief Executive. Jonathan joined NG Bailey in 2016 and has held several senior roles within the business, including Chief Financial Officer, Chief Operating Officer and, currently, Chief Executive Designate. He was appointed to the Board in 2021 and has worked closely with David at a strategic Group level as part of this planned transition.

Clare Salmon, Group Finance Director, will join the Board as Group Finance Director in June 2024.

Whilst the Board maintains oversight over all its duties, certain of these are executed through committees which have clearly defined terms of reference. These terms clearly set out the objectives and responsibilities of each committee and are regularly reviewed. 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 & Risk Committee took place in March 2024 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 55.

GROUP BOARD

Chaired by the independent non-executive Chairman and comprising of seven Directors listed on page 64

GROUP SUBCOMMITTEES

Audit & Risk 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 Executive Designate
- Group Finance Director
- Group HR Director
- Managing Director, Services
- Group Commercial Director
- Managing Director, Engineering (from June 2024)

GROUP SUBCOMMITTEES

AUDIT & RISK COMMITTEE

The Audit & Risk Committee is responsible for reviewing the Group's systems of internal control and risk management. It receives reports from both the internal audit and assurance team and the 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 Executive Designate 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 & Risk Committee's business timetable.

The Board is satisfied that at least one member of the Audit & Risk 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 once during the year.

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. The Committee meetings are attended by the Group HR Director.

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 Group HR Director when it is considered appropriate for them to do so.

Offsite Manufacture

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 six principal meetings every year and operates an agenda of standing items appropriate to the Group's operating and reporting cycle including health and safety, operational and people matters, financial performance, strategy, risks and opportunities, market conditions, cyber security and sustainability. Board papers are provided sufficiently in advance of the meeting to allow for appropriate review. Papers are made available for the Board to view and annotate via a secure, virtual platform specifically designed to enable effective and collaborative information sharing for boards and board committees.

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 & Risk 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 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 Executive Designate 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.

As part of the approval process for significant opportunities and contracts (defined within the Group's delegated authorities), in-depth presentations are given to the Board by the management team to allow for constructive challenge and approval before proceeding.

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 support functions (such as HR and finance) that directly influence 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 independently 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. Risk registers 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 twice a year, facilitated by the Head of Audit and Assurance. These principal risks and uncertainties are outlined in the Strategic Report on pages 46 to 49. 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 twice a year.

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 & Risk Committee. The Audit & Risk 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. The quality management system can be easily accessed by employees across the Group via the employee portal 'MyNGBailey'.

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 Audit and Assurance team and audits performed by our co-source providers (including BDO) particularly for specialist areas.

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

We have well established business continuity plans in place across the Group. These form a critical component of our resilience planning and were used to support the Group's response to the CV19 pandemic. Crisis management exercises are carried out periodically to test our plans and rehearse the Group's response to, and recovery from, a crisis situation. These are carried out at various levels including the Board, the GOE and specific function-wide exercises such as for the ICT department. Several exercises have been carried out during 2023/24 to rehearse the Group's potential response to a cyber security breach. Business impact analysis is currently being refreshed to identify the critical functions and processes that must be managed during a disruption. This will allow us to further refine our business continuity plans by providing a clear prioritisation for recovery efforts to ensure essential services are restored.

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

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 the GOE). 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 above 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 2024/25 year. In light of the ongoing challenges from the cost-of-living crisis, this year's annual pay rise has been tiered for the second year in a row, 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 confident that we pay people the same for doing equal work.

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. Our Fairness, Inclusion and Respect working group provides the leadership and drive in this area. During 2023/24 we launched refreshed family friendly policies for maternity and adoption leave to increase the help given to colleagues whose families are growing.

Manchester Airport

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 a great place to work and acting as a responsible business. The Board seeks to closely align the Group's strategic direction with these Guiding Principles, set out on pages 60 and 61.

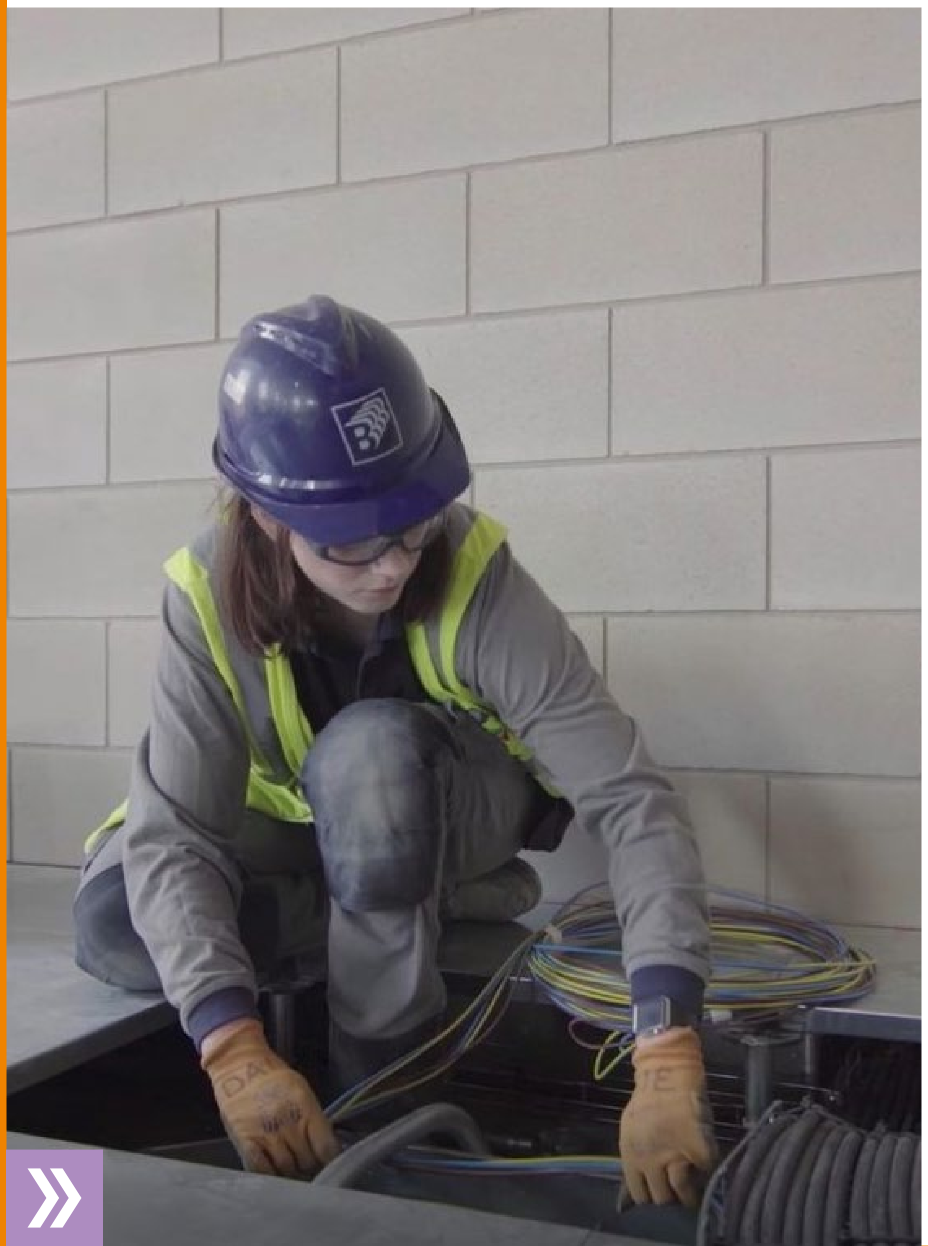
The Chairman of the Board and the two family non-executive Directors are the primary communication routes between the Board and shareholders. The Family Council is a representative body for the family which supports the development of responsible owners, facilitates communication between the family and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

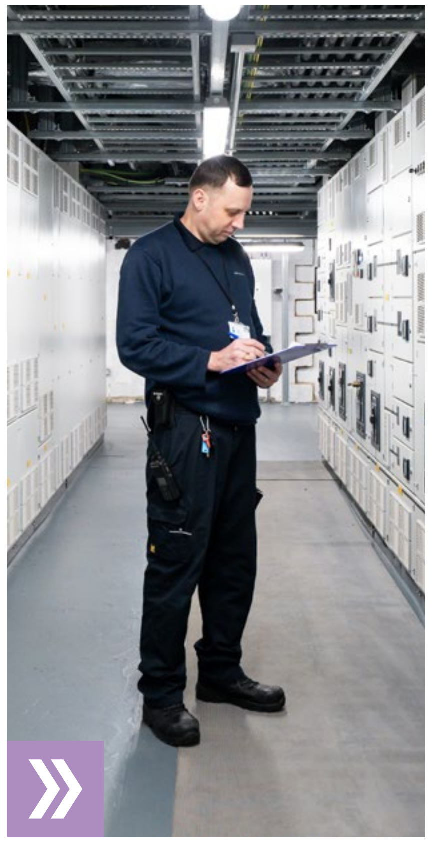
The family non-executive Directors are both members of the Family Council to provide a communication link between the Board, the shareholders and the wider family.

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

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.





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 with two significant initiatives launched in 2023/24.

Our new performance reporting system MySafety went live during the period and 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 a better ability to analyse trends in detail and identify and mitigate 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 also went live during the period to help focus our employees' attention and actions on working safely. 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 Safety in Mind 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.

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 during 2023/24 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.

Our work towards ensuring a safe working environment for our people and those around us resulted in success at the 2024 RoSPA Awards where we received one Gold Medal Award, one Gold Award and seven President's Awards for our outstanding health and safety performance.

We have a clearly defined outcome to be recognised as a great place to work 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, with more than 24,500 training days delivered across the business during 2023/24.

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 are introducing two new leadership development programmes in 2024/25 to strengthen the leadership and succession pipeline. The future leader and future executive programmes, starting June 2024, take a blended learning approach to give our future leaders the skills they need to drive change and support the delivery of our future plans.

We employed our first apprentice in 1934 and since then have successfully trained nearly 6,000 people in their chosen field with c260 apprentices currently working through the programme.

We relaunched our graduate scheme with the first graduates starting the new scheme during 2022 and are currently recruiting the next cohort. 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 three-month placements in either Australia or the USA through our overseas employee exchange programme.

Fairness, Inclusion and Respect is a key focus for our business. As part of our commitment to being a great place to work 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 working group provides the leadership and drive in this area. During 2023/24 we launched refreshed family friendly policies for maternity and adoption leave to increase the help given to colleagues whose families are growing.

Annual 'My Voice' employee 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 2023 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 with a GOE communications plan underway for 2024/25. A 'one-stop shop' for all communication and news is provided by the employee portal 'MyNGBailey'.

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 awareness 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. More than 1,300 employees across the Group have been trained in mental health and wellbeing awareness.

Whilst inflation has eased during 2023/24, the cost-of-living crisis continues to affect our people and we have sought to support them through our wider employee wellbeing plan. This year's annual pay rise has been tiered for the second year in a row, with our lower paid employees receiving higher uplifts. We have a hardship fund in place that supports our people if they find themselves in significant short-term financial hardship by providing support through grants or wage advances. Our 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'.

Since 2023/24, we give 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, with two further days of paid volunteering leave offered to support our communities.

We are investing heavily in our ICT systems to support our philosophy of 'making it easy to work here'. Our combined HR, payroll, learning and development platform, MyDayforce went live in 2022/23 and 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.

Our Unified Communications programme continues with the introduction of external call functionality via Microsoft Teams and our new 'Bring Your Own Device' policy, which allows our people the choice of using their personal mobile phone to access Group applications.

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 great 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 manage our supply chain in a responsible and sustainable way and make sure we have a selection of suppliers and subcontractors who perform well and 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. Payment times for construction are higher than any other industry with lengthy payment terms and a culture of late payments increasing financial strain and inhibiting growth potential for businesses in our sector. We recognise the importance of supporting our supply chain and closely monitor our payment performance and regularly report on it to the Board, Audit & Risk Committee and shareholders. We also 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 98% (2023: 97%). During 2023/24 we invested further in our electronic procurement platforms to extend the use to more of our supply chain, improving the speed, accuracy and supplier experience of invoicing.

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 website and a signatory to the Gangmasters and Labour Abuse Authority modern slavery protocol as a public commitment of our efforts in this area. 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.

Our Modern Slavery Working Group leads the Group's agenda in this area, meeting regularly to review the effectiveness of controls as modern slavery risks evolve. The Working Group focuses on the governance framework, supporting our labour agency partners and supply chain, and training for our people.

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 34 to 37.

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.

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 4,600 young people across the UK through our STEM (science, technology, engineering and maths) and careers sessions and provided 86 weeks of work placements 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.

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 £48k (2023: £87k, which included a £50k donation to the Disasters Emergency Committee to show our support to the people of Ukraine). Paid volunteering leave is available to all our people and an amazing 900 days of volunteering (2023: 430) were delivered during 2023/24, more than double the volunteering time of the prior period.

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 London office taking part in the 2023 CRASH dragon boat race, the Leeds office coming together to take part in a summer fundraiser picnic in July 2023, supporting their Christmas card appeal for the third year running and the North-West team holding a clay pigeon shoot fundraising event with our clients and supply chain in November 2023.

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 38 to 41.

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, reapproved 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 award of a low risk status by HMRC following its Business Risk Review of our tax controls and approach to tax matters during 2023.

BAILEY FAMILY GUIDING PRINCIPLES

The Bailey Family Guiding Principles express our shared vision for NG Bailey Group.

These three principles, Leadership Excellence, Great Place to Work and a Responsible Business form the foundations of our family business. They aim to motivate and empower people, fostering their ability to make meaningful and economic contributions and positive impacts within our communities, both now and in the future.

Leadership Excellence

FAMILY/BUSINESS ALIGNMENT:
Achieve success by aligning the objectives of the family shareholders with the business leaders. Built on a foundation of integrity, trust, support, transparency and responsibility.

STRUCTURE:
Clear, transparent and defined governance, giving a sense of purpose for the business and taking into account to all stakeholders. Proficient family directors working in collaboration with the business.

FINANCIAL SUSTAINABILITY:
Exercise prudence, maintain consistency and uphold transparency in our pursuit of a long-term, sustainable and profitable family business.

LONG-TERM SUCCESS:
Committing to investments today to strengthen the success of tomorrow. Effectively managing risks today is a pivotal factor in ensuring a successful family business for the future.

Great Place to Work

SAFETY FIRST & FOREMOST:
Ensuring the safety, health, and wellbeing of our employees is first and foremost, we all share a collective responsibility for it.

PREFERRED EMPLOYER:
We aspire for the business values, culture and policies to set the standard in our industry, creating excellence, along with an inspiring and rewarding employment experience for our people.

DIVERSE & INCLUSIVE:
Fostering a workplace where fairness, inclusion, and respect are ingrained as default behaviours, creating an environment where everyone can thrive.

CONTINUALLY DEVELOPING:
Actively engage with all our employees to nurture and empower both their personal and professional ambitions and aspirations, driving passion and excellence in their careers.

Responsible Business

A CUSTOMER OF CHOICE:
With a partnering ethos, work with customers, end users and our supply chain partners in our chosen markets. Achieving mutually beneficial long-term relationships, built on a foundation of quality, integrity and fairness.

OPERATE WITH INTEGRITY:
Deliver high quality projects and services responsibly, with honesty, passion and innovation throughout. Together delivering a positive impact in all that we do.

ENVIRONMENTAL LEADERS:
Take the lead in minimising our environmental footprint and collaborating with both customers and suppliers to contribute to the realisation of a net positive society.

ENHANCING SOCIETY:
Actively collaborate with industry bodies, communities and charitable organisations to create tangible social value.

The Bailey Family Guiding Principles and Our Business Values cascade into the NG Bailey One Story.

Our Values:

Underpin and support the Bailey Family Guiding Principles and the way we do business.

Passion › **Integrity** › **Responsibility** › **Excellence**

GRADUATES & APPRENTICESHIPS

"I KNOW WITH THE APPRENTICESHIP I GET LOTS OF PRACTICAL EXPERIENCE, AS WELL AS MANY QUALIFICATIONS, THAT WILL COME IN USEFUL NO MATTER WHAT I DO."

Jacob Sulkowski,
first year IT Services Network Cable Installation Apprentice.

***Scan here** to find out more about why Jacob chose an apprenticeship and what he enjoys most about being an apprentice with NG Bailey.*

TO FIND OUT MORE, SCAN HERE TO VISIT OUR DEDICATED WEB PAGE...

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 we work in partnership with the business to identify and 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.

Our two-year graduate 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.
We are currently recruiting our next cohort of graduates.

APPRENTICE DANIEL WHITE WINS SOUTH WEST SPARKS LEARNER OF THE YEAR 2024

Daniel White, an Electrical Apprentice working on the Hinkley Point C project as part of the MEH Alliance, has recently been successful at the SPARKS Learner of the Year 2024 regional awards.

SPARKS magazine, the only magazine for student and apprentice electricians, hosts the annual competition in search of the best up-and-coming industry talent. SPARKS travels across six regions in the UK, where Level 2 and 3 electrical students from colleges nationwide compete for the chance to win the prestigious award.

Now in its fourteenth year, the competition provides a fantastic platform for apprentice and student electricians to showcase their skills, boost their confidence, and win an array of prizes to support them at the very start of their careers.

Daniel said, "The competition provided me with a great challenge and helped me identify how to overcome difficult situations. I entered the competition to push myself and gain new experiences in electrical installation to take back and use in my everyday job."

NG BAILEY GRADUATES *complete their first year*

As a business, we have a great record for supporting early careers, and our graduate scheme is another one of our brilliant opportunities for people to achieve their full potential.

In 2022/23, we welcomed our newest cohort of graduates into the Group and they have recently completed their first year with NG Bailey.

They have all enjoyed their journey so far, with the highlight being working on live projects and seeing them progress with their input. The support and guidance they have gained from their respective teams to help build their knowledge has also proved invaluable to them.

During the year, they hosted an annual presentation for senior leaders from Engineering and Services to share their experiences, personal learnings, and insights into our business. They also undertook various development events including an event towards the end of the year exploring the theme 'building collaboration'. This two-day event was a great opportunity for the group to meet and work together, share their experiences over the last 12 months, and create plans for their future personal development.

Over the next 12 months, they will continue with their rotation plan so they can gain experience across their respective disciplines to assist them in defining their career pathway. They will also be delivering a social value project, attending two further development events, and presenting their career development plans to senior management.

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	1 2 3 4 5 6	**(Chairman)**
David Hurcomb	4	**(Chief Executive)**
Jonathan Stockton	4 5	**(Chief Executive Designate)**
Chris Bailey	1 2 3 4 5 7	
Martin Chown (appointed 1 June 2023)	1 3 4 7	
Claire East	1 2 4 6	
Jane Moriarty	1 2 4 5 6	

1. Non-Executive Director
2. Member of the Audit & Risk Committee (chaired by Jane Moriarty)
3. Member of the Remuneration Committee (chaired by Martin Chown)
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 Clare Salmon)
6. Member of the Family Employment and Development Committee (chaired by Ian Funnell)
7. Member of the Investment Committee (chaired by Martin Chown)

£70m
CASH AND INVESTMENTS

£27m
CASH

£43m
INVESTMENTS

£nil
DEBT

RESULTS AND DIVIDENDS

Details of the results for the period are set out in the Consolidated Income Statement on page 72.

Notwithstanding the strong financial position of the Group, no final dividend is proposed for the period ended 1 March 2024 (2023: £nil) as the Group looks to grow its cash reserves.

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 26 to 29. 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 46 to 49.

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 its chosen sectors. 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.

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 and clearly defined acceptable commercial terms and conditions ensure 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 only willing to accept the risk of taking on work where the impacts of risks can be acceptably managed.

The Group has considerable financial resources including cash and deposits of £27.3m and liquid current asset investments of £42.6m at 1 March 2024. Additionally, the Group has available bank facilities amounting to £15.0m (through the Group's overdraft facility).

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 the conflicts in the Ukraine and the Middle East, 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.

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 56 to 59 and the Section 172 statement on pages 20 and 21.

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 38 to 41.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the Directors to prepare group and company 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 and Company 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 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 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 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 Directors' Report 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 23 May 2024 and signed on its behalf by:

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

POC-Mast™

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 1 March 2024 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 1 March 2024 and of the Group's profit 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 Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements

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 Directors' Report.

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

- adequate accounting records have not been kept 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 66, 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 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.

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.

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

23 May 2024

CONSOLIDATED INCOME STATEMENT

for the 12 month period ended 1 March 2024

		2024			2023		
	Note	Underlying performance* £m	Exceptional items and amortisation £m	Total £m	Underlying performance* £m	Exceptional items and amortisation £m	Total £m
TURNOVER	3	600.1	-	600.1	531.6	-	531.6
Cost of sales		(533.9)	-	(533.9)	(494.6)	-	(494.6)
GROSS PROFIT		66.2	-	66.2	37.0	-	37.0
Administrative expenses		(56.6)	(2.5)	(59.1)	(58.1)	(2.5)	(60.6)
Other operating income	4	1.6	-	1.6	3.8	-	3.8
OPERATING PROFIT / (LOSS)	4	11.2	(2.5)	8.7	(17.3)	(2.5)	(19.8)
Interest receivable and similar income	7	2.2	-	2.2	2.2	-	2.2
Interest payable and similar charges	7	(0.2)	-	(0.2)	(0.6)	(6.8)	(7.4)
PROFIT / (LOSS) BEFORE TAXATION		13.2	(2.5)	10.7	(15.7)	(9.3)	(25.0)
Tax on profit / (loss)	8			(2.5)			6.9
PROFIT / (LOSS) FOR THE FINANCIAL PERIOD				8.2			(18.1)

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

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

All activities relate to continuing operations.

The notes on pages 77 to 100 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 12 month period ended 1 March 2024

	Note	2024 £m	2023 £m
PROFIT / (LOSS) FOR THE FINANCIAL PERIOD		8.2	(18.1)
Remeasurement of defined benefit pension scheme asset	15	(0.7)	(8.7)
Deferred tax	18	0.1	2.5
OTHER COMPREHENSIVE EXPENSE FOR THE FINANCIAL PERIOD		(0.6)	(6.2)
TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE FINANCIAL PERIOD		7.6	(24.3)

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

The notes on pages 77 to 100 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 1 March 2024
Company Registration No. 1490238

	Note	2024 £m	2023 £m
FIXED ASSETS			
Intangible assets	10	23.8	27.8
Tangible assets	11	18.1	18.6
		41.9	46.4
CURRENT ASSETS			
Stocks	13	1.4	0.6
Debtors: amounts falling due within one year	14	149.7	130.7
Pension scheme asset	15	31.2	31.2
Investments	16	42.6	42.2
Cash and deposits		27.3	40.5
		252.2	245.2
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	17	(162.6)	(168.7)
NET CURRENT ASSETS		89.6	76.5
TOTAL ASSETS LESS CURRENT LIABILITIES		131.5	122.9
PROVISION FOR LIABILITIES	18	(2.6)	(1.6)
NET ASSETS		128.9	121.3
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	19	0.1	0.1
RESERVES			
Revaluation reserve	20	4.8	4.9
Capital redemption reserve	20	-	-
Retained earnings	20	124.0	116.3
		128.8	121.2
TOTAL EQUITY		128.9	121.3

These financial statements were approved by the Board of Directors on 23 May 2024 and were signed on its behalf by:

I G FUNNELL

D S HURCOMB

The notes on pages 77 to 100 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 12 month period ended 1 March 2024

	Note	Share capital £m	Revaluation reserve £m	Capital redemption reserve £m	Retained earnings £m	Total equity £m
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	21	-	-	-	(1.0)	(1.0)
AT 3 MARCH 2023		**0.1**	**4.9**	**-**	**116.3**	**121.3**
PROFIT FOR THE FINANCIAL PERIOD		**-**	**-**	**-**	**8.2**	**8.2**
Other comprehensive expense		-	-	-	(0.6)	(0.6)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**-**	**-**	**-**	**7.6**	**7.6**
Transfer of additional depreciation on revalued assets		-	(0.1)	-	0.1	-
AT 1 MARCH 2024		**0.1**	**4.8**	**-**	**124.0**	**128.9**

The notes on pages 77 to 100 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the 12 month period ended 1 March 2024

	Note	2024 £m	2023 £m
PROFIT / (LOSS) FOR THE FINANCIAL PERIOD		8.2	(18.1)
Adjustments for:			
Depreciation	4	4.0	4.1
Amortisation of intangible fixed assets	4	4.0	4.0
Loss on sale of tangible fixed assets	4	-	0.5
Interest receivable and similar income	7	(2.2)	(2.2)
Interest payable and similar charges	7	0.2	7.4
Tax charge / (credit)	8	2.5	(6.9)
Increase in stock		(0.8)	-
(Increase) / decrease in debtors		(21.1)	8.7
Increase in creditors		4.0	5.7
Other non-cash items		0.8	0.4
		(8.6)	21.7
NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES		(0.4)	3.6
Taxation paid		(0.1)	(0.2)
NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES		(0.5)	3.4
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible assets	11	(3.7)	(3.0)
Proceeds from sale of property		-	1.6
Proceeds from sale of other tangible fixed assets		0.2	-
Proceeds from sale of businesses	25	1.2	10.8
NET CASH (USED IN) / GENERATED FROM INVESTING ACTIVITIES		(2.3)	9.4
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid	21	-	(1.0)
Repayment of bank loans	22	(10.5)	(2.0)
Bank interest and fees	7	(0.2)	(0.6)
Purchase of investments	16	(34.1)	(15.4)
Sale of investments	16	34.4	15.5
NET CASH USED IN FINANCING ACTIVITIES		(10.4)	(3.5)
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	22	(13.2)	9.3
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	22	40.5	31.2
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	22	27.3	40.5

The notes on pages 77 to 100 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the 12 month period ended 1 March 2024

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 18 and 19.

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 1 March 2024. 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 26 to 29. 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 46 to 49.

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 £27.3m and liquid current asset investments of £42.6m at 1 March 2024. Additionally, the Group has available undrawn bank facilities amounting to £15.0m (through the Group's overdraft facility).

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, the Ukraine conflict and instability in the Middle East, 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 1 March 2024 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 1 March 2024, the value of amounts recoverable on contracts was £73.3m (2023: £63.5m) and the value of payments received on accounts was £2.8m (2023: £9.7m).

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 1 March 2024, the value of freehold properties was £7.3m (2023: £7.7m).

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 1 March 2024, the retirement benefit asset recognised on the Group's statement of financial position was £31.2m (2023: £31.2m). 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
- profit / (loss) 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, which was 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

Freehold land and buildings 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
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.

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
Trade names	-	15 years
Technology-based	-	7 years
Order backlog	-	1 to 3 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

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 1 March 2024 (2023: £31.2m), 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 £12.6m (2023: £11.7m).

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:

	2024 £m	2023 £m
Analysis of turnover by sector:		
Engineering	312.0	293.1
Services	288.1	238.5
	600.1	531.6

4. OPERATING PROFIT

	2024 £m	2023 £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	1.5
Depreciation expense	4.0	4.1
Loss on disposal of tangible assets	-	0.5
Operating lease rentals	2.8	2.8
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	0.3
Other operating income	1.6	3.8
Rental income	(0.1)	(0.2)

Other operating income relates to grant income in respect of the Research and Development Enhanced Credit Scheme.

The auditor's remuneration for the Group was £298k (2023: £270k) in respect of audit fees and £nil (2023: £nil) in respect of other professional fees.

4. OPERATING PROFIT (CONTINUED)

Exceptional items

	Note	2024 £m	2023 £m
Analysis of exceptional items:			
Interest payable and similar charges:			
Impairment of investments	16	-	(6.8)
		-	(6.8)

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

5. EMPLOYEES

	2024 £m	2023 £m
Employee costs during the period:		
Wages and salaries	177.4	161.3
Social security costs	18.9	17.8
Other pension costs: Defined contribution scheme	12.6	11.7
	208.9	190.8

	2024 No.	2023 No.
Average number of employees during the period:		
Management, engineering, sales and administrative	2,310	2,182
Hourly paid	1,101	1,034
	3,411	3,216

The average number of employees of the Company during the period was 194 (2023: 194) and the employee costs of the Company were £13.8m (2023: £13.1m).

The total remuneration of key management personnel was £5,633k (2023: £2,463k) being remuneration of £2,298k (2023: £2,071k) and incentive-based payments of £3,335k (2023: £392k).

6. DIRECTORS

Directors' remuneration

	2024 £000	2023 £000
The remuneration of the Directors was as follows:		
Emoluments excluding long-term incentive plans	2,120	1,563
Emoluments under long-term incentive plans	2,196	-
	4,316	1,563

The Group operated cash-settled long-term incentive plans for the financial periods ended 1 March 2024, 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 1 March 2024, 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. The Group also operated a cash-settled long-term retention arrangement linked to financial targets for the financial period ending 1 March 2024. The cost of this award has been charged to the income statement over the performance period.

Pensions

No directors (2023: none) 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:

	2024 £000	2023 £000
Emoluments excluding long-term incentive plans	1,049	776

Long-term incentive plan remuneration for the highest paid Director was £2,094k (2023: £nil).

7. NET INTEREST INCOME / (EXPENSE)

a) Interest receivable and similar income

	Note	2024 £m	2023 £m
Net interest income on post-employment benefits	15	1.5	1.0
Changes in fair value of listed investments	16	0.1	1.2
Interest income on money market investments	16	0.6	-
		2.2	2.2

b) Interest payable and similar charges

	Note	2024 £m	2023 £m
Interest expense on bank loans		(0.2)	(0.6)
Impairment of unlisted investment	16	-	(6.8)
		(0.2)	(7.4)

8. TAX ON PROFIT / (LOSS)

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

	2024 £m	2023 £m
Current taxation:		
UK corporation tax	0.8	-
Foreign tax	0.3	0.5
Adjustments in respect of prior periods	0.3	0.5
Total current tax charge	1.4	1.0
Deferred taxation:		
Origination and reversal of timing differences	1.7	(8.0)
Adjustments in respect of prior periods	(0.6)	0.1
Total deferred tax charge / (credit)	1.1	(7.9)
Total tax charge / (credit)	2.5	(6.9)

The tax assessed for the period is lower than (2023: higher than) the standard rate of corporation tax in the United Kingdom at 19% (2023: 19%). The differences are explained as follows:

	2024 £m	2023 £m
Profit / (loss) before taxation	10.7	(25.0)
Profit / (loss) multiplied by the standard rate of corporation tax in the United Kingdom of 24.5% (2023: 19%)	2.6	(4.8)
Income not subject to tax	-	(0.5)
Expenses not deductible for tax purposes	0.2	0.2
Other temporary differences*	-	(1.4)
Impact of overseas tax rates	-	0.2
Changes in tax rates**	-	(1.2)
Adjustments in respect of prior periods	(0.3)	0.6
Total tax charge / (credit)	2.5	(6.9)

* Other temporary differences for 2023 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 1 March 2024 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 (2023: 25%).

9. PROFIT / (LOSS) OF THE COMPANY FOR THE FINANCIAL PERIOD

	2024 £m	2023 £m
Profit / (loss) for the financial period before dividend dealt with in the financial statements of the Company	0.7	(6.3)

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 4 March 2023 and 1 March 2024	13.4	0.6	16.6	8.0	0.5	5.5	2.3	16.3	46.9
ACCUMULATED AMORTISATION									
At 4 March 2023	6.1	0.2	5.4	3.4	0.5	1.9	1.6	7.4	19.1
Charge for the period	1.5	-	1.2	0.6	-	0.3	0.4	1.3	4.0
At 1 March 2024	7.6	0.2	6.6	4.0	0.5	2.2	2.0	8.7	23.1
NET BOOK VALUE									
At 1 March 2024	5.8	0.4	10.0	4.0	-	3.3	0.3	7.6	23.8
At 3 March 2023	7.3	0.4	11.2	4.6	-	3.6	0.7	8.9	27.8

COMPANY	Software £m
COST OR VALUATION	
At 4 March 2023 and 1 March 2024	11.5
ACCUMULATED AMORTISATION	
At 4 March 2023	5.6
Charge for the period	1.2
At 1 March 2024	6.8
NET BOOK VALUE	
At 1 March 2024	4.7
At 3 March 2023	5.9

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 £4.7m (2023: £5.9m) and a residual amortisation period of 4 years (2023: 5 years).

11. TANGIBLE ASSETS

CONSOLIDATED	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
COST OR VALUATION				
At 4 March 2023	9.8	2.1	22.9	34.8
Additions	-	0.8	2.9	3.7
Disposals	-	(0.3)	(0.8)	(1.1)
At 1 March 2024	9.8	2.6	25.0	37.4
ACCUMULATED DEPRECIATION				
At 4 March 2023	2.1	1.4	12.7	16.2
Charge for the period	0.4	0.3	3.3	4.0
Disposals	-	(0.2)	(0.7)	(0.9)
At 1 March 2024	2.5	1.5	15.3	19.3
NET BOOK VALUE				
At 1 March 2024	7.3	1.1	9.7	18.1
At 3 March 2023	7.7	0.7	10.2	18.6

COMPANY	Land and buildings £m	Fixtures and fittings £m	Total £m
COST OR VALUATION			
At 4 March 2023	9.8	22.3	32.1
Additions	-	2.8	2.8
Disposals	-	(0.8)	(0.8)
At 1 March 2024	9.8	24.3	34.1
ACCUMULATED DEPRECIATION			
At 4 March 2023	2.1	12.4	14.5
Charge for the period	0.4	3.2	3.6
Disposals	-	(0.7)	(0.7)
At 1 March 2024	2.5	14.9	17.4
NET BOOK VALUE			
At 1 March 2024	7.3	9.4	16.7
At 3 March 2023	7.7	9.9	17.6

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 desktop review at 1 March 2024 was undertaken by an independent, professionally qualified RICS valuer.

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

	2024 £m	2023 £m
Cost	12.7	12.7
Accumulated depreciation	(9.9)	(9.5)
Net book value	2.8	3.2

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

12. INVESTMENTS IN SUBSIDIARIES

COMPANY	£m
COST	
At 4 March 2023 and 1 March 2024	0.1
PROVISIONS FOR IMPAIRMENT	
At 4 March 2023 and 1 March 2024	-
NET BOOK VALUE	
At 1 March 2024	0.1
At 3 March 2023	0.1

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.

- 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

12. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Subsidiary companies (continued)

- 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	2024	2023	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

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	
	2024 £m	2023 £m	2024 £m	2023 £m
Raw materials	0.9	0.4	-	-
Work in progress	0.5	0.2	-	-
	1.4	0.6	-	-

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Amounts recoverable on contracts	73.3	63.5	-	-
Trade debtors	59.5	47.3	0.1	-
Other debtors	1.8	4.5	4.5	7.2
Corporation tax	1.4	3.7	-	-
Amounts owed by Group undertakings	-	-	1.2	-
Group relief	-	-	-	0.5
Prepayments and accrued income	13.7	11.7	2.0	0.5
	149.7	130.7	7.8	8.2

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 1 March 2024. 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.

15. PENSION SCHEME (CONTINUED)

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

For FRS102 purposes the following financial assumptions have been used:

	2024 % p.a.	2023 % p.a.
Consumer Prices Index inflation ('CPI')	2.80	2.90
Retail Prices Index inflation ('RPI')	3.25	3.35
Rate of increase for deferred pensions in excess of GMP	2.80	2.90
Rate of increase for deferred pensions GMP benefits	4.80	4.90
Rate of increase for pensions in payment (post 2008)	2.05	2.05
Rate of increase for pensions in payment (post 1997, pre 2008)	2.75	2.85
Rate of increase for pensions in payment (pre 1997)	0.00	0.00
Discount rate	5.00	4.90

The most significant non-financial assumption is the assumed rate of longevity. Post-retirement mortality at 1 March 2024 has been assumed to be in accordance with 105% of the published self-administered pension scheme survey standard tables projected from 2007 using 2022 CMI core projections with a 1.5% p.a. long-term trend improvement for males and females and the default post-CV19 mortality experience weighting "w" parameter of 25% for 2022, and nil for 2021 and 2020 (2023: 2021 CMI core projections with a 1.5% p.a. long-term trend improvement for males and females and the default "w" parameter of nil for 2021 and 2020). For the 2022 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 (2023: for the 2021 tables, a smoothing factor of 7.0 and an initial addition to mortality improvements of 0.5%).

At 1 March 2024, the implied life expectancies are as follows:

	Males Years	Females Years
For a member aged 65 at 1 March 2024	86.6	88.8
For a member aged 45 at 1 March 2024	88.3	90.5

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% -/+	£3.2m +/-
Inflation and pension increases	0.1% +/-	£2.3m +/-
Life expectancy	1 year +/-	£6.7m +/-

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:

	2024	2023
Equities	8.0%	5.2%
Property	0.7%	0.9%
Corporate bonds	6.1%	6.0%
Semi-liquid credit fund	10.1%	9.7%
Multi-asset funds	10.7%	9.6%
LDI portfolio	37.2%	35.1%
Annuities	26.5%	29.3%
Cash	0.7%	4.2%

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		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Analysis of the movement in the scheme surplus during the period				
Surplus at 4 March 2023	31.2	39.4	-	39.4
Actuarial loss	(0.7)	(8.7)	-	-
Net interest income	1.5	1.0	-	-
Scheme administration expenses	(0.8)	(0.5)	-	-
Effect of intercompany pension apportionment (see below)	-	-	-	(39.4)
Surplus at 1 March 2024	31.2	31.2	-	-

At the beginning of the previous 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.

		Consolidated		Company	
	Note	2024 £m	2023 £m	2024 £m	2023 £m
Amounts charged to operating profit in respect of defined benefit schemes					
Scheme administration expenses		0.8	0.5	-	-
Amounts credited to interest receivable and similar income					
Net interest income on defined benefit asset	7	(1.5)	(1.0)	-	-
Total consolidated income statement credit before deduction of tax		(0.7)	(0.5)	-	-

15. PENSION SCHEME (CONTINUED)

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

	Consolidated		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Analysis of amounts recognised in other comprehensive income / (expense)				
Loss on pension scheme assets	(12.9)	(138.1)	-	-
Gain on change of assumptions	9.4	129.8	-	-
Experience gains / (losses)	2.8	(0.4)	-	-
Effect of intercompany pension apportionment	-	-	-	(39.4)
Total actuarial loss recognised in other comprehensive income / (expense)	(0.7)	(8.7)	-	(39.4)

	Consolidated		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Analysis of the change in the present value of the scheme's liabilities				
Liabilities at 4 March 2023	237.7	365.1	-	365.1
Interest cost	11.5	9.6	-	-
Actuarial gain	(12.2)	(129.4)	-	-
Benefits paid	(7.5)	(7.6)	-	-
Effect of intercompany pension apportionment	-	-	-	(365.1)
Liabilities at 1 March 2024	229.5	237.7	-	-

	Consolidated		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Analysis of the change in the fair value of the scheme's assets				
Assets at 4 March 2023	268.9	404.5	-	404.5
Interest income	13.0	10.6	-	-
Loss on scheme assets excluding interest income	(12.9)	(138.1)	-	-
Scheme administration expenses	(0.8)	(0.5)	-	-
Benefits paid	(7.5)	(7.6)	-	-
Effect of intercompany pension apportionment	-	-	-	(404.5)
Assets at 1 March 2024	260.7	268.9	-	-

15. PENSION SCHEME (CONTINUED)

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

The scheme's liabilities decreased by £12.2m (2023: decreased by £129.4m) due to changes in actuarial assumptions. The decrease in the current period was due to the combined impact of an increase in the discount rate caused by the rise in corporate bond yields, a decrease in the assumed inflation rate, updated expectations of life expectancy improvements and an allowance for updated scheme membership data obtained during the period. The decrease in the prior 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.

Assets of the scheme had a loss of £12.9m excluding interest income (2023: a loss of £138.1m) 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 1 March 2024

Further estimated contributions by the employer for the period beginning 1 March 2024 are £nil (2023: £nil).

	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m
Five year history					
Scheme liabilities	(229.5)	(237.7)	(365.1)	(357.8)	(373.7)
Scheme assets	260.7	268.9	404.5	388.6	407.1
Asset	31.2	31.2	39.4	30.8	33.4
(Loss) / gain on scheme assets	(12.9)	(138.1)	13.1	(16.0)	55.6
Percentage of scheme assets	(4.9%)	(51.4%)	3.2%	4.1%	13.7%
Experience gain / (loss) on scheme liabilities	2.8	(0.4)	-	-	14.1
Percentage of scheme liabilities	1.2%	(0.2%)	0.0%	0.0%	3.8%

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	
	2024 £m	2023 £m
Listed investments at fair value		
Listed on a recognised investment exchange	24.7	24.3
Listed on an exchange of repute outside the United Kingdom	17.9	17.9
	42.6	42.2

16. INVESTMENTS (CONTINUED)

	£m
Investments	
At 4 March 2023	42.2
Purchase of investments	34.1
Sale of investments	(34.4)
Fair value movement	0.1
Interest income on money market investments	0.6
At 1 March 2024	42.6

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Payments received on account	2.8	9.7	-	-
Trade creditors	59.1	42.9	2.0	1.6
Accruals	56.7	67.9	9.9	8.4
Bank loans	-	10.5	-	10.5
Other taxation and social security	15.6	16.8	0.3	0.3
Deferred income	28.0	20.9	-	-
Corporation tax	0.4	-	-	-
Amounts owed to subsidiary companies	-	-	-	9.4
	162.6	168.7	12.2	30.2

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

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

	Consolidated and Company	
	2024 £m	2023 £m
Term loan	-	10.5

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.

18. DEFERRED TAX LIABILITY / (ASSET)

	Note	Consolidated Deferred tax £m	Company Deferred tax £m
At 4 March 2023		1.6	(0.1)
Credit to the income statement	8	1.1	(0.9)
Credit to other comprehensive income*		(0.1)	-
At 1 March 2024		2.6	(1.0)

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

Deferred taxation liability / (asset) provided for at 25% (2023: 25%) in the financial statements is set out below:

	Consolidated		Company	
	2024 £m	2023 £m	2024 £m	2023 £m
Accelerated capital allowances	0.4	0.2	0.7	0.6
Revalued property	(0.9)	(0.9)	(0.9)	(0.9)
Investments at fair value	0.5	0.9	0.5	0.9
Other short-term timing differences	(1.1)	(0.8)	(0.5)	(0.4)
Losses available to carry forward	(6.0)	(7.9)	(0.8)	(0.3)
Pension scheme asset	7.8	7.8	-	-
Acquired intangible assets	1.9	2.3	-	-
	2.6	1.6	(1.0)	(0.1)

The amount of the net reversal of deferred tax expected to occur next period is £2.8m (2023: £1.8m) relating to the reversal of other timing differences and utilisation of tax losses. There are no unrecognised tax losses at 1 March 2024 (2023: £nil).

19. CALLED UP SHARE CAPITAL

	Consolidated and Company	
	2024 £m	2023 £m
Share capital - allotted, called up and fully paid		
2,824,657 (2023: 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.

20. 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.

21. DIVIDEND PAID

	2024 £m	2023 £m
Analysis of amounts recognised in other comprehensive income / (expense)		
No interim 2024 dividend (2023: interim 2023 dividend at £0.35 per 5p share)	-	1.0
	-	1.0

22. ANALYSIS OF CHANGES IN NET FUNDS

	At 4 March 2023 £m	Cash flow £m	At 1 March 2024 £m
Cash and deposits	40.5	(13.2)	27.3
Bank loans	(10.5)	10.5	-
Net funds	30.0	(2.7)	27.3

23. 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	
	2024 £m	2023 £m	2024 £m	2023 £m
within one year	9.9	7.9	9.7	7.6
within two to five years	21.4	15.7	20.9	15.1
after five years	-	0.4	-	0.3
	31.3	24.0	30.6	23.0

24. FINANCIAL ASSETS AND LIABILITIES

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

	Consolidated	
	2024 £m	2023 £m
Financial assets		
Financial assets measured at fair value through the income statement	42.6	42.2

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

25. RELATED PARTY TRANSACTIONS

In the prior period, 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, 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.

Cash proceeds of £14m were generated from the sale, received as follows; £1.2m in the current period, £10.8m in the prior period and £2.0m in an earlier period (the deposit). 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 1 March 2024
Company Registration No. 1490238

	Note	2024 £m	2023 £m
FIXED ASSETS			
Intangible assets		4.7	5.9
Tangible assets		16.7	17.6
Investments		0.1	0.1
		21.5	23.6
CURRENT ASSETS			
Debtors: amounts falling due within one year		7.8	8.2
Deferred tax asset		1.0	0.1
Investments		42.6	42.2
Cash and deposits		2.5	18.6
		53.9	69.1
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		(12.2)	(30.2)
NET CURRENT ASSETS		41.7	38.9
TOTAL ASSETS LESS CURRENT LIABILITIES		63.2	62.5
NET ASSETS		63.2	62.5
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL		0.1	0.1
RESERVES			
Revaluation reserve		4.8	4.9
Capital redemption reserve		-	-
Retained earnings		58.3	57.5
		63.1	62.4
TOTAL EQUITY		63.2	62.5

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 profit for the financial period dealt with in the accounts of the Company was £0.7m (2023: a loss of (£6.3m)).

These financial statements were approved by the Board of Directors on 23 May 2024 and were signed on its behalf by:

I G FUNNELL

D S HURCOMB

The notes on pages 77 to 100 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the 12 month period ended 1 March 2024

	Note	Share capital £m	Revaluation reserve £m	Capital redemption reserve £m	Retained earnings £m	Total equity £m
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	21	-	-	-	(1.0)	(1.0)
AT 3 MARCH 2023		**0.1**	**4.9**	**-**	**57.5**	**62.5**
PROFIT FOR THE FINANCIAL PERIOD	9	**-**	**-**	**-**	**0.7**	**0.7**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**-**	**-**	**-**	**0.7**	**0.7**
Transfer of additional depreciation on revalued assets		-	(0.1)	-	0.1	-
AT 1 MARCH 2024		**0.1**	**4.8**	**-**	**58.3**	**63.2**

The notes on pages 77 to 100 form an integral part of these financial statements.

NG Bailey Group Limited
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www.ngbailey.com

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