Hargreaves Services plc – Annual Report and Accounts 2024

Hargreaves

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Hargreaves Services plc

Hargreaves

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About us

The value proposition of Hargreaves Services plc is built on creating, delivering and realising value from its three business pillars of Services, Hargreaves Land and its investment in its German Joint Venture

Highlights of the Year

1

EBITDA up 19.7% to £26.1m up from £21.8m

2

Record profit for Hargreaves Land with UPBT increasing 110.3% to £8.2m from £3.9m

3

Full year dividend of 36.0p proposed compared with 21.0p

4

Buy In of pension scheme completed March 2024 for cash consideration of £2.7m

Trading	• Revenue of £211.1m (2023: £211.5m) • Underlying Profit before Tax of £16.9m (2023: £27.3m) • EBITDA* increased 19.7% to £26.1m (2023: £21.8m) • Basic underlying* EPS of 38.2p (2023: 86.3p)
Services	• Revenue increased by 1.6% to £204.1m (2023: £200.9) • Services UPBT* of £11.4m compared to £12.3m in FY23. The prior year included several non-recurring asset sales, which delivered a non-recurring profit of £3.2m. • Strong contract portfolio, growing to over 65 term and framework contracts, providing visibility of 70% of next year's expected revenue
Hargreaves Land	• Record profit for Hargreaves Land with UPBT* increasing 110.3% to £8.2m (2023: £3.9m) • First tranche of renewable energy land assets to brought to market post year end.
German Joint venture	• Trading performance down impacted by the wider German economy with the Group's share of Profit after Tax of £1.3m (2023: £15.5m) • Improved second half performance gives confidence going into new financial year • Increased cash receipt from HRMS of £7.8m (2023: £4.0m)
Balance Sheet	• Cash and cash equivalents of £22.7m (2023: £21.9m) • The buy-in of the pension scheme completed in March 2024 for a cash consideration of £3.7m
Dividend	• Full year dividend increased 71.4% to 36.0p per share (May 23: 21.0p)

Notes:
* Underlying Profit before Tax and EBITDA are defined in the Alternative Performance Measure Glossary.

About Hargreaves

Hargreaves Services plc is a diversified group covering infrastructure services and land development.

Restored brownfield site – Westfield, Fife

The Group is organized and managed in three pillars:

Services

The Services business is a leading partner for environmental and infrastructure services, providing critical support to the Energy, Transportation, Environmental and Water sectors.

We offer an extensive range of complimentary services for a wide range of industrial clients.

Holding over 65 term and framework contracts and with over 70% of budgeted revenue secured, the Services business provides a solid and reliable base for growth.

Hargreaves Land

Land and property development specialists, utilizing years of experience to transform land into usable and livable spaces.

Property and Land development team focused on the identification and development of strategic land opportunities.

Our renewable energy land asset portfolio enables generation of over 200 MW of wind generated power.

HRMS

Our Joint Venture, based in Duisburg, Germany recycles over 500kt of steel waste each year into usable materials for industrial use.

The trading business brings worldwide expertise in the sourcing of essential raw materials for use in a range of industrial uses within Europe.

About Hargreaves:

Services

Market focus

Sectors

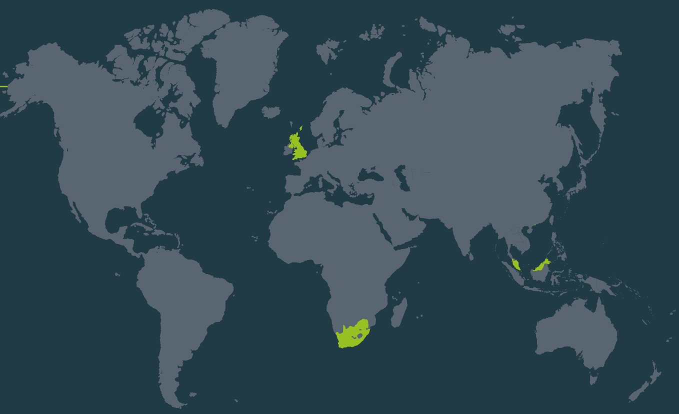
Energy, Transportation, Water, Environmental

Strong contractual position – over 65 term and framework contracts, more than 70% of next year's budgeted revenue already secured.

Contracts largely resistant to inflation due to escalation clauses

Geography

UK, South Africa, Hong Kong and Malaysia



Core competencies

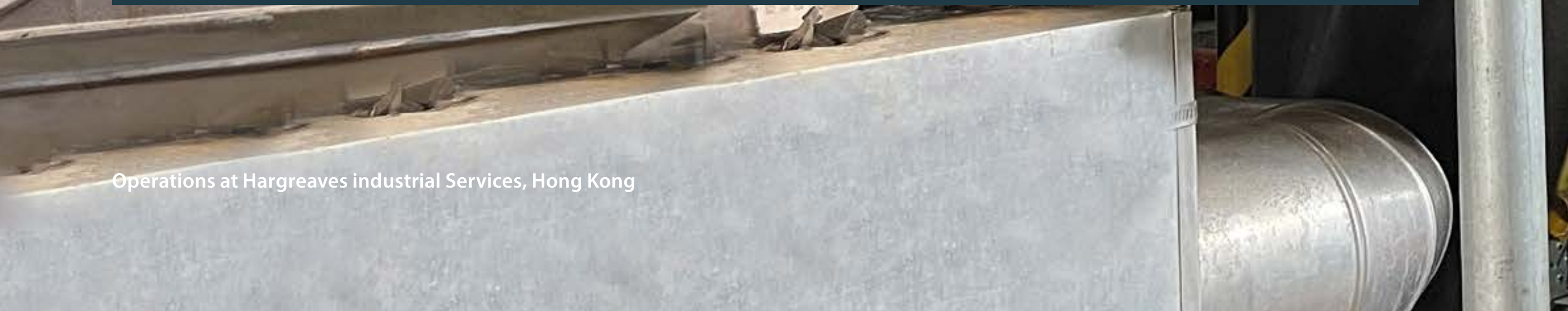
- Bulk logistics
- Specialist mechanical and electrical engineering
- Land remediation
- Bulk materials handling
- Major earthworks
- Waste management solutions
- Quarrying and aggregate services

Number of employees:

1,346 (2023: 1,299)

Outlook

Both revenue and margins remain strong within Services. The comprehensive contract bank provides the Group with a strong platform for growth. Opportunities exist across all market sectors and particularly within Energy and Environmental, as the world looks to transition to lower carbon solutions, Hargreaves Services is well positioned to support this evolution.



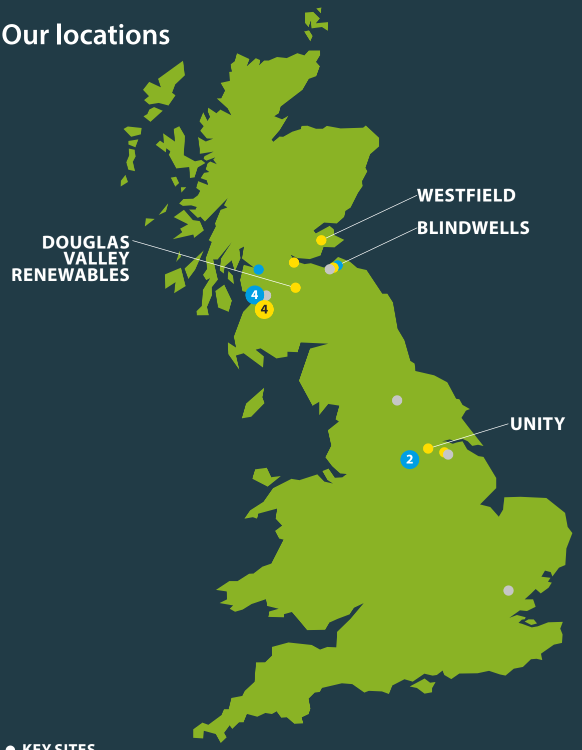
Operations at Hargreaves industrial Services, Hong Kong


Hargreaves
Safety First and Always: 時時刻刻安全第一

About Hargreaves:

Hargreaves Land

Our locations



Pipeline

Residential planning allocated
5 sites (5,560 plots)
GDV £197m

Residential planning promotion
8 sites (3,075 plots)
GDV £130m

Commercial planning allocated
10 sites (538 acres)
GDV £770m

TOTAL GDV £1.1bn

Our offering:

- > **Master Developer** – managing large scale, multi-phase projects delivering services plots for residential and commercial development.
- > **Turnkey Project Delivery** – pre let/forward sold bespoke commercial developments for end users and investors
- > **Planning Promotion** – promotion of greenfield land through the local plan process and subsequent onward sale
- > **Renewables** – identification and promotion of renewables projects through the plan process and subsequent letting to specialist renewables asset developers

Outlook

The pipeline for property development has grown to over £1bn, demonstrating a significant level of visibility in the planning promotion and turnkey development space. The business remains focused on adding to the pipeline with high quality opportunities to create value.

Renewables values are resilient and the Board is focused on the strategy of realizing the value for shareholders once schemes reach generation stage. The first tranche of renewables is nearly ready to go to market, the size of this tranche is likely to be in excess of £10m in value.

Restored and developed mine site – Blindwells Edinburgh

Renewables

11 schemes

including 3 wind farms, 6 access agreements and 2 battery storage schemes.

Combined mid-point value of

£28m

generating almost

1,400MW

of green power.

Total of

216MW

currently generating on our land.

Renewables pipeline – further 10 schemes with a total of

1,695MW

of potential energy.

Strategy to realise the renewable energy asset portfolio once schemes reach generation stage.

About Hargreaves:

HRMS

Our Joint Venture, based in Duisburg, Germany recycles over 500kt of steel waste annually into usable materials for industrial use.

HRMS has three well established income streams of trading, carbon pulverization plant and DK recycling. The trading business was the original focus of the company and is a strategic partner for steel, foundry, lime, refractory and ceramics industries across Europe. The team are focused on the global procurement and delivery of industrial raw materials into these markets.

The carbon pulverization plant is designed to produce up to 400,000 tonnes of pulverized fuel each year.

This pulverized fuel is intended to replace lignite, which is a highly polluting product. Currently operating at 25% of capacity to service the DK requirement.

DK Recycling is one of the world's largest recyclers of ferrous waste materials. Processing over 500kt of steel waste per year into 250kt of pig iron and 5kt of zinc for use in foundries and over industrial processes.

Operations at DK Recycling

HRMS – Trading

Market leading trader in industrial raw materials in Germany and Northern Europe. Supplying solid fuels, refractory minerals, pig iron and ferro-alloys.

Carbon Pulverisation Plant (CPP)

Producer of high quality pulverised carbon to industries across Germany. Pulverised carbon will replace the high polluting brown lignite coal.

DK Recycling

One of the largest recyclers of ferrous waste materials in the world, producing pig iron and zinc.

Chair's Statement

> "The Group remains steadfast in its core objective to create, realise and deliver value for our shareholders."

Roger McDowell
Group Chair

Introduction

I am pleased to be able to report another year of good strategic progress and strong financial performance, notwithstanding the contrasting performance across our three business units, Services, Hargreaves Land and HRMS. A record year in Hargreaves Land and strong underlying margin growth in Services was offset by a significant decline in contribution from our German joint venture, HRMS.

The Group remains focused on the realisation and delivery of value to our shareholders, which is applied to each of our businesses as follows:-

- **Services** – We concentrate on creating and delivering growth through the identification and successful tendering of high-quality, robust contracts in areas of core competence within the infrastructure market.
- **Hargreaves Land** – Our medium-term strategy to deliver value through the realisation of capital employed within our landmark Blindwells development near Edinburgh and additional value creation through the management and ultimate disposal of the renewable energy land asset portfolio, whilst also growing an 'asset light' active development business.
- **HRMS** – Our focus is on longer term realisation whilst exploring certain accretive initiatives. We have an agreement for a minimum annual cash return target of £7m.

Strategic Projects

The Board outlined two areas of key focus in the Annual Report and Accounts for the year ended 31 May 2023. First, to realise value from the Group's renewable energy land assets over the next five years. Second, to progress the Buy-Out of the Group's defined benefit pension scheme. I am pleased to report positive updates on both initiatives:

Renewable Energy Land Assets

During the year, the second wind farm constructed on land within our portfolio became operational. This means that land owned by the Group is now helping to support the generation and storage of over 200MW of installed capacity of renewable electricity.

An updated independent valuation of the Group's near-term renewable energy land assets was undertaken in July 2024 by Jones Lang LaSalle Limited ("JLL"). The review has placed a Market Value at Commissioning of Development** of between £27.0m and £28.8m (2023: £27.2m to £28.9m). These assets are held in the Balance Sheet at a historic cost of £7.4m (2023: £7.4m).

The Group remains committed to realising value from these assets through their orderly sale over the next three to four years. As a result of several wind farms becoming operational, including the wind farms at Broken Cross and Dalquhandy, I can confirm that we intend to bring the first tranche to market within the current financial year. It is anticipated that this tranche should be valued in excess of £10m.

Pension Scheme Buy-In

I'm pleased to say that the Buy-In of the pension scheme was executed in March 2024. Not only has the Buy-In completed, but it was done at a cost substantially lower than initially envisaged. This involved a one-off payment of £7.7m to the scheme, which allowed the trustees to purchase an insurance policy to cover the schemes liabilities. The payment of £7.7m included a loan of £4.0m to the scheme, which will be repaid to the Group within two years.

This Buy-In has removed the need to pay £1.8m in annual deficit reduction payments from FY25 onwards, which has in turn allowed the Board to increase the annual dividend for shareholders.

Financial Results

Overall Group Underlying Profit before Tax ("UPBT")* was £16.9m (2023: £27.3m) for the year ended 31 May 2024. The reduction is due, in most part, to the challenges faced by HRMS. HRMS did see an improved second half of the year with more favourable, although still uncertain, market conditions resulting in increased volumes. There are also early signs of improvement in gate-fees and commodity pricing.

The record profit within Hargreaves Land of £8.2m (2023: £3.9m) demonstrates the high quality of our professional team and underlying asset portfolio, which is all held at historic cost. Whilst profit profiles can be variable within this business, it is pleasing to see this milestone achieved.

"Our Balance Sheet remains free from bank debt and now relieved of pension deficit contribution requirements. This provides a solid and stable foundation for the delivery of substantial value for shareholders in the coming years."

We have also seen revenue and margin growth within the underlying results of Services, driven by growth within our Earthworks and Environmental activities.

Basic earnings per share have decreased to 37.8p from 85.9p in the prior year, reflecting the impact on the reduction in profit from HRMS.

Cash and leasing debt

On 31 May 2024 the Group held cash in the bank of £22.7m (2023: £21.9m). The business remains cash generative, predominantly through the activities in Services and the receipt of HRMS dividends. The overall cash balance remains consistent with the prior year due to the one-off payment of £7.7m (inclusive of a £4m loan) made to the pension scheme to ensure the buy-in was completed, which has offset the underlying cash generation from operations.

The Group's debt relates solely to leasing debt and hire purchase arrangements for the acquisition of fixed assets. At the year end the balance of the debt was £34.2m (2023: £36.4m), the reduction reflects the net repayments made in the year.

Dividend

The Group paid an interim dividend of 18.0p (2023: 3.0p), which represented a six-fold increase in the interim dividend. This significant increase reflected the additional free cash flow available following the buy-in of the pension scheme, as well as the additional sustainable cash returns from HRMS combined with a move to increase the interim dividend to represent 50% of the full year dividend.

The business has continued to trade well in the second half of the year and the Board can recommend a final dividend of 18.0p (2023: 6.0p) taking the full year dividend to 36.0p (2023: 21.0p), representing an increase of 71%.

In the previous year, we paid an additional dividend of 12.0p relating to cash received from HRMS. No such additional dividend is proposed as the impact of cash received from HRMS is factored into the 36.0p full year dividend.

If approved at the Annual General Meeting, the final dividend of 18.0p will be paid on 4 November 2024 to all shareholders on the register at the close of business on 27 September 2024. The shares will become ex-dividend on 26 September 2024.

Outlook

The Group remains steadfast in its core objective to create, realise and deliver value for our shareholders. Despite challenges faced by HRMS, the notable improvement in the second half of the year gives us confidence in an improved contribution for the current financial year. We are also excited to introduce the first tranche of renewable energy land assets to the market, marking the start of substantial realisation events within this business sector. The Services business continues to demonstrate robust performance, with over 70% of budgeted revenue already secured and additional opportunities emerging within the power, water and infrastructure sectors.

Our Balance Sheet remains free from bank debt and now relieved of pension deficit contribution requirements. This provides a solid and stable foundation for the delivery of substantial value for shareholders in the coming years.

Finally, I extend my sincere gratitude to all my colleagues and all the members of the Hargreaves team for their continuing hard work and dedication. We look forward to the future with confidence.

Roger McDowell
Group Chair
5 August 2024

* The basis of Underlying profit before tax is set out in the Alternative Performance Measures Glossary.
** **Market Value at Commissioning of Development** – represents the price at which the portfolio would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts.

Chief Executive's Review

> "With a high level of secured revenue in Services, clear visibility of transactions in Land and early signs of a recovery in HRMS there are many reasons to feel positive about the coming year."
>
> Gordon Banham,
> Group Chief Executive

Services

Revenue across the Services business has grown by 1.6% to £204.1m (2023: £200.9m). The HS2 contract remains the largest contract held by the Group delivering revenue of £48.3m (2023: £54.1m). It's anticipated that there is a further two years of work required on HS2 at a similar run rate. The prior year activities at HS2 included substantial engineering project works.

Services delivered an underlying profit before tax of £11.4m compared to £12.3m in FY23. The prior year included several non-recurring asset sales, which delivered a non-recurring profit of £3.2m. As such, the like for like PBT is £9.1m for the year ended 31 May 2023. The Services business has therefore delivered an underlying growth of £2.3m representing a 25.3% year on year improvement.

This improvement has been delivered, in the most part, through the increased margin the business has been able to recognise. Current year net margin is 5.6%, which compares to 4.5% in the prior year. The margin growth demonstrates the high quality of the contracts the Group is entering into within the transport and earthwork operations, combined with a constant focus on contract efficiency.

Continued contract success

A core focus of the Services business is the resilience and reliability of its contract base. The business is focussed on securing term and framework contracts with high quality counterparties in areas of core competence. During the year we have seen success in this area, with the Services business signing several new term and framework contracts.

These include a five-year framework contract for Yorkshire Water delivering environmental handling services and a three-year agreement with Stirling Council to provide transportation services for their waste recovery operations to name but two. Additionally, the business has made great progress at Sizewell C Nuclear Power Station, with additional work secured on preparatory earthworks in advance of any major works.

Furthermore, the Group has, for the third time in a row, secured a five-year NEC Term Service contract with CLP Power Hong Kong Ltd ("CLP") providing mechanical and electrical engineering services within planned and reactive maintenance operations. The award of the contract is not only testament to the high quality of service provision but also critical for the ongoing development within Hong Kong and the wider region, providing a stable platform for growth in the area.

The Services Group now holds a strong contract portfolio which has grown to over 65 term and framework contracts, many of which contain escalation clauses to insulate the Group from inflationary pressures, providing the business with visibility of over 70% of budgeted revenue heading into the new financial year. This provides a stable base from which to deliver reliable revenues and strong margins helping underpin the cash generation of the Group.

We note the recent announcement from Tungsten West plc ("TW") regarding the successful award of the operating permit for their Mineral Processing Facility at the tungsten mine in Devon. The announcement also noted that TW is well progressed with its latest feasibility study. The completion of this study will enable TW to undertake the capital raise required to bring the project into production. The Group remains party to an exclusive long-term Mining Services Contract with TW, which will commence should the project move to production. A further £1m instalment was received in July 2024, leaving a further £4m to be received.

£'m	Services	Hargreaves Land	HRMS	Unallocated	Total
Revenue (2024)	**204.1**	**7.0**	**-**	**-**	**211.1**
Revenue (2023)	200.9	10.6	-	-	211.5
Underlying Profit/(Loss) before Tax* (2024)	**11.4**	**8.2**	**1.3**	**(4.0)**	**16.9**
Underlying Profit/(loss) before Tax* (2023)	12.3	3.9	15.5	(4.4)	27.3

* The basis of Underlying Profit Before Tax is set out in the Alternative Performance Measures glossary.

Hargreaves Land

Hargreaves Land has delivered a record profit for the year of £8.2m (2023: £3.9m) which is particularly pleasing to see amidst a backdrop of uncertainty within the property market more generally.

The business has benefited from significant disposals, including the 8-acre site at Westfield, which held an Energy from Waste ("EfW") plant lease, which was sold for proceeds of £7.6m. Additionally, the business completed the sale of 28 acres of land at Maltby raising proceeds of £4.9m.

Revenue for Hargreaves Land of £7.0m (2023: £10.6m) is lower than the prior year due to the mix of sales. The land at Westfield, which was sold in the year, was held as an Investment Property and therefore is not recognised as revenue.

The Group's largest project, Blindwells, has continued to be impacted by some uncertainty within the residential housing market as we have seen house builders delay purchases. The Group had anticipated a material sale to Avant Homes to complete in the second half of the year for a 20-acre site generating proceeds of £18.5m. Whilst contracts were exchanged, the completion has not yet taken place and is now expected to occur in the current financial year. The longer-term prospects of the Blindwells site remain positive, with high levels of interest in the plots we have brought to market during the year. Sale terms have been agreed on a further two development parcels bringing the total number of residential plots under offer or contract to 708. We expect the site to provide a substantial contribution in the current financial year. The project continues to represent a long-term, regular profit stream for Hargreaves Land with approximately 100 acres remaining in phase 1. Following the completion of phase 1, there is a second phase, for which a further planning allocation for up to an additional 1,500 homes is being progressed on 135 acres owned by the Group.

Progress has continued at the Group's other multi-phase development sites, including Westfield and Unity. Development works, which were started in the previous financial year have been completed at Westfield. There has been substantial interest in the site from industrial users and also for green energy storage.

At the start of FY24 demand for both residential and commercial plots was very subdued as rapidly rising interest rates and wider macro-economic uncertainty weighed on markets. This market fragility persisted into the second half of the year but as conditions stabilised and the medium-term outlook for interest rates moderated we saw a return of demand from house builders for serviced residential land in quality locations although values have yet to recover to levels seen at the peak of the market.

Commercial demand has been much slower to recover with increased construction costs combining with weaker investment values making scheme viability more challenging and this has only partially been offset by above inflation rental growth in many sectors.

Pipeline

As Hargreaves Land transitions to a lower-capital model the long-term pipeline of opportunities represents a key indicator of performance and opportunity for the business. We have seen significant progress in the building of the pipeline over the last few years. In the last twelve months alone, the business has exchanged contracts on five different schemes with a combined Gross Development Value ("GDV") of £210m. Additionally, the pipeline includes a further five schemes with an estimated combined GDV of £70m, which have terms agreed prior to exchange of contract.

The total estimated GDV of schemes on which the Group has exchanged contracts is now £1.1bn (2023: £940m). These schemes cover a total of 1,600 acres and represent a mix of residential and commercial developments. These schemes represent long-term opportunities and are expected to deliver a minimum margin of 15% of GDV.

Renewables

Significant progress has been made within the renewable energy asset portfolio in the year. Two windfarms on land owned by the Group are now operational and generating clean electricity. A third is under construction and due to become operational by 2026. Option agreements were exchanged on a fourth windfarm project at the end of FY24 which is targeted to be under construction within the next five years. Of the six wind farm projects that require access across our land ("Access agreements"), two are fully operational, two are under construction and two are at pre-construction stage, having secured planning and grid connections.

The recent independent valuation of the Group's near-term renewable energy land assets of between £27.0m and £28.8m (2023: £27.2m and £28.9m) reaffirms the inherent value within these assets. The business remains focussed on taking the first tranche of operational schemes to market within the coming financial year.

In addition to the well-established schemes there has been a lot of progress regarding new schemes on our land, including substantial new battery storage opportunities. The recent valuation covers eleven schemes, many of which are in operation, with a total MW output of 1,614MW. The Group has line of sight on a pipeline of an additional ten schemes with total output of 1,695MW which is not currently included within the valuation due to pre-planning or the long-term delivery timescales currently envisaged.

Pipeline Summary

	Number of sites	Residential plots	Acres	Estimated GDV
Residential (planning allocated)	5	5,560	763	£197m
Residential (planning promotion)	8	3,075	299	£130m
Commercial (planning allocated)	10	n/a	538	£770m
			1,600	**£1,097m**

Chief Executive's Review continued

HRMS

The Group's share of post-tax profits from HRMS was £1.3m (2023: £15.5m). This represents a significant reduction in contribution from the joint venture which can be attributed to two main factors. First, a reduction in trading volumes which has been impacted by the German recession. Second, the impact of commodity pricing on the steel waste recycling process at DK.

The trading business has seen a return to more normal conditions following a period of two years during which volumes and pricing were extremely strong. This area of the business has seen traded volumes of 746kt, which compares to 1,020kt in the previous year. Additionally, average margin has been squeezed to 5.7% (2023: 6.4%). Yet despite this, the trading operation has delivered a local PBT of £10.0m (2023: £24.5m).

The other aspect of HRMS is the steel waste recycling operation, DK Recycling und Roheisen GmbH ("DK"). This facility takes in approximately 500kt of waste dusts from around Europe and produces pig iron and zinc for sale. In the current year DK has been impacted by several pricing pressures.

1. Pig iron sales pricing is down, impacted by the lack of any EU sanctions on pig iron imported from Russian sources.
2. Coke pricing, which is a key fuel in the process, has remained high impacted by the embargo on Russian imports.
3. Zinc pricing is down on the prior year, with the market price down as low as $2,200 per tonne, compared to highs of over $4,000 per tonne twelve months earlier.

This has resulted in DK delivering a local loss before tax of £7.4m (2023: £5.3m profit). However, this masks a bit of a turnaround in the second half of the year, which has seen the business deliver a profit for the final six months. This has been assisted by an improvement in gate fees on dust brought on site and a general improvement in pig iron and zinc pricing since the turn of the year.

Looking forward, there are reasons to be more positive about the coming financial year within DK. Most notably the cost of coke has been secured at lower prices, which will lead to a substantial improvement in the DK profitability. The higher gate fees recognised in the second half of the year will be in place for the whole of the new year. Finally, there has been an improvement in pig iron pricing as some modest sanctions on the importation of Russian product begin to have an impact. Despite the overall reduction in contribution to PBT from the joint venture, I am pleased to report that HRMS made a cash payment to the Group of £7.8m during the year (2023: £4.0m). The management team of HRMS have agreed to maintain a minimum cash return to the Group of £7m per annum. It is important to note that this is not dependent on the performance of DK. This will be funded out of the ongoing profits of HRMS trading operations as there is no requirement to reinvest profits into working capital due to the significant headroom on their banking facility.

During the year HRMS refinanced their Balance Sheet and now hold a €76m asset backed finance facility. One key aspect of this new facility is that it no longer requires an off-Balance Sheet guarantee from Hargreaves Services plc. As such, the €10m guarantee that was previously in place and recorded as a contingent liability has been removed.

Summary

The Group has seen strong performances within Services and Hargreaves Land and reduced profitability within HRMS. With a high level of secured revenue in Services, clear visibility of transactions in Land and early signs of a recovery in HRMS there are many reasons to feel positive about the coming year.

The business has a strong, debt-free balance sheet and we remain focus on creating, delivering and realising value for our shareholders.

Gordon Banham
Group Chief Executive
5 August 2024

Restored mine site, Dalquhandy Scotland

"The Services Group now holds a strong contract portfolio which has grown to over 65 term and framework contracts, providing a stable base from which to deliver reliable revenues and strong margins helping underpin the cash generation of the Group."

Financial Review

Stephen Craigen
Chief Financial Officer

> "The profit after tax for the year generated a 19.7% increase in EBITDA, which results from the improved profitability of the Services business."

Results

Group revenue was £211.1m (2023: £211.5m) and Underlying Profit before Tax* was £16.9m (2023: £27.3m). Whilst top line revenue has remained stable, we have seen a reduction in revenue from Hargreaves Land due to the mix of assets sold in the year. This has been offset by a 1.6% growth in revenue within the Group's Services business. The reduction in underlying PBT is almost entirely due to the significant reduction in contribution from HRMS, as this business has been affected by a recession in Germany and the impact on commodity pricing, in particular pig iron and coke. Gross profit margin has improved to 20.5% (2023: 18.5%).

Net finance expense was £0.7m (2023: £1.0m). This reflects the increase in interest receivable on bank deposits and loans to joint ventures, as a result of the increase in the Bank of England base rate. This is offset by an increase in interest payable on leasing debt, much of which was acquired partway through the prior year, which is due to the investment in plant and machinery required to service the HS2 earthworks contract.

The Group recorded £1.5m (2023: £16.3m) in share of profits from joint ventures. £1.3m (2023: £15.5m) of this was attributable to HRMS, which is stated after tax. The reduction in profits from HRMS has been outlined above, the remaining profits from joint ventures relate to the Unity joint venture, in which profits have remained consistent.

This results in a consolidated profit before tax of £16.7m (2023: £27.2m).

Taxation

The income tax charge for the year was £4.5m (2023: £0.8m credit). This represents an effective tax charge of 27% on consolidated profits. The prior year credit of £0.8m was heavily impacted by the level of investment in plant and machinery which qualified for the 130% "super-deduction".

In 2011, after taking professional advice, the Group engaged in a disclosable tax planning scheme relating to the leasing of assets, the legality of which has been challenged by HMRC. The Board has been advised that the scheme was lawful. All cash relating to the scheme has previously been paid to HMRC. This matter was heard by the First Tier Tribunal in June 2019 and a decision in favour of HMRC was issued on 23 March 2020. This decision was appealed at the Upper Tier Tribunal in June 2022 where the decision was overturned in favour of the taxpayers. HMRC have recently appealed this determination at a hearing in the Court of Appeal which took place in May 2024. The outcome of the Court of Appeal found in favour of HMRC. The taxpayers intend to appeal the decision to the Supreme Court. The outcome of this appeal could take up to two years to reach final resolution. The Group does not carry any assets related to this case and has provided for all associated professional fees.

Net Assets

The net assets of the Group were £192.1m (2023: £201.0m) and the net assets per share was £5.86 (2023: £6.18). The reduction in net assets is due to the accounting impact of the pension scheme Buy-In. The pension scheme was held as an asset on the Balance Sheet in the prior year, following the Buy-In there was a £12.4m reduction in reserves as a result of changes in actuarial assumptions.

Cash Flow

The profit after tax for the year of £12.2m (2023: £27.9m) generated an EBITDA* of £26.1m (2023: £21.8m), which results from the improved profitability of the Services business. Depreciation for the year was £16.2m (2023: £14.6m) which increased by 11.0% due to the investment in plant and machinery in the prior year to support the various earthworks contracts.

The Group received gross proceeds of £8.2m (2023: £6.9m) for the sale of fixed assets and invested £3.3m (2023: £9.3m) into capital items. This includes £7.9m (2023: £5.7m) received from the sale of Investment Properties. The Group invested £0.5m into an acquisition, McLeod Construction Materials Limited, in June 2023 to supplement the aggregates offering of the Services business.

The increase in leasing debt part way through the prior year, due to the acquisition of plant and machinery required for the earthworks contracts, has resulted in capital repayments on leasing debt increasing to £17.4m (2023: £12.7m).

Dividends totalling £11.8m (2023: £6.7) were paid in the year. The Group received a payment of £7.8m (2023: £4.0m) from HRMS reflecting the new annual rate of cash return from the joint venture.

Banking Facilities

As of 31 May 2024 the Group had cash in hand of £22.7m (2023: £21.9m). In addition to the cash reserves, the Group also had access to a £17m invoice discounting facility with Santander which was undrawn at the year end.

This facility provides the Group with additional flexibility to deal with any short-term working capital fluctuations. The Group's assets are not covered by any debenture and the invoice discounting facility has no associated covenants. This facility was reduced to £12m at 31 July 2024 and is in place until 31 October 2025.

Going Concern

The Group has material assets and financial resources at its disposal together with robust risk management and capital allocation processes. The Group holds £22.7m of cash resources and has the availability of a further £12m invoice discounting facility which is committed at this level for a period of 15 months from July 2024 and expires on 31 October 2025. This provides the Board with confidence that the Group has appropriate liquidity to meet any foreseeable cash requirements. A rigorous process of reviewing cash flow forecasts and testing for a range of challenging downside sensitivities has been undertaken. Only remedies to these downsides which are entirely within the Group's control have been assumed to be achievable mitigations to those sensitivities. Therefore, and after making appropriate enquiries, including reviewing budgets and strategic plans, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Board continues to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Pensions

The Group has the obligation to fund two defined benefit pension schemes and an unfunded concessionary fuel scheme, all of which are closed to new members and are related to the former mining operations at Maltby Colliery.

During the year the Group made contributions to the defined benefit pension schemes of £5.3m (2023: £2.4m). This is made up of £1.6m of routine monthly deficit reduction payments up until the point at which the Group made a one-off £7.7m payment, which included a £4m loan to allow the Trustees to "Buy-in" the scheme. The Buy-in involves the Trustees using the assets of the scheme to purchase an insurance policy which will cover the future liability.

As a result of the Buy-in, all of the scheme's liabilities are now matched with annuities which has removed the scheme's investment and funding risks. As a consequence, there has been a £7.2m reduction in the retirement benefit asset, resulting in a year end asset balance of £1.3m (2023: £8.5m). This asset balance will reduce to nil following the buy-out.

Regarding the concessionary fuel scheme, the Group made contributions of £0.1m (2023: £0.1m) and recognises a liability on the Balance Sheet of £3.0m (2023: £2.9m).

Dividends

The Board is recommending a final dividend of 18.0p (2023: 6.0p) per share bringing the total for the year to 36.0p (2023: 9.0p), reflecting a full year increase of 300%.

In the prior year, the Board paid an additional dividend of 12.0p relating to cash received from HRMS. No such additional dividend is proposed in the current year, the Board believe the equivalent value is included within the full year dividend noted above.

Share Capital

At 31 May 2024, there were 33,138,756 (2023: 33,138,756) ordinary shares of 10p each in issue of which the Company held 332,401 (2023: 611,118) in treasury. During the year, there were 278,717 (2023: nil) shares released from treasury to satisfy the exercise of share options.

Key Performance Indicators

The Group has established a number of Key Performance Indicators ("KPIs") which are used to measure its performance in a number of areas. These include some non-financial measures which reflect the Board's emphasis on health and safety.

The KPIs for the Services business include:

- Underlying profit before tax against budget
- Return on capital employed against budget
- Average working capital against budget
- Lost time accident ratios against annually determined minimum targets
- "Near Miss" reporting

The KPIs for the Hargreaves Land business include:

- Underlying profit before tax against budget
- Cash performance against budget
- Return on capital employed against individual project targets

Group level KPIs include:

- Underlying profit before tax against budget
- Cash at bank (exclusive of leasing debt) against budget
- Lost time accident ratios against annually determined minimum targets

The Group achieved all of its KPIs in the year ended 31 May 2024 with the exception of the lost time accident ratio. Similar challenging KPIs have been set for the year ending 31 May 2025.

Stephen Craigen
Chief Financial Officer
5 August 2024

* EBITDA and Underlying Profit before Tax is defined within the Alternative Performance Measures glossary.

Audit & Risk Committee Report

Nigel Halkes FCA,
Chair of the Audit & Risk Committee

The Audit & Risk Committee is responsible for reviewing financial reporting matters and monitoring internal controls and key corporate risks

On behalf of the Audit & Risk Committee I am pleased to present the Committee's Report for the year ended 31 May 2024.

Membership of the Committee

The Committee consists of the four Non-executive Directors and is chaired by myself as the Senior Independent Director. The Board believes that the Committee members have the skills, qualifications and experience to discharge their duties in accordance with the Committee's terms of reference and have appropriate knowledge and experience in the sectors within which the Group operates.

Committee Meeting Schedule

The Committee met on four occasions during the year with all members at the time in attendance. The Chief Financial Officer attends Committee meetings by invitation to ensure that the Committee is fully informed of all material matters within the Group. The external auditor attended two of the meetings and, for part of one of those meetings, the external auditor met with the Committee without any of the Executive Directors being present.

For the financial year ending 31 May 2025, the Committee intends to continue with its programme of four meetings to be held during the year ensuring the work of the Committee is evenly spread, particularly with respect to Risk Management and internal audit.

Terms of Reference of the Committee

The Committee is established by and is responsible to the Board. It has written terms of reference, which are available for review at: www.hsgplc.co.uk. The terms of reference are formally reviewed annually to ensure that they meet the Board's expectations of the Committee's remit.

The Committee is responsible for reviewing a wide range of financial reporting and related matters including the interim and annual financial statements before their submission to the Board. In particular, the Committee is required to consider all critical accounting policies and practices adopted by the Group, and any significant areas of judgement that could materially impact reported results. The Committee provides a forum for reporting by the Group's external auditor, and advises the Board on the appointment, independence and objectivity of the external auditor and on their remuneration both for statutory audit and non-audit work. It also discusses and agrees the nature, scope, planning and timing of the statutory audit with the external auditor.

The Committee is also responsible for monitoring the internal controls that are operated by management to ensure the integrity of the information reported to the shareholders. An internal audit function, which reports directly to the Chair of the Audit & Risk Committee, supports the Committee in this process. The Committee reviews the appropriateness of the annual internal audit programme for the Group and ensures that the internal audit function is adequately sponsored and resourced.

Additionally, the Committee receives reports on, and is responsible for, reviewing the Group's arrangements and processes which exist for employees and others to raise concerns over possible wrongdoing in financial reporting or other matters. This work includes reviewing the Group's systems for the prevention and detection of fraud and bribery and considering any matters arising under the General Data Protection Regulations or any whistleblowing matters which are reported. The Committee also receives reports on all litigation which the Group is engaged with either as plaintiff or defendant and recommends actions in respect of such to the Board.

The Group's ESG Working Group is chaired by one of the business unit managing directors and includes members from every business within Hargreaves. It reports quarterly to the Committee. The Committee is responsible for reviewing the Group's ESG report and recommending it to the Board.

External Auditor

The external auditor provides the Audit & Risk Committee with information about its internal procedures for maintaining independence and the rotation of personnel engaged on the audit, including the audit partner. After considering this information, the Committee is satisfied that the external auditor is independent.

Any non-audit services to be provided by the external auditor which exceed £50,000 in cost must be approved by the Committee in advance. During the financial year, there were £12,000 (2023: £9,000) of non-audit services provided by PricewaterhouseCoopers LLP and its network firms to the Group. The Committee is satisfied that the provision of these services has not compromised the external auditor's independence.

After due and careful enquiry and after reviewing the external auditor's Report to the Audit Committee and discussing the findings with the auditor, the Committee is satisfied that the scope of the audit was appropriate and that all significant accounting judgements exercised by management had been suitably challenged and tested including, but not limited to, the matters referred to in the Audit Report. The Committee recommended to the Board that in their opinion the audit had been carried out effectively and that the report of the external auditor be accepted.

Activities of the Committee

During the year, the Committee's principal activities comprised:

> Reviewing and approving the internal audit programme for the year and monitoring the progress and outcome of that, including reviewing reports from the internal auditor;
> Receiving quarterly reports from the ESG Working Group, considering and recommending to the Board proposals for actions, targets and metrics to be adopted to illustrate the Group's response to climate change including for reporting in compliance with the requirements of the Task Force on Climate-related Financial Disclosures;
> Reviewing the Quarterly Risk Report and recommending appropriate actions and responses to the Board;
> Receiving quarterly reports on legal actions with which the Group is concerned;
> Receiving reports on any whistleblowing matters;
> Reviewing and approving changes in the Group's internal control policies and procedures;
> Reviewing the Group's procedures in respect of GDPR;
> Reviewing the draft interim financial statements;
> Reviewing and approving the audit plan proposed by the external auditor;
> Reviewing the draft annual report and financial statements for the year ended 31 May 2024 and recommending their approval to the Board including:
  - Considering the accounting policies adopted for the preparation of the financial statements;
  - Considering the key accounting estimates and judgements used in their preparation including but not restricted to construction contract revenue and assets, dilapidation provisions, contract provisions, post-retirement employee benefits, measurement of recoverable amounts of cash-generating units ("CGUs"), valuation of land and the treatment of joint ventures;
  - Considering the assumptions used to support the adoption of the going concern basis of accounting;
  - Considering the Risk Management section of the annual report and in particular its completeness and relevance to the financial statements;
  - Reviewing the ESG report included in the annual report.

In accordance with best practice, the Committee held a private session with the external auditor without executive management present.

The Committee has recommended to the Board that PricewaterhouseCoopers LLP be proposed for re-election as auditor at the forthcoming Annual General Meeting.

Internal Audit

Before the start of each financial year, the Committee agrees a programme of work for the internal audit function. The programme is designed to test the effectiveness of the internal control systems and seeks to recommend improvements to processes, covering key financial and other controls which the Committee recognises are important in ensuring the integrity of the Group's operations, as well as its financial reporting. The programme includes self-assessment questionnaires, detailed testing of processes and the review of appropriate documentation. The use of computer aided audit techniques to monitor transactional data using the Group's existing management information systems also continue to be developed and monitored, improving the efficiency, scope and effectiveness of the internal audit function.

The internal audit function maintains the Audit Universe which has been adopted as the governing document in setting the scope and frequency of internal audit work across the Group. Each audit area is cross-referenced to the related corporate risk to ensure an integrated and targeted approach to the annual internal audit programme.

The 2023/24 programme was approved by the Committee and completed in full. Key audits completed during the year included a review of the Authorisations & Approvals Mandate, Contract Management assessments, GDPR compliance and Regulatory & Legislative compliance.

The 2024/25 programme will again include cyclical reviews of compliance with the Approvals and Authorisations Mandate, key financial controls and various regulatory requirements. Assurance will also be provided around the tendering and contract management framework in the Services business.

Risk Management

The internal audit function reports quarterly to the Committee on the key risks identified by the Board as being so material that they need to be regularly monitored as to whether those risks have increased or decreased during the period and what remedial actions may need to be taken to counter them. Risk registers at a business unit level are reviewed on a quarterly basis, with any material changes being escalated to the Board. The Risk Management report which follows this report sets out these risks and the steps the Group has taken to mitigate them.

Going Concern Basis of Accounting

The Group has material assets and financial resources at its disposal together with robust risk management and capital allocation processes. The Group's cash flow model prepared as part of the annual budget and five-year plan process was subjected to a number of stress tests. These included measuring the impact of the deferral of certain specific anticipated revenues (for example in Hargreaves Land) alongside other more general sensitivity tests related to fluctuations in revenue. These assumptions and sensitivities were subjected to thorough analysis and review by the external auditor. The Committee questioned both management and the external auditor on the assumptions and testing they had applied and were satisfied to recommend to the Board that the going concern basis of accounting remains appropriate.

The Audit & Risk Committee Report was approved by the Board on 5th August 2024 and signed on its behalf by:

Nigel Halkes FCA
Chair of the Audit & Risk Committee
5 August 2024

Risk Management

The Board retains overall responsibility for the identification, assessment and mitigation of risk throughout the Group.

The Group is exposed to a number of risks, which it must assess, manage and control in the ordinary course of business in the interest of all stakeholders to deliver shareholder value. It is accepted that some risks may never be entirely eliminated. The Board recognises that it is essential to have robust risk management systems and practices in place to identify, assess and prioritise the mitigation of risks affecting the Group.

Safety, Health and the Environment

The Board has identified that the risk of a material incident in the areas of Safety, Health and the Environment ("SHE") is a particularly significant area and, as such, the Board continues to receive a detailed monthly report from the Group Head of Health & Safety.

The Board's vision is to maintain an environment where all its employees, contractors and third parties experience zero harm as a result of its activities. To achieve this, the Group takes a proactive approach and is committed to achieving the highest standards of safety and health management and the minimisation of any adverse environmental impacts.

The Board ensures that the Health and Safety of employees, customers and the public are at the forefront of all Group activities. The Group Chief Executive, supported by both internal and external competent and experienced advisers, is charged with overall responsibility. All businesses have formulated and implemented SHE management arrangements consisting of competent staff along with policies, procedures and objectives to meet both legislative and best practice requirements. SHE performance and delivery is ingrained in the operational delivery and day-to-day activities and not seen as a bolt on to each business. Where appropriate the management procedures are externally certified to internationally recognised standards including ISO 45001 and ISO 14001.

Alongside management systems and legal compliance, the Group recognises the benefits that effective leadership and the setting of clear expectations has upon workplace behaviour. Therefore, the Group has visible performance metrics, which are communicated at all levels throughout the organisation and are designed to enable the early identification of adverse trends and the development of suitable intervention and improvement measures. The Board carries out annual random site visits each year to see SHE processes at first hand and to emphasise to employees the importance the Board places on SHE activities. The past year the Board visited the land remediation activities in Scotland and the Group's residential site at Blindwells. The Board was satisfied that the safety culture of the Group is well embedded into these operations.

The year ended 31 May 2024 was a year with seven lost time incidents reported (2023: three), including a particularly serious incident at one of our aggregate operations. As a result of this incident the Group is undertaking a full review of its policies and procedures to further minimise the likelihood of any such incident occurring in the future. The aim of the Board is to continuously push to reduce and remove lost time incidents wherever possible.

Insurance

The Group has worked closely with its risk advisers, Marsh Limited, to develop processes and reporting in respect of motor and other liability claims. This has resulted in the Group having greater insight in respect of ongoing claims, historic claims and claims trends. Learnings and best practice taken from this has resulted in an improved understanding of risk in relation to the Group's operational activities and a reduction in the number of incidents and associated claims.

Corporate Risks

The Board undertakes a full annual review of the Group's risk profile and strategic approach to risk. A condensed high-level Risk Register, which identifies key areas of corporate risk which the Board has determined are the most critical, has been reviewed and updated to reflect the Group's current risk profile. These areas of risk have been selected on the basis that a material adverse event in any one of them could potentially either:

- prevent the Group from achieving its financial or operational objectives or
- cause material loss or damage to the Group's assets or reputation.

The Committee has introduced a new method of visualising risk throughout the Group, via 'Risk Webs'. Risk Webs have been incorporated within the Corporate and Business Unit Risk Registers. The webs provide the Board and senior management a relative visual representation of Inherent Risk, Residual Risk, Minimum Risk and Risk Appetite. The webs are used as a tool to highlight where additional focus is required to reduce residual risk to an acceptable level.

The identified areas of risk are monitored, reviewed and investigated as necessary by the internal audit function. The Audit & Risk Committee receives a written report on these risks every quarter, including a commentary which notes any material changes which have been identified. This report assesses whether each area has increased or decreased in the level of risk and where necessary corrective actions are implemented.

Internal audit and risk management are intrinsically linked, shown within the below graphic:

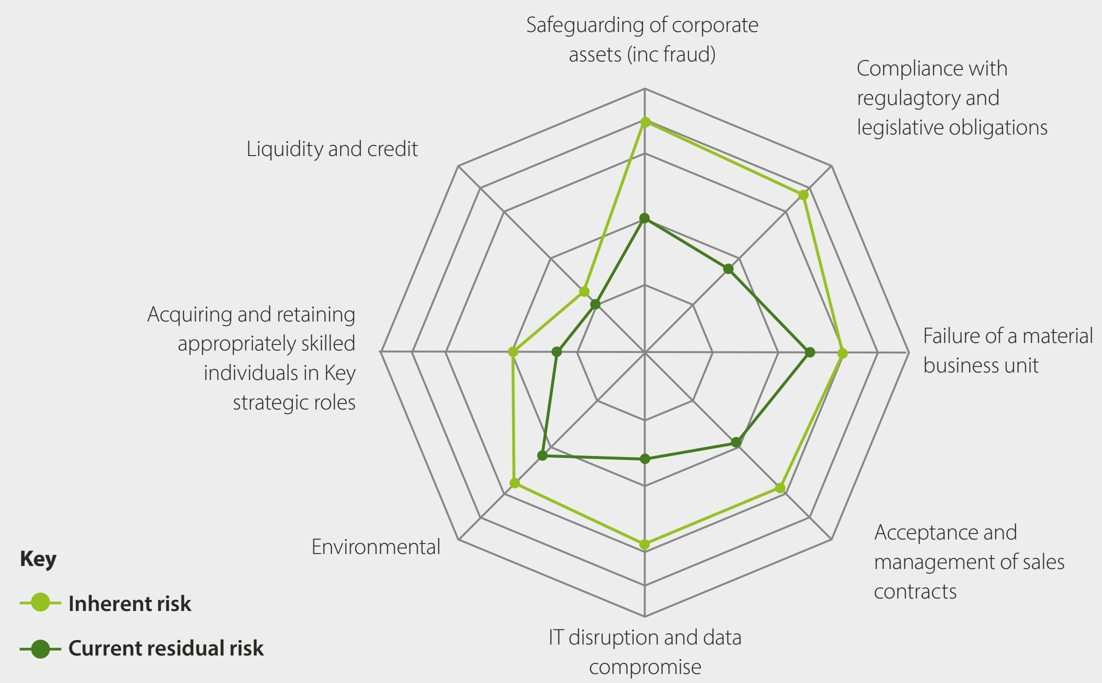
Risk Register Framework

The areas of critical corporate risk which have been identified are as follows:

- Fraud
- Regulatory & Legislative Compliance
- Health & Safety
- Failure of a Material Business Unit
- Contractual Risk
- IT Security
- Environmental
- Recruitment & Retention of Key Executives and Skilled Employees
- Liquidity & Credit Risk

The Audit & Risk Committee has considered an assessment of the risks which the Group may face as a result of climate change but at this stage does not assess those risks as material. Each business unit within the Group has carried out a climate change risk assessment process and that is embedded into each business unit's general risk register. Any risks identified will have mitigation procedures implemented where appropriate.

The below graphic provides an overview of the identified critical corporate risks relative to each other. The blue line represents 'Inherent Risk' (the level of risk without controls or mitigation in place), and the orange line represents 'Current Residual Risk' (the level of risk remaining after risk treatment):



Risk Management continued

A table describing the key risks and the mitigations in place throughout the Group to protect against them is set out below, including the movement of risk since the end of the previous financial year.

Fraud

Description

In the course of its operations, the Group is exposed to fraud risks from a number of internal and external sources.

Mitigation

- Fraud risk management policy is in place across the Group.
- Fraud risk awareness training has been rolled out across the Group.
- Fraud risk is discussed regularly in the Audit & Risk Committee with both internal and external audit.
- The Group has many controls and procedures in place to limit the risk of fraud. These controls include, but are not limited to, detailed Authorisation and Approvals Mandates, system automated controls, whistleblower procedures, code of conduct, segregation of duties on particular processes and periodic Internal Audit reviews.

Overall Change During the Year

No material changes during FY24.

Regulatory and Legislative Compliance

Description

Failure of the Group or a business within the Group to comply with its applicable regulatory and legislative obligations, resulting in financial, reputational, and potentially criminal implications for the Group or its responsible employees.

Mitigation

- Appropriate and specialist management systems are in place across the Group to ensure compliance with our obligations.
- Competent and appropriately skilled individuals hold key roles in assuring our compliance to our regulatory and legislative obligations.
- Memberships to relevant trade bodies provides access to proposed regulatory changes and helps to highlight any issues, allowing for early planning and appropriate representation.

Overall Change During the Year

No material changes during FY24.

Health and Safety

Description

The heath and safety of our employees and all other stakeholders who interact with the operations of the Group is of paramount importance. Failure to maintain a high safety standard could result in serious injury to an individual. Whist this would have a significant impact on the individual impacted by the accident there are additional impacts on the Group, including lost time, lower productivity, repetitional damage and financial impact from fines or insurance costs amongst others.

Mitigation

- Experienced head of Health and Safety installed within the Group, providing clear best practice and guidance to the businesses operations.
- Step Back Speak Up culture, if something does not look or feel right all employees are encouraged to stop their activity and raise their concerns.
- Clear Health and Safety policies and procedures are in place across the Group.
- Implementation of high quality after technology on our plant and equipment to minimise the impact of human error.

Overall Change During the Year

Newly disclosed risk – previously included within Regulatory and Legislative Compliance.

Failure of a Material Business Unit

Description

The Board assesses that the failure of HRMS in particular would create a material risk to the Group. HRMS is a key supplier of specialist raw materials to major European customers in the steel, foundry, smelting, ferroalloy, sugar, limestone, insulation, refractory and ceramic industries. HRMS owns a material steel waste recycling business and has invested in a carbon pulverisation plant, however this has not yet achieved critical mass. HRMS is independently funded from the Group, however HRMS holds substantial monies in respect of undistributed profits and loans. HRMS is exposed to the movements in certain commodity prices which can be variable, and which could cause material fluctuations in profits. The Group's share of HRMS' profits represents a material contribution to the Group profit before tax.

HRMS has agreed to pay an annual dividend of a minimum of £7m per annum to the Group, the failure to pay this would represent an increased pressure on the Group cash flow.

Mitigation

- The Group's investment in HRMS is governed by a shareholders' agreement which provides a series of protective rights to the Group including controls over the approval of budgets, the granting of security and business activities.
- The agreement provides step in rights to the Group in the event of a material breach of the agreement.
- The Group Chief Executive is a member of the Board of HRMS which meets each month.
- Monthly financial information is submitted to the Group and subject to review by the Chief Financial Officer, this includes monthly and year-to-date results, cash flow forecasting, banking covenants and facility headroom information, as well as details on stock levels and associated data.
- HRMS mitigates against its exposure to commodity prices by both hedging forward sales positions and ensuring that it does not enter into open trading positions so that purchases of commodities are back to back with secured sales.

Overall Change During the Year

Decrease in inherent risk during FY24 has reduced the overall exposure of the Group to HRMS by around 10%. Additionally, new local financing arrangements with HRMS no longer include a parental guarantee (2023: €10m).

Contractual Risk

Description

Multiple businesses of the Group enter into and manage diverse and complex contracts as part of their core operations. Bad planning, agreement to onerous terms, ineffective management and delivering services outside of the Group's core competencies could all erode the value of the contract and increase the risk exposure to the Group. Attached to the risk surrounding contracts are the potential financial and reputational impacts on the resolution of defective works and warranty claims following contract completion.

Mitigation

- Delegated Authority Mandates in place throughout the Group requiring appropriate levels of senior personnel to approve contracts.
- Requirement for legal review of all potential contracts which meet the agreed criteria, detailed within the Delegated Authority Mandates.
- Recruitment and employment of suitably qualified and competent personnel at all levels to undertake works to minimise risk relating to defective works and associated warranty claims.
- Targeting of contracts where the scope of work fits the core competencies of available resources.
- Contracts have specific risk registers, which are prepared at tender stage and maintained throughout the progress of the contract. These registers highlight the potential risks inherent in a particular contract as well as the controls required to mitigate them. They form a critical part of the management of the contract and are updated regularly throughout.

Overall Change During the Year

No material changes during FY24.

Risk Management continued

IT Security

Description

There is an ever increasing reliance on the stability and security of the IT network for delivering day-to-day operations, whilst the volume and types of data held within it increases. This reliance on IT increases the potential for sophisticated cyber-attacks to target the Group's computer systems, infrastructure, networks and personal devices with the intention of paralysing operations for an immeasurable amount of time, carrying material financial and reputational implications for the Group.

Mitigation

- The Group has a dedicated IT function, with a high degree of skill and experience in maintaining and monitoring the IT infrastructure.
- A risk-based IT strategy is in place focusing on four strategic initiatives: technology and innovation, compliance, culture and education and delivery.
- Third party hosting of core business applications with a full business continuity and disaster recovery infrastructure as well as regular tiered backup solutions.
- Mobile device management applied to all company devices to protect network and data via mobile platforms.
- A "zero-trust" philosophy with regard to system access.
- Full Checkpoint security application in place to cover our end-points, VPN connectivity and access to cloud platforms.
- Global leading email security application presides over all email traffic, protecting against all targeted threats, phishing, malware and URL protection.
- Full user security awareness programme with regular training videos rolled out to all users across the Group.

Overall Change During the Year

No material changes during FY24.

Environmental

Description

There are inherent environmental risks within some of the Group's operations. If not properly managed, these risks could result in environmental contamination with disruption to business, financial costs and loss of reputation.

Mitigation

- Provision of clear guidance on the environmental standards which the Group's operations must adhere to.
- Compliance with laws, regulations and industry best practice is a priority across the business.
- Environmental management strategies are in place at all applicable sites.
- The ESG Group sets the tone for the Group's approach to minimise the impact of activities on the environment, through the setting and monitoring of targets.

Overall Change During the Year

No material changes during FY24.

Recruitment and Retention of Key Executives and Skilled Employees

Description

Key executives, senior management and skilled employees possess the industry knowledge and experience, without which, our strategic objectives may not be achieved. If the Group is unable to recruit or retain both key executives and skilled employees, this could adversely affect the Group both operationally and financially.

Mitigation

- The provision of remuneration and terms of employment that are competitive in the market.
- Identification of key strategic roles across the Group.
- Succession planning for these identified key strategic roles.
- Supporting employees through the Employee Assistance Programme, retail discount schemes and other initiatives.
- Provision of Mental Health first aiders to identify and provide first line treatment to employees.

Overall Change During the Year

No material changes during FY24.

Liquidity and Credit Risk

Description

The failure of the Group to maintain access to liquidity could result in a material adverse financial impact for the Group. The Group needs to ensure that sufficient liquid funds are available to meet its contractual demands and wider operational uncertainties, either through available cash reserves or external funding capacity. The Group has put in place a limited invoice discounting facility which provides working capital flexibility in addition to the Group's cash reserves. The Group is not dependent on bank borrowings. The Group's trading relationships require contract and credit exposures to specific customers that are material to the results of the Group, sometimes over a long period. Credit risk arises from the possibility that customers may not be able to pay their debts.

Mitigation

- Whilst the Group is in a positive cash position, it maintains strong relationships with prospective lenders and seeks to put in place appropriate finance facilities aligned to both the short and medium-term requirements of the business with sufficient flexibility to manage liquidity fluctuations within reasonable parameters.
- Short and medium-term cash flow forecasting is in place across the Group, ranging from daily cash flow forecasting to five-year planning together with the annual in-depth going concern review.
- The Group regularly assesses the financial reliability of customers.
- The Credit Control function closely monitors and chases any overdue debts and the majority of the Group's trade receivables are due for payment within 45 days.
- The Group remains vigilant to monitoring and controlling counterparty exposures that are material to the results of the Group. All such exposures are carefully considered before contractual commitments are made to take account of the risks presented by the contract or relationship, the returns available and the opportunities that are, or are not, available to mitigate that exposure.
- Authorisation of credit limits is restricted to a limited number of individuals, with the input of third-party credit scoring.
- A robust capital expenditure procedure is in place Group-wide to control investment in illiquid assets.

Overall Change During the Year

No material changes during FY24.

Nigel Halkes
Chair of the Audit & Risk Committee
5 August 2024

Environmental, Social and Governance Report

During the year the Group has continued to develop our strategic approach to Environmental, Social and Governance ("ESG") issues. The Board is aware of the potential impact of our activities on the environment and remains committed to reporting its ESG performance. The Group is aware of and strives to support the 17 United Nations Sustainable Development Goals ("UNSDGs") wherever the business intersects with these targets.

Highlights FY24

- Completion and publication of the Group's first Net Zero Transition strategy. Setting a clear path for delivering net zero carbon from operation by 2050 in line with the UK Government targets.
- The Group's CSR fund allocated over £50k for community initiatives championed by our employees.
- The Group achieved a Silver rating from the Supply Chain Sustainability School building on the bronze award achieved in the previous year.
- Planted over 78,000 trees on land owned by the Group. These trees have the ability to extract 1,680kg of carbon per year.

Focus for FY25

- Further development of environmental metrics and targets, to allow for real time monitoring of progress against the Group's new Net Zero Plan.
- Focus on a data driven solution to identify, measure and report the Social Value impact of the Group in line with the TOMS framework.
- Apply for and achieve a gold award from the Supply Chain Sustainability School.
- Achieve PAS2080 accreditation, which is focused on carbon reduction in the built environment, for our Earthworks operations.

Environmental
Monitors and reports how the Company controls its impact on the environment.

Social
Examines how the Company manages its relationship with employees, suppliers and communities.

Governance
Controls and monitors how the Company deals with its leadership, internal controls and shareholders.

Restored mine site, Dalquhandy Scotland

The well-established ESG Working Group ('ESG Group'), which is chaired by one of the business unit Managing Directors, meets at least quarterly to discuss risks and opportunities which climate change presents as well as the impact the Group's undertakings has on society and the communities in which it operates.

The ESG Group includes representatives from all areas of the business ensuring that there is appropriate representation in the discussions. The ESG Group reports quarterly to the Audit & Risk Committee, which ensures Board level engagement and facilitates continued awareness of the Group's ESG activities at the highest level. The Audit & Risk Committee believe that this broad representation within the ESG Group is key to delivering optimal solutions to the challenges and opportunities faced and ensures that consideration of environmental, social and governance issues are incorporated into each business unit's approach when tendering for new business opportunities. This level of representation is also essential to ensure the "buy-in" of wider stakeholders.

The main focus for the ESG Group in the year has been the development of the Group Net Zero Plan. We are delighted to confirm the publication of the Group's Net Zero Plan, which is available on our website. Our plan details a clear strategy to achieve net zero emissions from corporate activities by 2030 and net zero from all operations by 2050. Moreover, it demonstrates how we are pioneering sustainable earthworks for infrastructure and facilitating renewable energy developments across the UK.

Along with various in-house online training, including Anti-Corruption & Bribery and Information Security, all employees are required to complete online ESG Awareness training. This training highlights the areas Hargreaves is focussing on to reduce fuel and water usage, waste, and increase levels of recycling. Additionally, the course advises how employees can make small changes in their homes, and the workplace, which can make a meaningful contribution to improving the environment.

Environmental, Social and Governance Report continued

Environmental

The ESG Group continues to implement robust measuring systems and appropriate goal setting, tracking and reporting in line with relevant legislation.

Each Business Unit undertakes climate change risk assessments of the impact and potential opportunities of climate change and embeds these results into their risk registers. These assessments focus on possible impacts within the next five years, which is Hargreaves' usual planning cycle. Following these assessments, the applicable Group policies are reviewed and amended, where appropriate, in conjunction with the Group General Counsel.

2030
Net Zero
Corporate Activities

2035
Net Zero
Cars and Vans

2040
Net Zero
Plant

2050
Net Zero
HGV
Net Zero
Maintenance, Construction and Infrastructure

Net Zero Plan

The development and publication of the Group's Net Zero Plan ("the Plan") represents a significant step forward in the development of the Group's carbon strategy. The Plan was developed by the ESG Group taking into account feedback from around the business and from the Board. The Plan sets a clear path to how Hargreaves can achieve Net Zero by 2050 by breaking down emissions created by our operations into manageable segments. Each segment is considered individually, with its own Net Zero target date.

We are proud to have been awarded an ESG A rating by Integrum ESG following an independent assessment in January 2023. Our rating was calculated based on an analysis of procedures in areas of governance, sustainability and impact. An A rating indicates a 'very good' overall approach to ensuring a company acts in line with expected standards for ESG matters.

FY24 Targets

The Group had set three targets for the year just ended. The targets are as follows:

Target	Target	Target
Prepare a Sustainability Framework supported by management plans for carbon, waste and energy to align with the UK Government's goal of achieving Net Zero Carbon by 2050	**To attain a Silver Level Rating in the Supply Chain Sustainability School**	**To plant at least 40,000 trees on the Group's own land which would equate to 5,000 tonnes of carbon capture over the life of those trees**
ACHIEVED	**ACHIEVED**	**ACHIEVED**
The Group's Net Zero Plan has been completed and published, demonstrating the commitment the Group has to the Government's Net Zero by 2050 target.	Silver level award achieved.	The Group has planted 78,000 trees in the year. Nearly double the original plan.

Environmental, Social and Governance Report continued

Hargreaves Sustainability Initiatives


Blindwells


Industrial unit at Unity delivered to BREEAM standard

During FY24, the Group achieved Silver status from the Supply Chain Sustainability School ("SCSS"). The training modules provided by the SCSS increase levels of awareness and collective buy-in from all staff members in many areas such as modern slavery, anti-bribery and corruption, with particular focus on mandatory modules for procurement staff.

The Group's power supply in the UK is now provided using 25% nuclear and 75% renewable energy, i.e. 100% non-carbon. In addition, electric vehicle charging points have been installed at our two main office-based facilities in County Durham and Barnsley and other major operational sites, including Unity and Blindwells, and are now standard installations in all of Hargreaves Land's newly constructed industrial buildings.

Hargreaves Land

At Blindwells, our flagship residential site near Edinburgh, we have installed a separate EV Charging Point car park which is for residents and other users who do not have a dedicated charging point at their home. Hargreaves Land also funded and constructed a private residents' car park and will retain ownership with maintenance and operation in partnership with MER.

Additionally at Blindwells, we are continuing the development of significant amounts of open space, including public parks, much of which is structured landscaping and has included the planting of 40,000 trees with more to come as the development continues.


Electric vehicle charging point at Blindwells

Our recently completed 191,000 sq ft industrial unit at Unity, Doncaster, recently became the first Hargreaves project to be delivered to BREEAM 'Very Good' standard and EPC A rating. Building Contractor, Caddick Construction, also achieved full marks across the board in the Considerate Constructors Scheme for respect to the community, care for the environment and valuing their workforce. The assessor citing that "*the project provides an extensive range of examples of best practice for the industry for which the team should be commended. Although in a relatively discreet location, the social value team appear to have built up some excellent relationships with local charities and support organisations, education organisations and neighbours to the project. All the information continues to be monitored effectively, including an employment and skills plan. There are a number of key elements to the environmental requirements, all of which appear to be managed very effectively using a series of trackers contained within the Smartwaste, Aspects and Impacts and BREEAM requirements. The use of temporary renewables appears to reflect the innovative culture that appears to prevail. Support for the supply chain was evident with regards to both the sustainability and the health and safety agendas.*"

During the year, yet more wind farms have come on stream utilising land owned by Hargreaves to deliver clean energy into the national grid. By the end of the year land owned by Hargreaves is helping to enable 216 MW of renewable energy.

Our 23 tonne Volvo EC230 electric excavator

Services

Our earthworks operation continues to push the boundaries of what is possible within large scale earthworks operations. During the year we have proudly received the brand new 23-tonne Volvo EC230 electric excavator, Volvo EC's first fully electric model in the mid-sized excavator category. This groundbreaking machine offers zero-exhaust emissions and quiet operation, extending these benefits to a wider range of large earthworks applications. Powered by lithium-ion batteries, the EC230 electric is designed to operate for a full eight-hour workday, with a quick one-hour recharge during a break. We are proud to be the first operator of this machine, making its debut in the UK construction industry, this environmentally friendly excavator will be tested at Sizewell C on our earthworks projects, underscoring our commitment to sustainability.

Furthermore, the Group has ordered two biomethane gas trucks to supplement the fleet. Each of these trucks will save between 80 and 90 tonnes of carbon compared to a traditional diesel-powered truck. It is expected that they will be in operation before the end of calendar year 2024.

Our land remediation team have improved over 240 acres of land over the last twelve months. This represents land that was previously unable to support tree growth, however, because of our activities the land can now support forestry. To date our in-house team have remediated approximately 2,500 acres of land across five former open-cast mining sites.

The waste solutions team have diverted over 4,000 tonnes of end-of-life tyres from entering land fill through the use of tyre derived fuel. Additionally, the same team have directly prevented around 10,000 tonnes of household waste from entering landfill through our innovative recover and recycling offerings.

The Group is actively engaged in advancing sustainable earthworks, a commitment prominently spearheaded by Managing Director Niall Fraser. In close collaboration with industry peers, Niall has been instrumental in developing the first European Standard on Sustainable Earthworks.

This collective initiative, aimed at enhancing the sustainability of earthworks projects, draws on best practices from across Europe and is set to culminate in the publication of a comprehensive new standard. The standard will focus on environmentally friendly methodologies and improved resource management in earthworks, aligning with Blackwell's broader goals of reducing carbon emissions and promoting ecological responsibility in large-scale infrastructure projects like HS2 and Sizewell C. Recently, Blackwell presented talks on sustainable earthworks at the Institution of Civil Engineers and the British Geotechnical Association lectures and meetings.

No significant environmental incidents were reported in the year within the Group.

Environmental, Social and Governance Report continued

Hargreaves Sustainability Initiatives

SECR

The Group's Scope 1, 2 and 3 emission data is set out in the table below.

	Total energy usage (kWh) 2024	Total energy usage (kWh) 2023	Change %	Tonnes of CO_2e 2024	Tonnes of CO_2e 2023	Change %
Scope 1 and 2 Global GHG emissions:						
Combustion of fuels in operations and services provided	**873,187**	671,376	+30.1%	**21,856**	16,749	+30.5%
Electricity, steam, heat and cooling for own use	**937,210**	1,457,633	-35.7%	**194**	302	-35.8%
Total footprint	**1,810,397**	**2,129,009**	**-15.0%**	**22,050**	**17,051**	**+29.3%**
Emissions reported above per employee	**1,289**	1,630	-20.9%	**15.7**	13.1	+19.8%
Scope 3						
Business travel (air, rail and vehicles)	**1,590,561**	1,146,558	+38.7%	**445**	300	+48.3%
Electricity transmission distribution	**-**	-		**17**	26	-34.6%
Total Annual Gross Emissions	**3,400,958**	**3,275,578**	**+3.8%**	**22,512**	**17,377**	**+29.6%**
Green energy tariffs	**(835,718)**	(1,366,780)	-38.9%	**(173)**	(283)	-38.8%
Trees planted*	**-**	-		**(1,715)**	(400)	+328.8%
Total Annual Net Emissions	**2,565,240**	**1,908,798**	**+34.4%**	**20,624**	**16,694**	**+23.5%**

* based on an average of 10kg of CO2e captured per tree per annum

The above shows a substantial increase in Scope 1 emissions which reflects the increase in plant activity particularly within the earthworks activities at HS2 and Sizewell C Nuclear Power Station. The Group has seen a substantial increase in the hours of plant usage, with an 80% increase within earthworks activities alone. This has affected the emissions per employee metric due to the relative impact of plant operatives compared to other employees.

Total carbon emissions have reduced by over 55% since the year ended 31 May 2020, which was the first year the Group reported under the SECR framework.

The Group does not undertake carbon offsetting, nor does it purchase trees on land owned by third parties. The number of trees planted and the associated offsetting represents physical trees planted by the Group on land owned by the Group. To date this is a total of 171,450 trees.

Methodology

The Group follows ISO14064:1 standard for its reporting and takes the operational control approach to reporting. The conversion of units of fuel used into tonnes of CO_2e has been calculated utilising the UK Government Conversion Factors 2024.

Scope 1 emissions have been calculated by taking the total number of litres of fuel used in operations during the reporting period and converting them to tonnes of CO_2e using the appropriate conversion factor.

Scope 2 emissions have been calculated by taking the total kWh of electricity and gas used at the Group's premises during the reporting period and converting them to tonnes of CO_2e using the appropriate conversion factor.

Scope 3 emissions have been calculated by taking the total litres of fuel purchased for business travel as well as an estimate of emissions for business flights and the transmission and distribution impact of the Group's electricity usage.

The Group uses the emissions per employee as the most meaningful intensity ratio as the Group is predominantly a services operation.

The Board considers that the disclosures above meet the requirements of the Companies Act 2006 sections 414CA and 4141CB (2A) with the exclusion of paragraphs 414CB (2A) (e), (f), (g) and (h) as the Board considers there to be no such material risks.

Carbon Innovation 8 Point Plan

In addition to the activities outlined in the roadmaps, as a Group we shall deliver the following:

Plant 2 million trees by 2035

Enable the installation of renewable energy schemes on our land through wind/battery/solar/minewater heating

Chair the National Highways/LTC Sustainable Earthworks Programme

Support the development of European Standards for Sustainable Earthworks

Provide clients with low carbon solutions and improve whole life cycle

Adopt as an absolute minimum BREEAM building standard

Deliver energy and environmental impact awareness training for staff

Implement plans for Waste Management/Energy Management and Sustainability Sourcing

Restored brownfield site – Westfield, Fife

Environmental, Social and Governance Report continued

Social

Employee Wellbeing

We remain committed to employee wellbeing, from ensuring a satisfactory work-life balance, through flexible working and strict adherence to our rigorous policies, to ensuring employees are actively supported through our free of charge Employee Assistance Programme ('EAP'). The EAP provides confidential 24/7 online and telephone assistance, to support issues from mental health and physical support to legal and financial advice. In addition, the business has access to 48 trained Mental Health First Aiders - one for every 29 employees. These individuals are the first point of contact for an informal chat or to sign post employees to the correct professional advice.

Safety at work

The Board recognises the critical role played by our employees in achieving the strategic objectives of the Group. We are committed to the ongoing physical and mental wellbeing of our colleagues. We are committed to maintaining a safe and secure working environment for all to ensure none of our colleagues are injured during the conduct of our operations. The safety performance of the Group is the first point on the Board agenda at each meeting.

Meanwhile, following an audit by NOSA, our team in South Africa has been awarded a Five Star rating for health and safety management for the 7th consecutive time. Our 2024 score of 97.66% is also an improvement from our 2023 score of 96.73%.

Continuous Support

To help employees budget through the ongoing cost of living crisis, our employees benefit from generous discounts from high street and online retailers via the Hargreaves Rewards platform using their online account or via an app.

In partnership with an external coaching mentor, Hargreaves continues to support potential and existing Line Managers by delivering a Management Development Programme aimed towards actions and behaviours to improve team engagement and business performance. Course modules cover numerous topics, including customer focus, effective communication, engagement and inclusivity, and coaching and mentoring. To date, 33 individuals have successfully completed the course.

The charts below show the difference in mean (average) hourly rate between men and women. Within the Group, the main areas of work are in logistics, production and industrial services including material handling and maintenance. The majority of roles within these sectors are direct workers i.e. labourers, drivers, machine operators, shift work with irregular working patterns. The mean gender pay gap was 20.4% (2023: 22.1%) The median gender pay gap was 16.9% (2023: 46.0%).

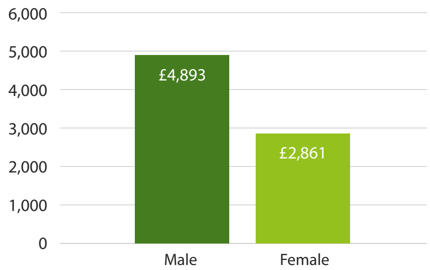
Restored mine site, Dalquhandy Scotland

Difference in Mean Hourly Rate

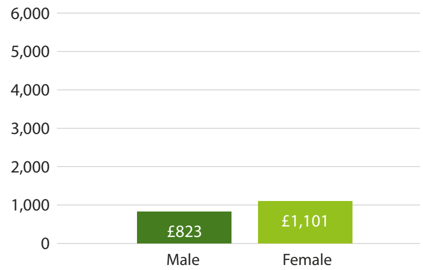
Difference in Median Hourly Rate

Whilst the hourly rates are higher for males, the median bonus average is higher for females. The percentage of females receiving a bonus was 58% (2023: 49%) which is also greater than the percentage of males receiving a bonus which was 42% (2023: 39%).

Bonus Pay - Mean

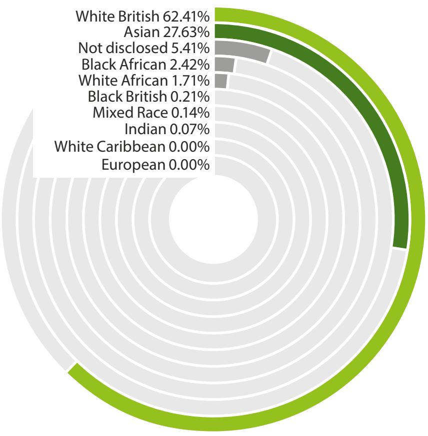


Bonus Pay - Median

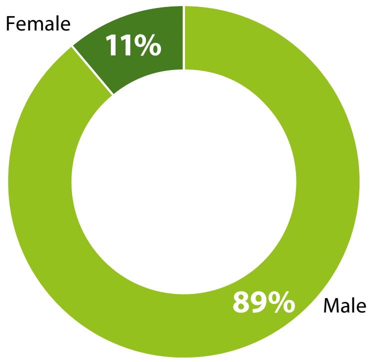


The graphical information below illustrates the diverse nature of the Group, identifying the ethnicity and gender split of our workforce. The number of individuals who have identified themselves as disabled is 17.

Group Ethnicity Split



Group Gender Split



Environmental, Social and Governance Report continued

Social

Social Engagement and Community Support

The Group continues to support local communities, activities and events that employees are actively involved with through its Corporate Social Responsibility Fund ('CSR Fund'). During the current financial year, we supported a total of 109 (2023: 76) events, donations and initiatives across all areas of the business. These include sponsorship of charity golf days; sponsorship of adult and junior sports teams; employee matched donations of sponsored events; donations to community events and foodbanks; donations to local schools and nurseries; supplied charity events with raffle prizes; donations in memory of an employee or a family member; donations to scout groups; sponsorship of local Christmas trees; and sponsorship of local businesses and attractions, some of which offer staff discounts and benefits, such as Durham Cathedral and Ushaw College.

In addition, we are also proud to have been awarded Gold CSR Accreditation. The accreditation is an effective way to benchmark what the Group does with regard to social responsibility. The process involves the collation, measurement and reporting on a full range of socially responsible activities. Accreditation also provides a roadmap for planning future activity. The application process records activity against the four pillars of Social Responsibility - environment, workplace, community and philanthropy. Each pillar of Social Responsibility is designed for a company to report their impact on areas such as energy performance, recycling, staff engagement, health and wellbeing, community engagement and supporting local and national charities. The accreditation is for three years and a tree is planted, in our name, as part of the Green Earth Appeal.

For the third consecutive year, we are proud to sponsor the North East England Chamber of Commerce Inspiring Female Awards. During FY24 the Group sponsored and played a role in judging the "Inspiring Female (medium) Award", which proved to be a difficult decision given the depth of quality in the area. The awards recognise the inspirational and influential women across a range of businesses in our region. In the coming year, Hargreaves is sponsoring the "Community & CSR Business" category.

Hargreaves has supported the development of a new Scout facility in Fife. After a devastating fire to their previous facility in 2019, the 4th Fife Cardenden Scout Group received planning permission for a new hall in 2023. However, due to rising construction costs were unable to fund the build. Hargreaves Land and Westfield partner, Brockwell Energy, joined forces to support the project with a joint donation. The project is due to commence shortly, and we look forward to seeing the new Scout hut completed.

Liam Readle – Hargreaves sponsors the inspirational Liam Readle, son of Billy Readle, Site Manager at Port of Tyne for Industrial Services. Liam has cerebral palsy and began wheelchair basketball at the age of 11 for local club, Tees Valley Titans. During this time, he had trials for Great Britain under 18s and under 25s and went on to represent England North in school games in 2017, where he obtained a gold medal.

SMILE Centre – Andy Johnson, Head of Asset Management for Hargreaves Land, pictured with individuals from the Supportive Multi-ability Inter-generational Life Experiences Centre following our donation towards them creating their new outdoor area.

Neighbourhood Community Beach Clean Up and Food Angel – Recently, our staff in Asia joined the client and other subcontractors to conduct a clean up exercise at the LKT beach area. Twenty members of staff also helped prepare 2,200 lunchboxes for those in need in the community.

Laybo's Legacy – Sponsorship for a second year of this suicide prevention charity incorporated following the loss of someone close to an employee.

Project40Seven – Donations helped to support food collections for those in need in the local community.

Governance

Hargreaves is committed to maintaining high standards of corporate governance and has adopted the Quoted Companies Alliance Corporate Governance Code 2018 ('QCA Code'). The Company complies with each of the ten principles of the QCA Code.

Around the Group, businesses hold various accreditations including ISO45001, ISO9001, ISO14001. During the year the Group have also been successful in achieving ISO27001 accreditation. This demonstrates the importance that the Group places on data security across all of our activities. These internationally recognised accreditations underpin the high standards we continue to achieve.

The Group's HGV operations hold FORS accreditation. This is a voluntary accreditation scheme for fleet operators which aims to raise the level of quality within fleet operations and demonstrates which operators are achieving exemplary levels of best practice, efficiency and environmental protection.

During the year the Group has amended its approach to risk identification and evaluation. The risk-web approach, which is outlined in detailed within the Audit and Risk Committee Report, allows for a better visual representation of risk. This allows the business to take a more focused approach to the allocation of resource to risk management, a key element to this is the determination of risk appetite.

Further information on corporate governance, including the role of the Main Board, Audit and Risk Committee, Remuneration Committee and Nomination Committee, is set out earlier in this Annual Report.

Environmental, Social and Governance Report continued

Governance – NFSIS report

NFSIS Recommended disclosure	Actions taken
Governance	
Describe the Board's oversight of climate-related risks and opportunities	• The Board has overall responsibility for the identification and management of all risks, including those associated with climate change. • The Group's approach to risk identification, evaluation, management and mitigation is detailed within the "Risk Management Report" • The Board have recently approved the Group's Net Zero Plan, which sets out a clean strategy to decarbonise by 2050, including the key opportunities which will assist the Group in achieving this goal.
Describe management's role in assessing and managing climate-related risks and opportunities	• The ESG Group is responsible for the identification of climate-related risks and opportunities. • The ESG Group developed the Net Zero Plan and is responsible for the implantation of this plan. • Each business unit, feeding into the ESG Group, has their own carbon reduction initiatives which are being carried out on a tangible level.
Strategy	

Describe the climate related risks and opportunities the organisation has identified over the short, medium and long term.	• The recently published Net Zero Plan sets out many near-term and longer-term opportunities for the reduction of carbon in our operations. This includes:
	  • Installation of half-hourly energy meters
	  • Trialling HVO fuel on our HGVs
	  • Trialling alternative fuels for our large plant fleet, including fully electric engines and longer-term hydrogen power.
	• Risks identified include:
	  • Reduction and ultimate phasing out by legislation of diesel as a fuel for plant and machinery
	  • Transition risk of moving from traditional fuels, such as diesel, to newer fuel sources (electric/ hydrogen) is reliant on third party providers

Describe the impact of climate-related risks and opportunities on the organisations business, strategy and financial planning	• The purpose of the ESG Group is to continuously embed ESG into the businesses decision making process • The development of the Group's Net Zero Plan aligns with the wider strategic goals of the business • The Group's five year strategic plan incorporates ESG throughout
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios.	• The strategy is embedded throughout all levels of the business with the aim of the ESG Group • The Group has carried out a climate-change risk assessment, which took into account numerous scenarios, including increased summer and winter average temperatures, an increase in the sea-levels, increase/decrease in annual rainfall amongst others. The Group did not identify any further material risks which would manifest in the next five years.
Risk Management	
Describe the organisation's process for identifying and assessing climate-related risks	• The risk assessment process for climate-related risks forms part of the risk assessment process of all Group risks. The details are set out within the Risk Management Report.
Describe the organisation's process for managing climate-related risks.	• The risk management process for climate-related risks forms part of the risk assessment process of all Group risks. The details are set out within the Risk Management Report.
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	• The risk assessment process for climate-related risks forms part of the risk assessment process of all Group risks. The details are set out within the Risk Management Report.
Metrics and targets	
Disclose the metrics used by the organisation to assess climate-related risks and opportunities	• The Scope 1 and 2 carbon emissions, as measured by the SECR framework represent the key metrics by which the Group measures its performance against carbon-related risks and opportunities. • Details of scope 1 and 2 emissions can be found in the ESG Report
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions	• Details of Scope 1 and 2 GHG emissions can be found in the ESG report. • Scope 3 is measured for business travel only and is included within the ESG report.
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	• The scope 1 and 2 emissions, as measured through the SECR framework, are regularly monitored through the ESG Group.

Directors’ Report

In this section

Hargreaves

Board of Directors

Nigel Halkes (aged 68)
Non-Executive Director

Nicholas Mills (aged 34)
Non-Executive Director

David Anderson (aged 57)
Group Property Director

Roger McDowell (aged 69)
Non-Executive Chair

Nigel was appointed to the Board in August 2015 and serves as Chair of the Audit & Risk Committee. He is also a member of the Remuneration Committee. He is a Chartered Accountant and was a partner at Ernst & Young for 25 years, rising to become Managing Partner of Markets for the UK and Ireland, responsible for the firm's growth strategy, key relationships, and business development. He retired from Ernst & Young at the end of 2013 to pursue a portfolio non-executive career spanning the public, private and charitable sectors. Nigel is a Non-Executive Director of Tribal Group plc and a Trustee of the Hugo Halkes Foundation. Nigel's extensive professional experience brings rigour and insight to the Board particularly with regard to financial accounting and risk management.

Nick joined the Board in 2020 as Non-Executive Director and currently serves as the Chair of the Remuneration Committee. He has been employed by Harwood Capital LLP since 2019 after spending 5 years at Gabelli Asset Management in New York. He acted primarily as a Research Analyst covering the multi-industrial space and also gained experience in Merger Arbitrage strategies and marketing Closed End Funds. He has a Bachelor of Science Degree from Boston College's Carroll School of Management. Nick is a Director of Harwood Capital Management Limited, Harwood Capital Management (Gibraltar) Limited, Growth Financial Services Limited, 62 Pont Street (Freehold) Ltd, Niox Group Plc and North Atlantic Investment Services Limited.

David joined the Board as Group Property Director in November 2018. David joined from Henry Boot Developments Limited, the principal property development subsidiary of Henry Boot PLC, where he had served as a Director since 1996 and as Managing Director since 2005. He led the growth in revenue of that business from less than £10m in 2005 to over £220m in 2017. David's 25 years of experience and success in the field of property development brings the appropriate knowledge and understanding of that market necessary to assist the Group's growth in that business area.

Roger was appointed Chair of the Company and the Nominations Committee on 1 August 2018 after joining the Board in May 2018. He is also a member of the Remuneration and Audit & Risk Committees. Roger spent his executive career working in his family's business, pipeline products distributor Oliver Ashworth. He was Managing Director for eighteen years, leading the business through dramatic growth (from £1m to £100m turnover), main market listing and ultimate sale to St Gobain. Thereafter he has taken on Chair or non-executive roles in private equity backed and listed businesses in a variety of sectors including; engineering, manufacturing, waste management, renewable energy, financial services, IT, and telecoms. Roger currently serves as Chair of Avingtrans plc and Flowtech Fluidpower plc. He is also a Non-Executive Director of Tribal Group plc, Proteome Sciences plc, British Smaller Companies VCT2 PLC, Brand Architekts Group plc and Koheilan Ltd. As can be seen from the above, Roger has extensive business management experience in both executive and non-executive roles which provides the Board with relevant commercial and governance experience. He also has strong relationships with many of the Company's major shareholders, built up over several years with a number of companies.

Gordon Banham (aged 60)
Group Chief Executive

Stephen Craigen (aged 40)
Chief Financial Officer

Chris Jones (aged 58)
Non-Executive Director

David Hankin (aged 42)
Company Secretary

Gordon was Managing Director of his family firm, F Banham Limited, until 1994 when he negotiated its sale to Charrington Fuels and was appointed as General Manager of the combined businesses. On the acquisition of Charringtons by the CPL Group in 1995, he was made Distribution Director responsible for the enlarged group's coal distribution activities. Gordon joined Hargreaves in 2001, subsequently being appointed as Group Chief Executive. He led the management buyout of the Company in 2004 and its subsequent flotation on the London Stock Exchange the following year. Gordon's knowledge of the Group and its various business interests is unrivalled, and he continues to have a detailed involvement in all material matters with which the Group is engaged. Gordon is a Director of GB Holdings (2021) Limited.

Stephen joined the Board in August 2023 as Director. He graduated from the University of Newcastle-upon-Tyne with a Masters degree in Mathematics and Statistics. Stephen is an experienced chartered accountant having qualified whilst at PwC.

Stephen joined Hargreaves in a Group Finance role in 2013 and progressed to Group Financial Controller in 2017, a position he held until his appointment to the Board and, as such, has a deep understanding of the Hargreaves business model.

Chris joined the Board in April 2020. He is a member of both the Remuneration and Audit & Risk Committee. He is a property consultant and Chartered Surveyor with over 30 years' direct experience working with a broad range of organisations within the UK investment and development sectors of the commercial property market. As a founding partner of his investment practice - Christopher Dee LLP, based in Manchester, he has provided advice to private and institutional clients on all aspects of commercial property investment, development, and funding work. Chris is a Director of The Creative Property Group Ltd and Doon Villa Holdings Ltd.

David joined Hargreaves in 2016 and was subsequently appointed as Company Secretary in 2023.

David is a solicitor having qualified with Watson Burton LLP in 2009. Upon qualification, he moved to WSP (formerly Parsons Brinckerhoff) where he worked as in-house legal counsel for the Europe, Middle East and Africa region until joining Hargreaves.

Directors' Report

The Directors present their Directors' Report and Financial Statements for the year ended 31 May 2024.

Principal Activities

The principal activities of the Group during the year were the provision of haulage services, waste transportation, processing of minerals, mechanical and electrical engineering, materials handling, the development and sale of land and specialist earthworks.

Results and Proposed Dividend

The profit for the year was £12,218,000 (2023: £27,926,000). Following the payment of an interim dividend of 18.0p per share on 4 April 2024, the Directors recommend a final dividend for the year ended 31 May 2024 of 18.0p (2023: 6.0p) per share.

It is proposed that the final dividend will be paid on 4 November 2024 to shareholders on the register on 27 September 2024. The shares will become ex-dividend on 26 September 2024. The proposed dividend has not been provided for in these financial statements as it was not declared and approved before the year end.

Outlook

The current trading and outlook for the Group is disclosed within the Chair's Statement above.

Financial Instruments

The financial risks faced by the Group and its policy in respect of these risks are set out in Note 27 of the financial statements.

Policy and Practice on Payment of Creditors

The Group does not operate a defined code of practice regarding payment to suppliers. The Group determines conditions of payment for its own supply of goods and services. It is the Group's policy that transactions are then settled in compliance with these legal or other contractual obligations having regard to good commercial practice.

Directors

The Directors who held office during the year and to date are as follows:

Roger McDowell
Nigel Halkes
Christopher Jones
Nicholas Mills
Gordon Banham
David Anderson
John Samuel (resigned 9 August 2023)
Stephen Craigen (appointed 1 August 2023)

The names and biographical details of the Directors at the date of this Directors' Report are given in the Board of Directors section of this Annual Report.

Roger McDowell took a temporary sabbatical break for personal reasons from 5 June 2023 and resumed his duties prior to the Annual General Meeting on 25 October 2023. Nigel Halkes, the Senior Independent Director, assumed the Chair in Roger's absence.

All Directors are required to retire by rotation every three years, in line with the Articles of Association. An evaluation of the performance of each Director and of the Board is carried out annually and the performance of each continues to be effective and demonstrates commitment to the role. The Directors required to retire by rotation at this year's AGM are set out below.

The Company provides indemnities to each of its Directors in accordance with the provisions of the Company's Articles of Association. Additional information relating to Directors' remuneration, service contracts and interests in the Company's shares is given in the Remuneration Report.

The Directors who held office at the end of the financial year had the following interests in the shares of the Company according to the register of Directors' interests (audited):

	Class of share	Number of shares at end of year	Number of shares at beginning of year
GB Holdings (2021) Limited (wholly owned by Gordon Banham)	Ordinary	**2,759,910**	2,646,825
Stephen Craigen	Ordinary	**12,860**	-
Roger McDowell	Ordinary	**442,557**	442,557
Nigel Halkes	Ordinary	**5,000**	5,000
Christopher Jones	Ordinary	**79,369**	79,369
Nicholas Mills*	Ordinary	**10,000**	–
David Anderson	Ordinary	**105,617**	58,100

* Nicholas Mills is an employee of Harwood Capital LLP, which owns 9,200,000 ordinary shares of the Company, being 28.26% of the issued share capital.

Details of Directors' emoluments are set out in the Remuneration Report. All the Directors benefited from qualifying third-party indemnity provisions in place during the year and at the date of this Directors' Report.

Except as detailed in the Remuneration Report, according to the register of Directors' interests, no rights to subscribe for shares in Group companies were granted to any of the Directors or their immediate families or exercised by them during the financial year and up to the date of this Directors' Report.

Retirement of Directors

In accordance with the Articles of Association one-third of Directors retire by rotation each year. The Directors retiring by rotation are Nigel Halkes, Gordon Banham and David Anderson who being eligible, offer themselves for re-election.

Disclosable Interests

As at 2 August 2024, the Company had been notified of the following shareholders with 3% or more of the issued share capital of the Company:

Shareholder	Number of ordinary shares	% of issued share capital
Harwood Capital LLP	9,200,000	28.26%
Canaccord Genuity Group Inc	3,224,088	9.90%
GB Holdings (2021) Limited	2,759,910	8.41%
Downing LLP	1,275,347	3.89%

The above disclosures are in accordance with the last TR1 notification to the Company by shareholders.

Employees

Applications for employment by disabled persons are always fully considered. Employment policies are designed to provide opportunities irrespective of colour, ethnic or national origin, nationality, sex, sexual orientation or marital status. In the event of employees becoming disabled every effort is made, including appropriate training, to ensure that their employment with the Group continues. The Group engages, promotes and trains staff based on their individual capabilities, experience and qualifications allowing all employees an equal opportunity for progression without discrimination.

The Directors recognise the importance of good communications and good relations with employees. Regular meetings are held between the Chief Executive and senior managers who cascade relevant information through their reporting systems. The Group intranet also provides regular information to employees to inform them of developments within the Group. An employee e-newsletter is issued on a six-monthly basis to inform individuals in relation to various topics around the Group including employee benefits, employee assistance programmes and human-interest stories.

Directors' Section 172(1) Statement

The Board acknowledges its responsibility under section 172(1) of the Companies Act 2006 and sets out below the key processes and consideration that demonstrate how the Directors promote the success of the Group. The below statement sets out the requirements of the Act, section 172(1), and notes how the Directors discharge their duties.

As noted in the Corporate Governance Report, the Group is headed by an experienced and effective Board, which controls and leads the Group. The Board meets at least ten times per year, receiving appropriate information from management on a timely basis, and making further detailed enquiries where necessary to enable it to fully discharge its duties. Each decision that is made by the Directors is supported by papers which analyse the possible outcomes so that an appropriate decision can be made based upon the likely impact on the performance and position of the Group. This enables a decision to be made which best promotes the success of the Group and considers the impact on the wider stakeholder group. Factors below are all considered during the decision-making process.

Likely consequences of any decisions in the long term

As part of the Board's decision-making process, they are given access to management papers which set out the potential outcome of decisions. The papers evaluate both the financial impact against forecast, as well as non-financial factors and how the decision fits with the strategy of the Group. Through a well-designed system of internal reporting and control, the Board has devolved certain levels of autonomy to management to run and develop the business of the Group.

The Group has an annual budget and five-year strategic plan which is reviewed regularly to benchmark performance and achievements against its long-term strategy. Each year, the Board holds a session with each of the business unit Managing Directors and other senior management to review and reconsider the strategy of each business unit. This includes consideration of market conditions and opportunities, investment requirements and capital allocation, resource availability, the overhead cost base and margins. The Board then considers the outlook for the entire Group and the opportunities to create, deliver and realise value for shareholders. The Board's strategy remains unchanged and is focused on delivering reliable and growing profits in its Services business whilst realising value out of Hargreaves Land through a move to a lower-capital model. Furthermore, the strategy with regards to HRMS is to maximise the annual cash return to the Group to ultimately realise the balance sheet value for shareholders.

Directors' Report continued

Interests of the Group's employees

The Directors actively consider the interests of employees in all major decisions. The Board encourages feedback from employees through a regular feedback questionnaire to improve the culture and working environment of the Group. The Group Chief Executive holds regular meetings with senior managers both to keep them informed of Board decisions and shareholder feedback but also to gather views and input from the business units. The senior managers then cascade that information down through the businesses through their reporting channels. Additionally, the Group's intranet and regular in house newsletter carry a range of statements and information updates which employees can access.

The Group also operates various LTIP schemes for the Directors and other senior employees based on performance criteria. The Board believes this encourages employee engagement in promoting the success of the Group and in aligning the financial interests of the Executive Directors and other senior employees with those of the shareholders.

The need to foster the Group's business relationships with suppliers, customers and others

The Directors have identified the stakeholders of the Group and review regularly to ensure adequate communication and engagement is ongoing with each stakeholder group. The Board recognises that the Group's customers, suppliers and employees are crucial to its success. The Group has established long-term relationships with key customers and suppliers and the Board encourages feedback from them to improve decision making. For key customers and suppliers, appropriate due diligence is undertaken around their working practices and ethics as well as their financial stability and viability.

One of our strategic priorities is our commitment to the highest practicable standards of health and safety, which has enabled us to secure and maintain valuable contracts, as detailed in "Impact of the Group's operations on the community and environment" below.

Impact of the Group's operations on the community and environment

The Group takes its responsibility within the community and wider environment seriously. There are specific information channels in respect of health & safety matters. The Group has a proactive approach to safety, health and the environment and is committed to the highest practicable standards of safety and health management and the minimisation of adverse environmental impacts (as further detailed in the Environmental, Social and Governance report and "Principle 8: Promote a corporate culture that is based on ethical values and behaviours" of the Corporate Governance Report). The Group publishes its annual global emissions in compliance with the streamlined energy and carbon reporting ("SECR") regulations detailed in "Carbon emissions" below. Additionally, the Group maintains a Corporate Social Responsibility fund to support the charitable endeavours of our stakeholders, including employees, in the local community. Further details can be found in the ESG Report.

The desirability of the Group maintaining a reputation for high standards of business conduct

The Group is committed to maintaining high standards of corporate governance and has adopted the Quoted Companies Alliance Corporate Governance Code 2018 ("the QCA Code"). The Group's approach in relation to complying with each of the ten principles of the QCA Code is set out in the Corporate Governance Report.

To monitor and strengthen further Group compliance with corporate governance, the Board undertakes a self-assessment annual performance review. The assessment provides an effective platform for reviewing performance and, over time, a greater focus has developed on particular recommendations, which has prompted fruitful discussions among the Board and influenced its operation. The 2024 review has been carried out with the Board focusing on those areas where one or more of the Directors had indicated a concern. In particular, the Board considered that Board diversity is a key area for focus in the future. Additionally, the Directors have introduced a skills matrix to assess the abilities and capabilities of the Board.

The Group has a strong ethical culture based upon its Code of Ethics which can be found on the Group's website. The Group's reputation is built on its values as a Group, the values of its employees, and the collective commitment to acting at all times with integrity. Part of the work of the Audit & Risk Committee involves reviewing the Group Whistleblowing Policy by which employees of the Group may, in confidence, raise concerns about possible financial or other improprieties. Where there is a need to seek advice on particular issues, the Board will liaise with its lawyers and nominated advisers to ensure the consideration of business conduct, and its reputation is maintained.

The need to act fairly between members of the Group

An important role of the Board is to represent and promote the interests of the Group's shareholders as well as being accountable to them for the performance and activities of the Group. The Board engages with its shareholders through presentations, conference calls, face-to-face meetings and the Annual General Meeting. Following the announcement of the Group's half-year and year-end results, presentations are made to analysts and major shareholders to update them on progress and invite them to ask questions. The Board also uses online real time webcasting of its results presentations which enables all interested parties, including private shareholders, to access information and to ask questions of Executive Directors. The Board is updated on the latest shareholder information by the receipt of shareholder register movements, analyst reports and feedback from the Group's brokers and Financial PR Advisers following investor presentations after half-year and year-end results. The Board incorporates this feedback into its decision-making processes. All Directors attended the Annual General Meeting in 2023 and engaged in discussion with the shareholders present. The Group provides contact details on the investor relations page of its website and in the notice to the 2024 Annual General Meeting which investors can use to contact the Group, giving equal access to all investors and potential investors.

Carbon Emissions

Information on carbon emissions in accordance with the SECR regulations is set out in the ESG report.

Purchase of Own Shares

The Directors are authorised to make market purchases of the Company's own shares under an authority granted at the Annual General Meeting held on 25 October 2023. The Directors will seek authority to make market purchases of up to fifteen per cent of the Company's own shares at the 2024 Annual General Meeting (full details are available in the 2024 Notice of Annual General Meeting).

Approval to Issue Shares

The Directors will seek authority to allot up to a maximum aggregate nominal amount of £1,104,625 at the 2024 Annual General Meeting (full details are available in the 2024 Notice of Annual General Meeting).

Disclosure of Information to Auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent Auditor

The Board proposes to reappoint PricewaterhouseCoopers LLP as auditor. Resolutions concerning their continued appointment and to authorise the Audit & Risk Committee of the Board of Directors to agree their remuneration will be put to the forthcoming Annual General Meeting of the Company (full details are available in the 2024 Notice of Annual General Meeting).

By order of the Board

David Hankin
Company Secretary
5 August 2024

Corporate Governance

The Company is committed to maintaining high standards of corporate governance and has adopted the Quoted Companies Alliance Corporate Governance Code 2018 ("the QCA Code"). The Company's approach in relation to complying with each of the ten principles of the QCA Code is set out below.

Deliver Growth

Principle 1: Establish a strategy and business model which promote long-term value for shareholders
The Board has established a strategy and business model which seek to promote long-term value for shareholders. This is set out in the Strategic Report section of this Annual Report and follows the theme of Create, Deliver, Realise. Additionally, in Hargreaves Land, the Board is continuing with the strategy to realise land which has rental income deriving from third party renewable energy assets progressively over the next few years, whilst strengthening the pipeline of development projects. The risks to the Group posed by this transition have been evaluated by the Board and continue to be on a regular basis. These risks and the Board's views on the mitigations which balance them are set out in the Risk Management section of this report.

Principle 2: Seek to understand and meet shareholder needs and expectations
An important role of the Board is to represent and promote the interests of the Company's shareholders as well as being accountable to them for the performance and activities of the Group. The Board believes it is important to engage with its shareholders and aims to do this through presentations, conference calls, face-to-face meetings and the Annual General Meeting. Following the announcement of the Group's half-year and year-end results, presentations are made to analysts and major shareholders to update them on progress and invite them to ask questions. The Board has also introduced the use of online real time webcasting of its results presentations which enables all interested parties, including private shareholders, to access information and to ask questions of Executive Directors. The Board is updated on the latest shareholder information by the receipt of shareholder register movements, analyst reports and feedback from the Company's brokers and Financial PR Advisers following investor road shows after half-year and year-end results. All Directors attend the Annual General Meeting and engage in discussion with shareholders present. The Company provides contact details on the investor relations page of its website which investors can use to contact the Company.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success
The Board recognises that the Group's customers, suppliers and employees are crucial to its success. The Group has established long-term relationships with key customers and suppliers and the Board encourages feedback from employees to improve the culture and working environment of the Group. The Group Chief Executive holds regular meetings with senior managers both to keep them informed of Board decisions and shareholder feedback but also to gather views and input from the business units. The senior managers then cascade that information down through the businesses through their reporting channels. Additionally, the Group's intranet and in house newsletter carry a range of statements and information updates which employees can access. There are specific information channels in respect of health & safety matters. The Group has a proactive approach to safety, health and the environment and is committed to the highest practicable standards of safety and health management and the minimisation of adverse environmental impacts (as further detailed below at "Principle 8: Promote a corporate culture that is based on ethical values and behaviours").

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation
The Company's approach to risk is set out within the Risk Management section of this Annual Report. The Board has devolved considerable levels of autonomy to management to run and develop the business of the Group. The Board believes that a well-designed system of internal reporting and control is necessary. The Board therefore continues to have overall responsibility to develop and strengthen internal controls. The Audit & Risk Committee, on behalf of the Board, has the responsibility for reviewing internal controls. The system is designed to provide reasonable, but not absolute, assurance that the assets of the Group are safeguarded, that proper accounting records are maintained, and that reliable financial information is produced. All subsidiary undertakings are required to adhere to specified internal control procedures. The Audit & Risk Committee receives regular reports on internal control. Monitoring of compliance with the Group's system of internal control is undertaken by all levels of management and the internal audit function. This is reinforced by the role fulfilled by the Audit & Risk Committee (as further detailed below at "Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board").

Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair

The Board

The Group is headed by an effective Board, which controls and leads the Group. The Board meets at least ten times per year, receiving appropriate information from management on a timely basis, and making further detailed enquiries where necessary to enable it to fully discharge its duties.

The Directors attended the following meetings in the year ended 31 May 2024:

Attendance at meetings	Board	Audit & Risk Committee	Remuneration Committee	Nominations Committee
Number of meetings	13	5	2	1
Gordon Banham	12 attended	n/a	n/a	1 attended
Nigel Halkes	13 attended	5 attended	2 attended	1 attended
John Samuel (resigned 9 August 2023)	3 attended	n/a	n/a	n/a
Stephen Craigen (appointed 1 August 2023)	11 attended	4 attended	n/a	n/a
Roger McDowell	8 attended	3 attended	2 attended	0 attended
David Anderson	13 attended	n/a	n/a	n/a
Christopher Jones	13 attended	5 attended	2 attended	1 attended
Nicholas Mills	13 attended	5 attended	2 attended	1 attended

The Board is collectively responsible for the long-term success of the Group and has ultimate responsibility for the management, direction and performance of the Group and its businesses. The Board is required to exercise objective judgement on all corporate matters and is accountable to shareholders for the proper conduct of the business. All Directors have access to the advice and services of Group Legal Counsel who is also the Company Secretary. The Company Secretary is responsible to the Board for ensuring that procedures are followed and for compliance with applicable rules and regulations. There is a clearly defined division of responsibilities between the Chair and the Group Chief Executive. The Chair is primarily responsible for the leadership and effective working of the Board. This is achieved by:

- chairing Board meetings, setting the agendas in consultation with the Group Chief Executive and Company Secretary and encouraging the Directors to participate actively in Board discussions;
- leading the performance evaluation of the Board, its Committees and individual Directors;
- promoting high standards of corporate governance;
- ensuring timely and accurate distribution of information to the Directors and effective communication with shareholders;
- periodically holding meetings with the Non-executive Directors without the Executive Directors present; and
- establishing an effective working relationship with the Group Chief Executive by providing support and advice whilst respecting executive responsibility.

The Group Chief Executive is responsible for the executive management of the Group and for ensuring the implementation and execution of Board strategy and policy within approved business plans, budgets and timescales. Further details of the composition of the Board and Director's attendance at Board and Committee meetings are set out in this Annual Report.

Non-executive Directors

Non-executive Directors bring a wide range of experience to the Group. The QCA Code states that the Board should have at least two independent Non-executive Directors and that, since independence can easily be compromised, Non-executive Directors should not normally participate in performance-related remuneration schemes. The Board currently has four Non-executive Directors including the Non-executive Chair. The Non-executive Chair, Roger McDowell was a participant in the Company's Long-Term Incentive Plan scheme entitled the Hargreaves Services plc Share Option Scheme 2019, which was approved by shareholders at a general meeting of the Company on 22 January 2019. Roger McDowell has exercised and retained ownership of all of the 112,557 shares which vested to him under that scheme. The Board considers that Nicholas Mills is independent although he is employed by Harwood Capital LLP, which owns 28.26% of the shares in the Company. Whilst the Board considers that Roger McDowell and Nicholas Mills are independent, in any event, the Board has two other independent Non-executive Directors.

Conflicts of Interest

The Articles of Association enable the Directors to authorise any situation in which a Director has an interest that conflicts or has the potential to conflict with the Company's and Group's interests and which would otherwise be a breach of the Director's duty under section 175 of the Companies Act 2006. The Board has a formal system in place for Directors to declare such situations to be considered for authorisation by those Directors who have no interest in the matter being considered. The Nominations Committee reviews conflicts of interests when considering new Board appointments.

Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities
Details of the Directors' skills and experience are set out in Directors' biography page within this Annual Report. The Directors bring a wide range of expertise on issues related to operations, strategy and governance. The Board is satisfied that, between the Directors, it has an effective and appropriate mix of skills and experience.

All newly appointed Directors receive a full, formal and tailored induction on joining the Board, including meetings with senior management and advisers and visits to the Group's operational locations. The Board calendar is planned to ensure that Directors are briefed on a wide range of topics throughout the year and are given the opportunity to visit sites and discuss aspects of the business with employees. The Board recognises that the Directors have a diverse range of experience and encourages them to attend external seminars and briefings that will assist them individually. Directors have access to independent professional advice at the Group's expense where they judge this to be necessary to discharge their responsibilities as Directors. All Directors have access to the advice and services of the Company Secretary (who is a solicitor qualified in England and Wales), who is responsible to the Board for ensuring compliance with Board procedures.

The Board has been advised by Jones Lang LaSalle Limited with regard to the valuation and planned realisation of its renewable energy land assets and, additionally, is advised by its nominated adviser Singer Capital Markets.

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement
To further strengthen Group compliance, the Board undertakes annual performance reviews that review and measure its effectiveness and that of its Committees. Each Board/Committee member completes an assessment, which provides numeric scoring against specific categories. Each Board/Committee member also provides recommendations for improvement of the effectiveness of the Board/Committee. The assessments provide an effective platform for reviewing performance and, over time, a greater focus has developed on particular recommendations, which has prompted fruitful discussions among the Board and influenced its operation.

The criteria for effectiveness include assessing:

- Key Board/Committee functions;
- Board/Committee composition (including succession planning);

Corporate Governance continued

- External reporting and information flows;
- Board/Committee culture;
- Board/Committee information for meetings and the meetings themselves; and
- Board development.

Following this year's annual performance review, which was carried out using a self-assessment questionnaire, the Board debated categories where at least one Director awarded a score of less than 2 out of 3 (where answers of "3" means good, "2" means acceptable and "1" means poor).

The 2024 review was carried out with the Board focusing on those areas where one or more of the Directors had indicated a concern. In particular, the Board considered that diversity of Board composition is an area for focus in the future. Additionally, the Directors have introduced a skills matrix to assess the abilities and capabilities of the Board.

Alongside the annual performance review, the Chair conducts an informal appraisal in respect of the Group Chief Executive and the Group Chief Executive conducts appraisals in respect of the other Executive Directors. For details regarding succession planning and the process for senior management appointments, please refer to the section entitled "Nominations Committee" (under the heading "Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board") below.

Principle 8: Promote a corporate culture that is based on ethical values

Culture

The Company has a strong ethical culture based upon its Code of Ethics which can be found on the Company's website. The Company's reputation is built on its values as a company, the values of its employees, and the collective commitment to acting at all times with integrity. Part of the work of the Audit & Risk Committee involves reviewing the Group Whistleblowing Policy by which employees of the Group may, in confidence, raise concerns about possible financial or other improprieties. The appropriateness of the Board's corporate governance structures is reviewed as part of the Board and Committee effectiveness process described above.

Compliance with Laws

The Group has systems in place designed to ensure compliance with all applicable laws and regulations and conformity with all relevant codes of business practice. Compliance with the Bribery Act 2010 involves an Anti-Corruption Policy and a Group Whistleblowing Policy. Training is given to all appropriate employees through the use of online tools to ensure that there is full understanding of the Bribery Act 2010 and competition law and awareness of the consequences of not adhering to Group policies. The Group's Whistleblowing Policy is used to encourage staff to raise concerns in the knowledge that concerns raised in good faith will be taken seriously and investigated.

The Group has taken the appropriate steps to comply with the provisions of the Market Abuse Regulation and the Modern Slavery Act. The Group has processes and policies to comply with the General Data Protection Regulation ("GDPR") and wider information governance. The Group has a Data Protection Officer who is responsible for: managing information governance; implementing the requirements of GDPR; and arranging for online training to be given to appropriate employees.

Safety, Health and Environment

The Group has a proactive approach to safety, health and the environment and is committed to the highest practicable standards of safety and health management and the minimisation of adverse environmental impacts. The Board ensures that health and safety issues for employees, customers and the public are of foremost concern in all Group activities and ingrained in day-to-day activities. The Group Chief Executive is charged with overall responsibility. The Group encourages both internal and external training through a formal network of full-time officers and Health and Safety nominated "champions" at all levels. Statistical analysis is used to highlight any areas where additional training or improved working practices would be beneficial, and positive action is promptly implemented. All business units have activity related safety management systems.

Environmental, Social and Governance

The Group has established a cross-business ESG Working Group to assess procedures, review methods and identify goals to enable balanced judgements to be made going forward. The ESG Working Group also prepares reports required to comply with the requirements of the NFSIS. The ESG Working Group's findings form an integral part of financial reports and investor presentations. Further details can be found together within the Environmental, Social and Governance report.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board

Please see details above at "Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair". The Board has a schedule of matters which are specifically reserved for its decision which can be viewed on the Company's website.

Board Committees

The Board has three Committees that assist in the discharge of its responsibilities:

- Remuneration;
- Audit & Risk; and
- Nominations.

Remuneration Committee
The Remuneration Committee, which is chaired by Nick Mills and comprises the Non-executive Directors, is responsible for making recommendations to the Board on the Group's framework of executive remuneration and its cost. The Committee determines the contract terms, remuneration and other benefits for each of the Executive Directors, including performance-related bonus schemes, pension rights and compensation payments. The Board itself determines the remuneration of the Non-executive Directors. Further details on the composition and work of the Remuneration Committee are set out in the Remuneration Committee Report within this Annual Report. The Terms of Reference of the Remuneration Committee can be viewed on the Company's website.

Audit & Risk Committee
The Audit & Risk Committee, which is chaired by Nigel Halkes and comprises the Non-executive Directors, is responsible for reviewing a wide range of financial reporting and related matters including the half-year and annual financial statements before their submission to the Board. The Committee is required to focus in particular on critical accounting policies and practices adopted by the Group, and any significant areas of judgement that materially impact reported results. It is also responsible for monitoring the internal controls that are operated by management to ensure the integrity of the information reported to the shareholders. An internal audit function, which reports directly to the Chair of the Audit & Risk Committee, supports the Audit & Risk Committee in this process. The Committee provides a forum for reporting by the Group's external auditors, and advises the Board on the appointment, independence and objectivity of the external auditors and on their remuneration both for statutory audit and non-audit work. It also discusses the nature, scope and timing of the statutory audit with the external auditors. The Committee also reviews the appropriateness of the annual internal audit programme for the Group and ensures that the business risk management and internal audit functions are adequately sponsored and resourced. The ESG Working Group reports quarterly to the Committee. The Committee meetings are also attended, by invitation, by the Chief Executive and Group Finance Director. The Committee meets not less than four times annually. Further details on the composition and work of the Audit & Risk Committee are set out in the Audit & Risk Committee Report within this Annual Report. The Terms of Reference of the Audit & Risk Committee can be viewed on the Company's website.

Nominations Committee
The Nominations Committee, which is chaired by Roger McDowell, comprises the Non-executive Directors and the Group Chief Executive. The Committee is responsible for reviewing the structure, size and composition of the Board when compared with its current composition. It makes recommendations to the Board with regard to any changes and considers and reviews succession planning for Board Directors, taking into account the challenges and opportunities facing the Group. It identifies and nominates for Board approval suitable candidates to fill Board vacancies as and when they arise, and it keeps under review both the executive and non-executive leadership needs of the Company to enable the Group to compete effectively in the marketplace. The Committee recommends as appropriate re-appointment of Non-executive Directors at the end of their specified terms of office and oversees the re-election by shareholders of any Director under the "retirement by rotation" provisions in the Company's Articles of Association. The Terms of Reference of the Nominations Committee can be viewed on the Company's website.

The performance of each of the Board Committees is reviewed annually by the Board.

All Directors have service agreements or letters of appointment and the details of their terms are set out in the Remuneration Report.

The Committee recognises the benefits to the Group of diversity in the workforce and in the composition of the Board itself. While the Company will continue to make all appointments based on the best candidate for the role and without prejudicing its policy of appointing the most suitable applicant for any role, it is aware of the desirability and benefits of diverse representation. In making senior appointments the Board will give particular weight to addressing diversity in the constitution of senior management including directors.

Evolution of Governance Framework
The Board continuously monitors its composition and governance framework taking into account effectiveness and the Group's strategy.

Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and relevant stakeholders
In addition to this Annual Report, the Company's website contains full information on the governance, management and activities of the Group and features all presentations given by the Executive Directors to shareholders.

Approval
The Board approved the Corporate Governance Report on 5 August 2024.

Roger McDowell
Chair
5 August 2024

Remuneration Report

Nicholas Mills,
Chair of the Remuneration Committee

Responsibilities and Role of the Remuneration Committee

The Committee's principal function is to review and approve the remuneration of the Executive Directors. It also monitors the remuneration of the Group's senior managers. The remuneration strategy, policy and approach for all staff, is also reviewed annually by the Committee. The full Terms of Reference of the Committee are available on the website.

The policy for the current and future financial years for the remuneration and incentivisation of the Executive Directors is as follows:

- to ensure that individual rewards and incentives are aligned with the performance of the Company and the interests of shareholders;
- to ensure that performance-related elements of remuneration constitute a material proportion of an executive's remuneration package; and
- to maintain a competitive remuneration package which enables the Company to attract, retain and motivate high-calibre executives.

The Committee reviews the Company's executive remuneration arrangements and implements incentive arrangements to support the objective of rewarding those individuals who deliver real and genuine shareholder value. In developing the arrangements, the Committee and its advisers consider current market practice.

Membership of the Committee

The members of the Committee, which met on two occasions during the year, were:

Nicholas Mills
Christopher Jones
Nigel Halkes
Roger McDowell

All members of the Committee are Non-executive Directors and are recognised by the Board as capable of bringing independent judgement to bear. The membership of the Committee has been unchanged. The Group Chief Executive is consulted and invited to attend meetings, when appropriate. No Director is present when his own remuneration is discussed.

During the year the Committee reviewed and considered the proposed appointment of all new employees whose basic salary was in excess of £120,000; annual pay rises and conditions of service for all employees earning over £120,000 per annum; bonus scheme arrangements; the vesting and granting of options under the Company's Long-Term Incentive Plans; the principles governing the Group's annual pay review; and the effectiveness of the Committee.

Components of Executive and Senior Management Remuneration

Basic Salary

This is a fixed cash sum, payable monthly. Salaries are reviewed annually by the Remuneration Committee in the light of individual performance, experience in the role and market comparisons. Considering the current economic conditions prevalent in the UK, a cost-of-living increase of 3% was awarded at 1 June 2024 to all UK employees other than the Directors following an increase of 5% at 1 June 2023. The Executive Directors received an increase of 3% to their basic salaries as at 1 June 2023 and the Committee has granted them an increase of 3% at 1 June 2024. During the year, there have been no changes to the benefits which the Executive Directors receive.

Annual Bonus

Executive Directors participate in an annual incentive bonus scheme linked to the actual achievement of a Group profit before tax target set by the Committee. A deduction of 10% is made from any bonus earned if the Group Health & Safety target is not achieved. For the year ended 31 May 2024, the Committee also set some specific cash targets for the Group which would have resulted in a further deduction of 10% of any bonus earned should they not have been achieved. The total bonus which could have been earned was capped at 100% of salary in respect of the Chief Executive and 75% in respect of the Chief Financial Officer and the Group Property Director. Bonuses do not count towards the calculation of pension entitlement.

In respect of the Chief Executive and the Chief Financial Officer 0% of the bonus target for the financial year ended 31 May 2024 was achieved, predominantly due to the performance of HRMS. 100% of the bonus was payable in respect of the Group Property Director due to the delivery of result within Hargreaves Land and accordingly total bonuses amounting to £123,000 have been earned. Total bonuses of £859,000 were earned in respect of the financial year ended 31 May 2023. Similar criteria have been set in respect of bonus arrangements for the financial year ending 31 May 2025.

Benefits in Kind and Pensions

In addition to basic salary, Executive Directors are entitled to the following benefits: paid holiday, company car or a cash allowance in lieu, contributions to a personal pension plan and life assurance, private medical insurance and permanent health insurance. No Director has benefits under any of the Group's defined benefit pension schemes.

Long-Term Incentive Plans

From time to time, the Executive Directors and other senior employees have been invited to participate in Long-Term Incentive Plans ("LTIPs"), whereby options to acquire ordinary shares in the Group are awarded subject to the achievement of various performance criteria. The Board believes that such plans are an important element of overall executive remuneration and assist in aligning the financial interests of Executive Directors and other senior employees with those of the shareholders.

At the Annual General Meeting held on 25 October 2023, shareholders approved the amended Hargreaves Services plc Executive Share Option Scheme, under which all awards are now made. Details of this LTIP and awards made under it are set out below.

Non-executive Directors' Remuneration

The Non-executive Chair's basic salary was £87,344 per annum and other Non-executive Directors received a basic salary of £43,672 per annum. These basic salaries will increase by 3% from 1 June 2024. Additionally, the Non-executive Directors excluding the Chair receive an additional £2,750 per annum for chairing each Board Committee and N Halkes receives £2,750 for acting as Senior Independent Director.

Directors' Remuneration for the Year ended 31 May 2024

The remuneration of the Directors who served during the period from 1 June 2023 to 31 May 2024 is disclosed within Note 6 of the financial statements.

Directors' Service Contracts and Letters of Appointment

The Directors have entered into service agreements and letters of appointment with the Company and the principal terms are as follows:

Date of latest agreement	Name	Position	Commencement of period of office	Annual salary (£)	Notice period
3 September 2013	Gordon Banham	Group Chief Executive	23 February 2004	513,629	12 months
14 November 2018	David Anderson	Group Property Director	12 November 2018	245,665	6 months
1 August 2023	Stephen Craigen	Chief Financial Officer	1 August 2023	206,000	6 months
11 May 2018	Roger McDowell	Non-executive Chairman	11 May 2018	87,344	3 months
21 August 2015	Nigel Halkes	Non-executive Director	21 August 2015	49,337	3 months
1 April 2020	Christopher Jones	Non-executive Director	1 April 2020	45,088	3 months
9 September 2020	Nicholas Mills	Non-executive Director	9 September 2020	45,088	3 months

Non-executive Directors are not generally eligible to participate in any incentive plans, share option schemes or Company pension arrangements and are not entitled to any payment in compensation for any early termination of their appointment.

Directors' Share Options

No rights to subscribe for shares in Group companies were granted to any of the Directors or their immediate families, or exercised by them, during the financial year and up to the date of this Directors' Report except as set out below. At 31 May 2023, no Director holds any rights to subscribe for shares in Group companies other than those related to options which have vested but have not yet been exercised.

Remuneration Report continued

Long-Term Incentive Plan ("LTIP")

The Hargreaves Services plc Executive Share Option Scheme

At the Annual General Meeting held on 25 October 2023, the amendment to the Hargreaves Services plc Executive Share Option Scheme ("the Executive Share Option Scheme"), was approved by shareholders. The scheme contains performance criteria measuring both the Company's own Total Shareholder Return over a three-year period and the Group's EPS growth excluding its interest in HRMS. It is envisaged that awards with a value up to 50% of a recipient's base salary will be made annually under the Executive Share Option Scheme to Executive Directors and other senior management as determined by the Committee.

During the year ended 31 May 2024, a total of 210,606 (2023: 118,584) awards were made of which 56,314 (2023: 22,671) related to Executive Directors as set out below:

Director	Date of grant	Exercise price	No. of options granted	Exercise period
David Anderson	30 October 2023	10p per share	31,041	1 Nov 2026 – 30 Oct 2028
Stephen Craigen	30 October 2023	10p per share	25,272	1 Nov 2026 – 30 Oct 2028

The performance parameters for the Executive Share Option Scheme are split into two parts:

1. 50% of the Option is based upon the Company's performance (the "Company Performance Option"). Based on Total Shareholder Return ("TSR") over the three years to 30 October 2026. 0% of this element will vest for delivering TSR growth of 25% or less, which will increase on a linear basis to 100% of this part of the award for delivering 85% TSR growth.
2. 50% of the Option is based upon the Company's EPS Growth (the "EPS Growth Option"). EPS for this purpose is defined as the Group Continuing EPS excluding EPS related to HRMS or the disposal of renewable energy land assets. 0% of this element of the award will vest for Compound Annual Growth Rate ("CAGR") of 15% or less between 31 May 2023 and 31 May 2026. This will rise on a linear basis to 100% of this part of the award for a CAGR of 30% or greater.

No option shall be granted under the Executive Share Option Scheme on any date if, as a result, the total number of shares issued or issuable pursuant to options and other rights granted under the Executive Share Option Scheme together with any other employee share scheme established by the Company on or after Admission, would exceed 10% of the issued ordinary share capital of the Company on the date of grant.

Executive Share Option Scheme awards vesting and/or exercised in the year ended 31 May 2024

During the year, options awarded on 1 August 2020, totalling 179,224 shares partially vested in accordance with the performance criteria. 92.5% of the performance criteria was achieved resulting in 13,442 options becoming lapsed. Of those shares that vested, 47,517 were exercised by David Anderson on 29 August 2023, 59,132 were exercised by Gordon Banham on 21 December 2023. The remaining 59,132 options that were awarded to John Samuel have not yet been exercised. John Samuel stepped down as Group Finance Director on 9 August 2023, John will retain the right to exercise these options.

Furthermore, Gordon Banham exercised 24,249 options on 21 December 2023 relating to the Executive Share Option Scheme awarded on 13 December 2019.

On 2 August 2021 options totalling 41,611 shares and 22,292 were awarded to Gordon Banham and David Anderson respectively. Following achievement of certain performance criteria on 2 August 2024 28,301 of these options vested in respect of Gordon Banham and 15,162 in respect of David Anderson.

Outstanding Executive Share Option Scheme awards

Information within the table below relates to Directors who have served during the financial year ended 31 May 2024. The Board has previously granted the following options to the Executive Directors:

	Exercisable between 3 Aug 24 and 2 Aug 26	Exercisable between 2 Aug 25 and 1 Aug 27	Exercisable between 1 Nov 2026 and 30 Oct 2028
Gordon Banham	28,301	-	-
David Anderson	15,162	22,671	31,041
Stephen Craigen	-	10,932*	25,272

* Award was made on 1 August 2022, prior to Stephen Craigen's appointment to the Board.

The Committee intends for the next issuance of the Executive Share Option Scheme to be in line with the previous iteration, however the TSR metric will be amended so that 0% of the Company Performance Options will vest for three-year TSR growth of 30% or less and 100% for 75% or more. Additionally, the EPS Growth Options will pay out 0% for three-year CAGR of 6% or less up to a maximum 100% for 15% or greater. The Committee believes these amendments reflect the progress made to date under the existing schemes.

The Hargreaves Services plc Share Option Scheme 2019

On 22 January 2019, shareholders in general meeting approved an LTIP scheme, the Hargreaves Services plc Share Option Scheme 2019 ("the Share Option Scheme 2019"). The following awards were granted in the year ended 31 May 2019:

Director	Date of grant	Exercise price	No. of options granted	Exercise period
Roger McDowell	30 January 2019	10p per share	285,144	31 Jan 2022-30 Jan 2024
Gordon Banham	30 January 2019	10p per share	75,250	31 Jan 2022-30 Jan 2024
John Samuel	30 January 2019	10p per share	75,250	31 Jan 2022-30 Jan 2024
David Anderson	30 January 2019	10p per share	64,157	31 Jan 2022-30 Jan 2024

The Share Option Scheme 2019 required a minimum 35% Total Shareholder Return to be achieved over the three-year period ending on 31 July 2021 ("the Vesting Period") from a base value of £3.515 ("Base Value") before vesting could commence. 100% vesting occurred at an 85% Total Shareholder Return over the above period from the Base Value. The rules of the Share Option Scheme 2019 allow participants to exercise options, to the extent they have satisfied the performance conditions, after the expiry of the Vesting Period. An option lapses five years after the date of the grant, except if the participant were to die, in which case the option lapses 12 months following death, whichever date is earlier. No disposal may be made of any shares arising from the exercise of an option until five years after the date of grant other than to satisfy any tax liability arising on exercise. No further options will be granted under the Share Option Scheme 2019.

During the year ended 31 May 2022, 167,586 of these options vested and were exercised with each director retaining ownership of the shares following their exercise. John Samuel exercised 29,704 of these options in September 2023. There are no awards under this scheme outstanding in respect of any director.

Ordinary shares issued pursuant to either the Executive Share Option Scheme or the Share Option Scheme 2019 scheme shall rank pari passu in all respects with the ordinary shares already in issue.

Deferred Bonus Scheme

No awards under the Deferred Bonus Scheme were made and no outstanding awards were exercised during the year ended 31 May 2024. Stephen Craigen was awarded 14,820 options under the Deferred Bonus Scheme J on 2 August 2021, which is due to vest on 2 August 2024. No other awards under this scheme are outstanding in respect of any director. The Deferred Bonus Scheme is designed to allow awards to be made to Executive Directors and eligible employees to attract and retain key members of staff. The awards under the Deferred Bonus Scheme are based on a percentage of salary. This figure is then converted into a number of shares using the mid-closing price of a Hargreaves Services plc ordinary share on the day preceding the award. Other than serving the retention period of three years from the date of award, the Deferred Bonus Scheme has no performance criteria.

The Remuneration Committee Report was approved by the Board on 5 August 2024 and signed on its behalf by:

Nick Mills
Chair of the Remuneration Committee
5 August 2024

Statement of Directors' Responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual report and Accounts and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, 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 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 also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company'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's and company's auditors are 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's and company's auditors are aware of that information.

Financial Statements

In this section

Hargreaves

Independent Auditors' Report
to the members of Hargreaves Services plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Hargreaves Services plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 May 2024 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Group Balance Sheet and Parent Company Balance Sheet as at 31 May 2024; the Consolidated Statement of Profit and Loss and Other Comprehensive Income, the Group Statement of Changes in Equity, the Parent Company Statement of Changes in Equity and the Group Cash Flow Statement for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Audit scope

- The group is structured along four segments being Services, Hargreaves Land and Hargreaves Raw Materials Services ('HRMS'), with the remaining areas of the group included in an Unallocated segment. The group financial statements are a consolidation of the 111 reporting units within these four segments including the group's centralised functions.
- Given the significance of the components to the group's revenue and results, Hargreaves Industrial Services Limited and C.A. Blackwell (Contracts) Limited were considered financially significant components. Hargreaves Raw Material Services GmbH was also considered a significant component on the basis of risk profile.
- For further coverage, Blackwell Earthmoving Limited, the bulk haulage and minerals divisions of Hargreaves (UK) Services Limited, DK Recycling und Roheisen GmbH and Hargreaves Industrial Services (HK) Limited were included as full scope components. Specific audit procedures were performed over certain financial statement line items across a further 10 reporting units.

Key audit matters

- Risk of impairment to assets - Investments in subsidiary undertakings (parent)
- Valuation of land inventory at Blindwells - Properties held for development and resale (group)
- Judgement applied in respect of the HS2 Construction contract - Contract revenue and associated Contract provisions (group)

Materiality

- Overall group materiality: £2,100,000 (2023: £2,114,000) based on 1% of revenue.
- Overall company materiality: £1,713,000 (2023: £1,443,000) based on 1% of total assets.
- Performance materiality: £1,575,000 (2023: £1,585,500) (group) and £1,284,000 (2023: £1,082,250) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Risk of impairment to assets - Investments in subsidiary undertakings (parent)	
The parent company has investments in subsidiary undertakings of £33.5 million (2023: £33.1 million). No impairment has been recorded by management in the current year in respect of investments within Hargreaves Services plc. There is a risk that these assets could be overstated and impairment charges may be required. The determination of whether or not these assets are impaired involves subjective judgement and estimates about the future results and cash flows of the business. On an annual basis, management considers if there are any indicators of impairment, in particular whether the investment is supported by underlying assets held in the subsidiary. Where impairment indicators exist management calculates the amount of headroom between the value in use of the parent company's Cash Generating Units ("CGUs") and their carrying value to determine whether there is a potential impairment of the investments held relating to those CGUs. The value in use of the CGU with respect to investments in Hargreaves Services plc is dependent on a number of key assumptions which include: - The forecast cash flows for the next five years; - A long-term (terminal) growth rate applied beyond the end of the five year forecast period. Unless using a terminal value was not appropriate for that CGU in which case the cash flows were extended to include the full finite life of the CGU; and- A discount rate applied to the model. See the Accounting Estimates involving Judgements section of note 1 within the Parent company financial statements for disclosures of the related accounting policies, judgements and estimates and note 4 of the Parent company financial statements for detailed disclosures of the parent company's investments.	We understood and evaluated management's budgeting and forecasting process. Upon obtaining the parent company's impairment analysis we tested the reasonableness of the key assumptions, including the following: - Verifying the mathematical accuracy of the impairment models and agreeing the carrying value of assets being assessed for impairment to the balance sheet; - We challenged management's calculated weighted average cost of capital (WACC) used for discounting future cash flows within the impairment and recoverability models, utilising valuation experts to assess the cost of capital for the group and comparable organisations; - We challenged management on the reasonableness of cash flows in forecasts provided. Including consideration of forecasted capital spend and approved budgets; - We performed sensitivity analysis to ascertain the impact of reasonably possible changes in key assumptions and to quantify the downside changes needed before an impairment would be required at the CGU level; and- We have reviewed the financial statements disclosures made with respect to the sensitivity of the WACC, cash flows and growth rates and we considered these to be appropriate. The recoverability of investments in subsidiaries was also assessed by comparing the net asset values of these subsidiaries against the carrying value of the investment including consideration of the market capitalisation of the group. There were no indications of impairment identified. Following the conclusion of our procedures above, we are satisfied that no impairment is required.
Valuation of land inventory at Blindwells - Properties held for development and resale (group)	
The group has properties held for development and resale in the Annual Report and Accounts of £48.2m (2023: £38.9 million), and the majority of this balance relates to land inventory held at Blindwells. No provision or impairment has been recorded by management in the current year in respect of these assets. The risk we have identified is that these assets could be overstated and impairment charges may be required. Properties held for development and resale are held at the lower of cost and net realisable value. The determination of whether or not these assets are impaired involves subjective judgement and estimates about the future sales transactions and cash flows in respect of these assets. On an annual basis, management estimates the expected future discounted cashflows in respect of these assets and compares the amount to the carrying value of the assets to determine whether there is a potential impairment of properties held for development and resale. The value of future cash flows is dependent on a number of key assumptions which include:- The forecast cash inflows for the expected life of the development including the associated timing of these; - The forecast costs associated with the development including assumptions on inflation; and- The discount rate applied to the model. See the Accounting Estimates involving Judgements section of note 1 within the Group financial statements for disclosures of the related accounting policies, and note 17 for detailed disclosures on properties held for development and resale in inventory.	We understood and evaluated management's budgeting and forecasting process. Upon obtaining the forecasts of management's estimate of future sales and costs to complete, we tested the reasonableness of the key assumptions, including the following: - Verifying the mathematical accuracy of future cash flows and agreeing the carrying value of properties held for development and resale being assessed for impairment to the balance sheet; - We challenged management's calculated weighted average cost of capital (WACC) used for discounting future cash flows within the cash flow models, utilising valuation experts to assess the cost of capital for the group and comparable organisations; - We performed sensitivity analysis to ascertain the impact of reasonably possible changes in key assumptions and to quantify the downside changes needed before an impairment would be required; - We traced the forecast financial information within the model to recent sales data and challenged management to provide support to corroborate revenue and support for expenditure. We also considered the accuracy of previous forecasts and we consider that the assumptions were supported by appropriate evidence; and - We have reviewed the financial statements disclosures made in respect of these balances and considered them to be appropriate. Following the conclusion of our procedures above, we are satisfied that no impairment is required. We also considered the disclosures made within the financial statements and considered these to be appropriate.

Independent Auditors' Report
to the members of Hargreaves Services plc continued

Key audit matter	How our audit addressed the key audit matter
Judgement applied in respect of the HS2 Construction contract - Contract revenue and associated Contract provisions (group)	
The group recognised construction contract revenue on the HS2 contract by assessing the performance obligations under each contract and determining the point at which those obligations have been fulfilled. The group has control and review procedures in place to regularly monitor and evaluate the estimates being made to ensure that they are consistent and appropriate. In particular, management makes judgements on the expected recoverability of value recorded in respect of performance obligations which have been completed but not yet agreed with the customer and on the likelihood of the entitlement to any variable consideration. The contract contains key performance indicators which determine the level of fee payable and management estimates performance against these to decide the appropriate level of variable consideration within the range contained in the contract. Revenue against the contract in the year ended 31 May 2024 was £48.3m (2023: £54.1m). The group has made provisions against contract assets and for potential contract liabilities which require judgements to be made regarding recoverable amounts and in respect of the margin recognised. Contract provisions have been made against profits which are subject to contract performance measurements which have not yet been carried out. Such estimates can result in contract margins being variable from period to period as judgments may change in the light of changing facts and circumstances. See the Accounting Estimates involving Judgements section of note 1 within the Group financial statements for disclosures of the related accounting policies, note 2 for detailed disclosures on revenue recognised and note 25 for detailed disclosures on contract provisions in place at year end.	We understood and evaluated management's process for estimating the value of variable consideration within revenue, contract assets and contract provisions. We considered both corroborating and contradictory evidence for the amounts recognised which included the following: - Review of the contract considering the key terms and the ranges of fee level contained within the contract;- Agreement to source documentation for both the contract income and associated costs to determine the nature and permissibility of costs per the contracts; - We agreed amounts received under the contract to certification from the contractor and payment;- Critical assessment of the assumptions used by management in order to determine the margin for recognition; - Consideration of the current status of contract performance measurement assessments;- Inquiry with the lead project manager for the contracts to understand the status of current performance against key performance indicators, the nature of ongoing discussions with contractors and the current projections based on discussions to date;- Conducted detailed testing of contract provisions, ascertaining the rationale for the provision being held and vouching to support. We also considered the completeness of the provisions held;- Conducted sensitivity analysis over the ranges of variable consideration stipulated in the contracts; and- In the context of the requirements of IFRS 15 we also considered the appropriateness of revenue recognition. Following the conclusion of our procedures noted above we are satisfied that the recognition of revenue and contract provisions in relation to the contracts are appropriate. We have also considered the disclosures of critical accounting estimates made in the financial statements and consider them to be appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group is structured along four segments being Services, Hargreaves Land and Hargreaves Raw Materials Services ('HRMS'), with the remaining areas of the group included in an Unallocated segment. The group financial statements are a consolidation of the 111 reporting units within these four segments including the group's centralised functions.

We, as the group engagement team, audited all in scope components based in the UK. The HRMS segment based overseas, being DK Recycling und Roheisen GmbH and Hargreaves Raw Materials Services GmbH, and part of the Services segment based overseas, being Hargreaves Industrial Services (HK) Limited, have been audited by component auditors. The group audit team supervised the direction and execution of the audit procedures performed by the component teams. Our involvement in their audit process, including meetings with the component auditor, review of their reporting and supporting working papers, together with the additional procedures performed at group level, gave us the evidence required for our opinion on the financial statements as a whole.

Given the significance of the components to the group's revenue and results, Hargreaves Industrial Services Limited and C.A. Blackwell (Contracts) Limited were considered financially significant components. Hargreaves Raw Material Services GmbH was also considered a significant component on the basis of risk profile. For further coverage, Blackwell Earthmoving Limited, the bulk haulage and minerals divisions of Hargreaves (UK) Services Limited, DK Recycling und Roheisen GmbH and Hargreaves Industrial Services (HK) Limited were included as full scope components.

Specific audit procedures were performed over inventory, amounts due from undertakings in which the group has a participating interest, cash and cash equivalents, deferred tax assets, investment property, retirement benefits obligations, trade and other payables, other operating income, equity and contract assets across a further 10 reporting units. This, together with additional procedures performed on the group's centralised functions, gave us the evidence we needed for our opinion on the group financial statements as a whole.

As a result of this scoping we obtained coverage of 90% of the group's external revenue and 89% of the group's profit before tax.

The Company audit was performed by the Group audit team. The Company is principally a holding Company and there are no branches or other locations to be considered when scoping the audit. The Company is audited on a stand-alone basis, and hence, testing has been performed on all material financial statement line items.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the group's and company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the group's and company's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	Financial statements - company
Overall materiality	£2,100,000 (2023: £2,114,000).	£1,713,000 (2023: £1,443,000).
How we determined it	1% of revenue	1% of total assets
Rationale for benchmark applied	Based on the benchmarks used in the annual report, we consider total revenue to be the most appropriate benchmark as it provides a more stable measure year on year than group profit before tax. Revenue is also used by the shareholders in assessing the performance and growth of the Group, and is a generally accepted auditing benchmark.	We believe that total assets are considered to be more appropriate as it is not a profit oriented company. The parent company is a holding company only and therefore total assets is deemed a generally accepted auditing benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £423,000 and £1 ,995,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £1,575,000 (2023: £1,585,500) for the group financial statements and £1,284,000 (2023: £1,082,250) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount in the middle of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £105,000 (group audit) (2023: £105,000) and £85,000 (company audit) (2023: £68,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- We obtained and assessed management's board report that details the group's assessment and conclusion with respect to their ability to continue as a going concern;
- We evaluated the historical accuracy of the budgeting process to assess the reliability of the data;
- We evaluated management's board approved base case forecast and downside scenarios, and challenged the adequacy and appropriateness of the underlying assumptions, including the level and period of reduction in revenue and timing of significant cash receipts, and confirmed management's mitigating action are within their control and can be taken on a timely basis if needed;
- We reviewed the latest trading results for the year to date in FY25 and compared to management's budget, FY24 actuals and revised forecasts, and considered the impact of these actual results on the future forecast period;
- We reviewed the mathematical integrity of management's going concern forecast models, where no exceptions were identified; and
- We reviewed the disclosures included within the Annual Report and consider these to be 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 and the 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Independent Auditors' Report
to the members of Hargreaves Services plc continued

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 May 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety regulations and environmental regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as AIM Rules for Companies, tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate reported results and management bias in accounting estimates. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Inquiries of management and those charged with governance around actual and potential litigation claims;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statements disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Reviewing legal expenditure in the year to identify potential non-compliance with laws and regulations;
- Identifying and testing journal entries, in particular any journal entries with unusual accounts combinations;

- Challenging assumptions and judgements made by management in their significant accounting estimates; and
- Reviewing the internal audit reports.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Use of this report
This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Nicholas Cook (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
5 August 2024

Consolidated Statement of Profit and Loss and Other Comprehensive Income

for the year ended 31 May 2024

	Note	2024 £000	2023 £000
Revenue	2	**211,146**	211,459
Cost of sales		**(167,763)**	(172,402)
Gross profit		**43,383**	39,057
Other operating income	3	**6,404**	4,918
Administrative expenses		**(33,920)**	(32,178)
Operating profit		**15,867**	11,797
Analysed as:			
Operating profit (before amortisation charges)		**16,058**	11,972
Amortisation of intangible assets	13	**(191)**	(175)
Operating profit		**15,867**	11,797
Finance income	7	**2,078**	1,612
Finance expense	7	**(2,802)**	(2,565)
Share of profit in joint ventures (net of tax)	14	**1,533**	16,311
Profit before tax		**16,676**	27,155
Taxation	8	**(4,458)**	771
Profit for the year		**12,218**	27,926
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss			
Loss in defined benefit pension schemes	23	**(12,377)**	(4,645)
Tax recognised on items that will not be reclassified to profit or loss	8	**3,094**	1,161
Items that are or may be reclassified subsequently to profit or loss			
Foreign exchange translation differences		**(569)**	1,130
Share of other comprehensive income of joint ventures, (net of tax)	14	**167**	1,912
Other comprehensive expense for the year, net of tax		**(9,685)**	(442)
Total comprehensive income for the year		**2,533**	27,484
Profit/(loss) attributable to:			
Equity holders of the Company		**12,278**	27,915
Non-controlling interest		**(60)**	11
Profit for the year		**12,218**	27,926

	Note	2024 £000	2023 £000
Total comprehensive income/(expense) attributable to:			
Equity holders of the Company		**2,593**	27,473
Non-controlling interest		**(60)**	11
Total comprehensive income for the year		**2,533**	27,484
Basic earnings per share (pence)	9	**37.78**	85.85
Diluted earnings per share (pence)	9	**37.00**	84.13
Non-GAAP Measures			
Basic underlying earnings per share (pence)*	9	**38.22**	86.28
Diluted underlying earnings per share (pence)*	9	**37.43**	84.55

* See Alternative Performance Measures Glossary.

Group Balance Sheet
at 31 May 2024

	Note	Group 2024 £000	Group 2023 £000
Non-current assets			
Property, plant and equipment	10	**9,415**	10,861
Right-of-use assets	11	**40,675**	39,815
Investment property	12	**14,829**	14,074
Intangible assets including goodwill	13	**6,048**	5,685
Investments in joint ventures	14	**61,988**	74,282
Trade and other receivables	18	**4,000**	–
Deferred tax assets	16	**11,323**	14,753
Retirement benefit surplus	23	**1,259**	8,474
		149,537	167,944
Current assets			
Inventories	17	**49,325**	39,302
Trade and other receivables	18	**70,905**	71,609
Contract assets	19	**6,425**	5,114
Cash and cash equivalents	20	**22,700**	21,859
		149,355	137,884
Total assets		**298,892**	305,828
Non-current liabilities			
Other interest-bearing loans and borrowings	21	**(15,884)**	(20,839)
Retirement benefit obligations	23	**(2,979)**	(2,902)
Provisions	25	**(15,290)**	(4,120)
Deferred tax liabilities	16	**–**	(3,417)
		(34,153)	(31,278)
Current liabilities			
Other interest-bearing loans and borrowings	21	**(18,270)**	(15,511)
Trade and other payables	22	**(48,383)**	(47,427)
Provisions	25	**(4,524)**	(10,467)
Income tax liability		**(1,466)**	(154)
		(72,643)	(73,559)
Total liabilities		**(106,796)**	(104,837)
Net assets		**192,096**	200,991

	Note	Group 2024 £000	Group 2023 £000
Equity attributable to equity holders of the Parent			
Share capital	26	**3,314**	3,314
Share premium	26	**73,990**	73,972
Other reserves	26	**211**	211
Translation reserve	26	**(1,258)**	(689)
Merger reserve	26	**1,022**	1,022
Hedging reserve	26	**318**	318
Capital redemption reserve	26	**1,530**	1,530
Share-based payment reserve	26	**2,730**	2,388
Retained earnings		**110,510**	119,136
		192,367	201,202
Non-controlling interest		**(271)**	(211)
Total equity		**192,096**	200,991

The notes on pages 68 to 107 form an integral part of these financial statements.

These financial statements on pages 62 to 107 were approved by the Board of Directors on 5 August 2024 and were signed on its behalf by:

Gordon Banham
Director

Registered number: 4952865

Group Statement of Changes in Equity
for year ended 31 May 2024

Group (Note 26)	Share capital £000	Share premium £000	Translation reserve £000	Hedging reserve £000	Other reserves £000	Capital redemption reserve £000	Merger reserve £000	Share-based payment reserve £000	Retained earnings £000	Total Parent equity £000	Non-controlling interest £000	Total equity £000
At 1 June 2022	**3,314**	**73,972**	**(1,819)**	**318**	**211**	**1,530**	**1,022**	**2,029**	**99,494**	**180,071**	**(222)**	**179,849**
Total comprehensive income/(expense) for the year												
Profit for the year	–	–	–	–	–	–	–	–	27,915	27,915	11	27,926
Other comprehensive income/(expense)	–	–	1,130	–	–	–	–	–	(1,572)	(442)	–	(442)
Total comprehensive income for the year	**–**	**–**	**1,130**	**–**	**–**	**–**	**–**	**–**	**26,343**	**27,473**	**11**	**27,484**
Transactions with owners recorded directly in equity												
Equity-settled share-based payment transactions	–	–	–	–	–	–	–	359	–	359	–	359
Dividends paid	–	–	–	–	–	–	–	–	(6,701)	(6,701)	–	(6,701)
Total contributions by and distributions to owners	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**359**	**(6,701)**	**(6,342)**	**–**	**(6,342)**
At 31 May 2023 and 1 June 2023	**3,314**	**73,972**	**(689)**	**318**	**211**	**1,530**	**1,022**	**2,388**	**119,136**	**201,202**	**(211)**	**200,991**
Total comprehensive income/(expense) for the year												
Profit/(Loss) for the year	–	–	–	–	–	–	–	–	12,278	12,278	(60)	12,218
Other comprehensive expense	–	–	(569)	–	–	–	–	–	(9,116)	(9,685)	–	(9,685)
Total comprehensive (expense)/income for the year	**–**	**–**	**(569)**	**–**	**–**	**–**	**–**	**–**	**3,162**	**2,593**	**(60)**	**2,533**
Transactions with owners recorded directly in equity												
Issue of shares	–	18	–	–	–	–	–	–	–	18	–	18
Equity-settled share-based payment transactions	–	–	–	–	–	–	–	342	–	342	–	342
Dividends paid	–	–	–	–	–	–	–	–	(11,788)	(11,788)	–	(11,788)
Total contributions by and distributions to owners	**–**	**18**	**–**	**–**	**–**	**–**	**–**	**342**	**(11,788)**	**(11,428)**	**–**	**(11,428)**
At 31 May 2024	**3,314**	**73,990**	**(1,258)**	**318**	**211**	**1,530**	**1,022**	**2,730**	**110,510**	**192,367**	**(271)**	**192,096**

Group Cash Flow Statement
for year ended 31 May 2024

	Note	Group 2024 £000	Group Restated* 2023 £000
Cash flows from operating activities			
Profit for the year		**12,218**	27,926
Adjustments for:			
Depreciation of property, plant and equipment and right-of-use assets	10,11	**16,212**	14,570
Amortisation of intangible assets	13	**191**	175
Net finance expense	7	**724**	953
Share of profit in joint ventures (net of tax)	14	**(1,533)**	(16,311)
Profit on sale of property, plant and equipment, investment property and right-of-use assets	3	**(6,204)**	(4,718)
Equity-settled share-based payment expenses	24	**342**	359
Income tax expense/(credit)	8	**4,458**	(771)
Contributions to defined benefit pension schemes	23	**(5,427)**	(2,426)
Translation of non-controlling interest and investments		**(217)**	482
		20,764	20,239
Change in inventories		**(10,024)**	(8,827)
Change in trade and other receivables*		**1,777**	11,620
Change in trade and other payables*		**5,358**	(8,517)
Change in provisions and employee benefits		**5,226**	2,713
		23,101	17,228
Interest received		**2,078**	1,127
Interest paid		**(2,548)**	(2,192)
Income tax paid		**(37)**	(281)
Net cash inflow from operating activities*		**22,594**	15,882
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**219**	6,565
Proceeds from sale of investment property		**7,879**	266
Proceeds from sale of right of use assets		**115**	81
Acquisition of property, plant and equipment		**(2,254)**	(3,442)
Acquisition of investment property		**(1,040)**	(5,783)
Acquisition of right of use assets		**–**	(85)
Payment for acquisition of subsidiaries, net of cash acquired	15	**(500)**	(1,447)
Dividend received from joint ventures		**7,800**	–
Repayment of loans due from joint ventures*		**–**	28,500
Drawdown of loans due from joint ventures*		**(683)**	(16,830)
Loan to pension scheme in relation to buy-in		**(4,000)**	–
Net cash inflow from investing activities*		**7,536**	7,825
Cash flows from financing activities			
Principal elements of lease payments	21	**(17,425)**	(12,721)
Dividends paid	26	**(11,788)**	(6,701)
Drawdown of loans from joint ventures*		**–**	3,954
Net cash outflow from financing activities*		**(29,213)**	(15,468)
Net increase in cash and cash equivalents		**917**	8,239
Cash and cash equivalents at 1 June		**21,859**	13,773
Effect of exchange rate fluctuations on cash held		**(76)**	(153)
Cash and cash equivalents at 31 May	20	**22,700**	21,859

* Upon review of the prior year cash flow balances, it was identified that cash flow movements arising from movement in loans due from a joint venture should be recognised as investing activities. It was also identified that cash flow movements arising from movement in loans due to a joint venture should be recognised as financing activities. As such a representation of the prior year cashflow statement has been undertaken. The impact is a decrease in change in trade and other receivables of £11,670,000, a decrease in change in trade and other payables of £3,954,000, an increase in change repayment of loans due from joint ventures of £28,500,000, a decrease in the drawdowns of loans from joint ventures of £16,830,000 and an increase in drawdown of loans from joint ventures of £3,954,000. There is no impact on the balance sheet or statement of profit and loss.

Notes
(forming part of the Group financial statements)

1 Accounting Policies

Hargreaves Services plc (the "Company", "Parent Company") is a public company limited by shares and incorporated, domiciled and registered in England, UK.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group") and equity account the Group's interest in joint ventures.

The Group financial statements have been prepared and approved by the Directors in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The financial statements are presented in Pounds Sterling since this is the currency in which the majority of the Group's transactions are denominated.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

The Group has represented the 31 May 2023 cash flow statement due to a review of the prior year movement in joint venture loan balances where it was identified that they should be classified as investing and financing activities.

Accounting Estimates involving Judgements

The preparation of financial statements requires the Directors to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The Board considers that the key areas requiring the use of estimates and judgements which may materially affect the financial statements are:

a) Construction Contract Revenue and assets.

IFRS 15, Revenue from Contracts with Customers, applies to all revenue recognition, "Construction Contracts", insofar as the Group carries out construction contracts and represents a key area of judgement. Management must assess the performance obligations under each contract and determine the point at which those obligations have been fulfilled, allocating the transaction price as necessary to each obligation. The estimates and judgements which management must carry out to assess the total expected costs on a contract are also necessary under IFRS 15. The Group has control and review procedures in place to monitor, and evaluate, regularly, the estimates being made to ensure that they are consistent and appropriate. This includes reviewing the independent certification of the value of work done, the progress of work against contracted timescales and the costs incurred against plan. In particular, management makes judgements on the expected recoverability of value recorded in respect of performance obligations which have been completed but not yet agreed with the customer and on the likelihood of the entitlement to any variable consideration. Certain contracts contain key performance indicators which determine the level of fee payable and management estimates performance against these to decide the appropriate fee level within the range contained in the contract. Differences arising on the ultimate completion of the contract and any unforeseen changes or events as the contract progresses may result in material changes to expected financial outcomes. Construction contract revenue in the year ended 31 May 2024 was £63.2m (2023: £64.1m). When revenue recognised in respect of a customer contract exceeds amounts received or receivable from the customer a contract asset is recognised. At 31 May 2024 this value was £6.4m (2023: £5.1m).

b) Dilapidations Provision

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" the Board makes provisions for liabilities which exist but where judgements have to be made as to the quantification of such liabilities.

The Group has entered into property leases which in turn have contractual obligations to restore the properties to their condition prior to the commencement of the lease. The dilapidations provision, which is set out in Note 25, is based on third party assessments of the cost of the work which has been carried out on behalf of the landlords or internal estimates where appropriate. Currently, the Board has no other evidence as to the likely final cost of the dilapidations work. Significant judgements and estimates are involved in making this assessment and the amount and timing of the associated cash flows. The final cost of the dilapidations works may vary materially from the amount of the provision. The carrying value of the dilapidations provision at 31 May 2024 is £5.1m (2023: £5.1m).

c) Contract Provisions

The Group has made provisions against contract assets and for potential contract liabilities which require judgements to be made regarding recoverable amounts and reasonably possible costs which may be incurred. The nature of these items, which is set out in Note 25, is such that their timing and quantum is uncertain and so the Directors have made judgements based upon the facts as they are known at the date of this report. Contract provisions have been made against profits which are subject to contract performance measurements which have not yet been carried out by the client together with revenue which remains subject to cost verification. Provisions are also made where the Group has identified potential warranty, defects or performance obligations. Such estimates can result in contract margins being variable from period to period as judgements may change in the light of changing facts and circumstances. The view has been taken that all of these items could potentially occur within the next 12 months and so all of the provisions have been classified as current. The carrying value of contract provisions at 31 May 2024 is £12.0m (2023: £6.5m).

d) Post Retirement Employee Benefits

The Group operates two funded defined benefit schemes and an unfunded concessionary fuel scheme. Independent actuaries calculate the Group's asset/liability in respect of these schemes. The actuaries make assumptions as to discount rates, salary escalations, net interest on scheme assets/ liabilities, future pension increases, mortality rates applicable to members and future rates of inflation. These assumptions are made under the Board's direction. The Board determines the appropriateness of these assumptions by benchmarking them against those used by other schemes and by taking advice from the independent actuaries. If the actual experience of the schemes is different from the assumptions used, then the pension asset/liability may differ from that shown in these financial statements. More information is given in Note 23 to these financial statements. The impact of the equalisation of Guaranteed Minimum Pensions has been assessed to be negligible. During the year the Group bought-in the defined benefit pension schemes, which has significantly reduced the level of uncertainty surrounding the future cashflows of the schemes and resulted in a material movement in the value on the Balance Sheet. The balance of the defined benefit schemes in the balance sheet at 31 May 2024 is an asset of £1.3m (2023: £8.5m). The balance of the concessionary fuel scheme in the balance sheet at 31 May 2024 is a liability of £3.0m (2023: £2.9m). This surplus in the prior year was not realisable as the schemes were in deficit when measured in accordance with the statutory funding objective set out in the Pensions Act.

The difference between the annuity purchase price and the defined benefit obligation covered by the policy has been accounted for in other comprehensive income. The accounting treatment is based on the following considerations made by the Group:

- the employer is not relieved of primary responsibility for the obligation. The policy simply covers the benefit payments that continue to be payable by the scheme;
- the contract is effectively an investment of the scheme; and
- the contract provides the option to convert the annuity into individual policies which would transfer the obligation to the insurer (known as a "buy-out"). Whilst this course of action may be considered in future, this is not a requirement and a separate decision will be required before any buy-out proceeds. There are currently no plans either by management or Trustees to convert the buy-in contract to individual policies. Following the conclusion of this buy-in all of the scheme's liabilities are now matched with annuities which has removed the scheme's investment and funding risks. As a consequence there has been a reduction in the retirement benefit asset in the Group accounts for the year ended 31 May 2024.

e) Measurement of the Recoverable Amounts of Cash-Generating Units ("CGUs") Containing Goodwill, Intangible Assets and Investments in Joint Ventures

In accordance with IAS 36 "Impairment of Assets", the Board identifies appropriate CGUs and the allocation of goodwill to these units. The assessment of impairment involves assumptions on the estimated future operating cash flows from these CGUs, the discount rate applied in the calculations and the comparison of the cash flows to the carrying value of the goodwill and other intangible assets. These are key areas of judgement and include significant accounting estimates. Management has assessed the sensitivity of carrying amounts of CGUs containing goodwill and/or intangible assets to reasonably possible changes in key assumptions. More information on the assumptions used and the sensitivities applied are set out in Note 13 to these financial statements.

f) Valuation of Land

Land held for development, including land in the course of development until legal completion of the sale of the asset, is carried at the lower of cost and net realisable value. Investment properties are stated at cost less accumulated impairment. Investment properties are not remeasured to fair value at each reporting date, however, a review for impairment is carried out at each reporting date, giving consideration to the fair value of the property. Regular reviews are carried out to identify any impairment in the value of the land by comparing the total estimated selling prices less estimated selling expenses against the book cost of the land plus estimated costs to complete. Net realisable value represents the estimated selling price (in the ordinary course of business) less all estimated costs of completion and overheads. Valuations of site/phase work in progress are carried out at regular intervals and estimates of the cost to complete a site/phase and estimates of anticipated revenues are required to enable a development profit to be determined. Management are required to employ judgement in estimating the profitability of a site/phase and in assessing any impairment provisions which may be required.

Accounting Judgements

g) Treatment of Joint Ventures

Management have considered the level of control of each of the Group's individual Joint Venture arrangements and are satisfied that the Group does not have control, either through voting rights or other circumstances, of any of these arrangements. Tower Regeneration Limited is a joint venture between the Group and a third party. The purpose of this joint venture was to enable the Group's access to a surface mine in South Wales. The mine ceased to operate in 2016 and restoration work is nearing completion. The Group is entitled to 35% of the profits from the operation. The strategic business decisions of the joint venture are taken by both the Group and the third party equally. This is reflected in the requirement to have equal representation on that Board of each investing party and the ownership of voting rights is split 50:50 between both parties.

Hargreaves Services Europe Limited ("HSEL"), is a material joint venture to the Group. HSEL owns 100% of Hargreaves Raw Materials Services GmbH ("HRMS") which is a key supplier of specialist raw materials to major European customers in various industries. This combined with the Group's historic expertise in production operations, materials handling, storage operations and logistics, marketing and technical support, creates an ideal platform for HRMS to compete in the supply of speciality mineral products in Europe. HRMS owns 94.9% of DK Recycling und Roheisen GmbH ("DK") a recycler of steel waste material and a producer of pig iron and zinc. The Group is entitled to 86% of the consolidated profits of HSEL,

Notes
(forming part of the Group financial statements) continued

1 Accounting Policies continued

Accounting Judgements continued

g) Treatment of joint ventures continued

however the Group does not exert control over the business. The Group holds 49.9% of the voting rights in HSEL, with the remainder being held by the HRMS management team. One of the three Directors of HSEL is appointed by the Group. The Group does not have the power to change these arrangements. A shareholder agreement is in place to provide the Group with safeguards designed to protect its investment; however, the key strategic decisions affecting the operation and its financial results are not taken by the Group. In the event of a dispute between the Group and the operation which could not be resolved, the operation would be subject to an orderly wind down. Whilst the voting rights demonstrate significant influence, the Group does not control the operation and therefore the Board accounts for the investment as a joint venture.

Waystone Hargreaves Land LLP ("the Unity JV") is a material joint venture between the Group and a third party. The purpose of this joint venture is to develop land owned or controlled by each of the parties. The strategic business decisions of the joint venture are taken by the Board of the Unity JV. This is reflected in the equal representation on that Board of each investing party and the ownership of voting rights is split 50:50 between both parties.

Measurement Convention

The financial statements are prepared on the historical cost basis except that derivative financial instruments and financial instruments classified as fair value through the Statement of Profit and Loss are stated at their fair value.

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 Review. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review. In addition, Note 27 to the financial statements includes: the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Group's financing is not dependent on bank borrowings. However, the Group has access to a £12m invoice discounting facility, which is currently undrawn and will remain in place at this level until 31 October 2025. Notwithstanding that, a rigorous review of cash flow forecasts including testing for a range of challenging downside sensitivities has been undertaken. Mitigating strategies to these sensitivities considered by the Board exclude any remedies which are not entirely within the Group's control. As a result, and after making appropriate enquiries including reviewing budgets and strategic plans, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Board continues to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Basis of Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Change in Subsidiary Ownership and Loss of Control

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Where the Group loses control of a subsidiary, the assets and liabilities are derecognised along with any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Application of the Equity Method to Joint Ventures

Joint ventures are accounted for using the equity method (equity accounted investees) and are initially recognised at cost, or fair value where cost is lower than fair value at acquisition. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence or joint control commences, until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to £nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

Transactions Eliminated on Consolidation

Intra-Group balances and transactions, and any unrealised income and expenses arising from intra-Group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Foreign Currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the Income Statement except for differences arising on qualifying cashflow hedges which are recognised directly in other comprehensive income.

The assets and liabilities of foreign operations are translated into Pounds Sterling, the Group's presentational currency, at the exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve or non-controlling interest, as the case may be. When a foreign operation is disposed of, such that control, joint control or significant influence is lost, the entire accumulated amount in the translation reserve, net of amounts previously attributed to non-controlling interests, is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while still retaining control, the relevant proportion of the accumulated amount is reattributed to non-controlling interests.

Classification of Financial Instruments Issued by the Group

Financial instruments issued by the Group are treated as equity (i.e., forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. The finance cost on the financial liability component is correspondingly higher over the life of the instrument.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

Financial Instruments

Financial Assets

The Group classifies financial assets under the following measurement categories:

- Measured at amortised cost (non-derivative financial assets);
- Measured subsequently at fair value through either profit or loss or comprehensive income.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Non-derivative Financial Assets

Non-derivative financial assets include trade and other receivables and contract assets, as defined by IFRS 15. Neither of these two categories contain a significant financing element and, as such, expected credit losses are measured under IFRS 9 using the simplified impairment approach. This approach requires expected lifetime losses to be recognised upon the initial recognition of the asset.

At initial recognition, the Group measures a non-derivative financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. The Group subsequently measures trade and other receivables and contract receivables at amortised cost.

Notes
(forming part of the Group financial statements) continued

1 Accounting Policies continued

Cash Flow Hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a highly probable forecast transaction (for example, interest payments, sales and purchases denominated in foreign currency, sale and purchase of commodities), changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in the hedging reserve to the extent that the hedge is effective. Amounts deferred in equity are recognised in the Consolidated Statement of Comprehensive Income when the hedged item affects profit or loss. To the extent that the hedge is ineffective, changes in fair value are recognised immediately in profit or loss.

Derivatives designated as hedging instruments are accounted for in line with the nature of the hedging arrangement. Derivatives are intended to be highly effective in mitigating the above risks, and hedge accounting is adopted where the required hedge documentation is in place and the relevant test criteria are met. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the Income Statement as part of financing costs. The Group continues to apply IAS 39 for the purposes of hedge accounting as permitted under IFRS 9.

Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Income Statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Where parts of an item of property, plant and equipment have different useful economic lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the Income Statement on a straight-line basis over the estimated useful economic lives of each part of an item of property, plant and equipment. Freehold land is not depreciated. Depreciation rates are as follows:

Freehold buildings	–	2% to 4% p.a.
Leasehold improvements	–	15% p.a.
Motor vehicles and plant	–	10% to 33% p.a.
Furniture and equipment	–	25% p.a.
Fixtures and fittings	–	15% p.a.

Assets in the course of construction are not depreciated until they are brought into use.

Depreciation of right-of-use assets is based on the same categorisation as above.

Lease accounting policy

The Group has relied upon the exemption under IFRS 16 to exclude the impact of low-value leases and leases that are short-term in nature (defined as leases with a term of 12 months or less). Costs on these leases are recognised on a straight-line basis as an operating expense within the income statement. All other leases are accounted for in accordance with this policy.

The Group has various lease arrangements for properties (e.g. office buildings and storage facilities), vehicles, and other equipment including plant and machinery. At the inception of a lease contract, the Group assesses whether the contract conveys the right to control the use of an identified asset for a certain period of time and whether it obtains substantially all the economic benefits from the use of that asset, in exchange for consideration. The Group recognises a lease liability and a corresponding right-of-use asset with respect to all such lease arrangements in which it is a lessee.

A right-of-use asset is capitalised on the balance sheet at cost which comprises the present value of future lease payments determined at the inception of the lease adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred in addition to an estimate of costs to remove or restore the underlying asset. Where a lease incentive is receivable, the amount is offset against the right-of-use asset at inception. Right-of-use assets are depreciated using the straight-line method over the shorter of the estimated life of the asset or the lease term and are assessed in accordance with IAS 36 'Impairment of Assets' to determine whether the asset is impaired and to account for any loss.

The lease liability is initially measured at the present value of lease payments as outlined above and is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. Lease payments comprise fixed lease rental payments only with the exception of property, which also includes the associated fixed service charge. Lease liabilities are classified between current and non-current on the balance sheet.

The key estimate applied by management relates to the assessment of the incremental borrowing rate adopted by the Group to discount the future lease rentals to present value in order to measure the lease liabilities. The weighted average rate applied by the Group at transition was 6.4%.

Sub leases

If an underlying asset is re-leased by the Company to a third party and the Company retains the primary obligation under the original lease, the transaction is deemed to be a sublease. The Company continues to account for the original lease (the head lease) as a lessee and accounts for the sublease as a lessor (intermediate lessor). When the head lease is a short-term lease, the sublease is classified as an operating lease. Otherwise, the sublease is classified using the classification criteria applicable to Lessor Accounting in IFRS 16 by reference to the right-of-use asset in the head lease (and not the underlying asset of the head lease).

After classification lessor accounting is applied to the sublease.

Where the Group also acts as lessor and substantially all the risks and rewards of ownership have passed to the lessee, the Group derecognises the related equipment and recognises a receivable for the minimum lease payments discounted at a rate which reflects a constant periodic rate of return over the life of the lease.

Investment Property

Investment properties are properties which are held with the intention to derive value from either rental income, for capital appreciation, or for both. Investment properties are stated at cost less accumulated impairment. Investment properties are not remeasured to fair value at each reporting date, however, a review for impairment is carried out at each reporting date, giving consideration to the fair value of the property. An impairment is recognised when the fair value less costs to sell of the property is lower than the book value. Land is not depreciated. In accordance with IAS 40, an investment property which is being sold is not reclassified as inventory but is treated as an investment property until it is derecognised.

All investment properties within the Group relate to Hargreaves Land.

Business Combinations

Subject to the transitional relief in IFRS 1, all business combinations are accounted for by applying the purchase method. Goodwill arises from the acquisition of businesses and represents the difference between the cost of the acquisition and the fair value of the identifiable assets (including other intangible assets), liabilities and contingent liabilities acquired. Identifiable intangibles are those which can be sold separately, or which arise from legal rights regardless of whether those rights are separable.

Acquisitions on or After 1 June 2010

For acquisitions on or after 1 June 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

On the acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities acquired, reflecting conditions at the date of acquisition. Adjustments to fair values include those made to bring accounting policies into line with those of the Group. Provisional fair values are finalised within 12 months of the business combination date and, where significant, are adjusted by restatement of the comparative period in which the acquisition occurred.

On a transaction-by-transaction basis, the Group elects to measure non-controlling interests, which have both present ownership interests and are entitled to a proportionate share of net assets of the acquiree in the event of liquidation, either at its fair value or at its proportionate interest in the recognised amount of the identifiable net assets of the acquiree at the acquisition date. All other non-controlling interests are measured at their fair value at the acquisition date.

Acquisitions Between 1 June 2006 and 1 June 2010

Goodwill arising on acquisitions that have occurred between 1 June 2006 and 1 June 2010 is capitalised and is subject to impairment review, both annually and when there are indications the carrying value may not be recoverable. Negative goodwill arising on an acquisition is recognised immediately in profit or loss.

Notes
(forming part of the Group financial statements) continued

1 Accounting Policies continued

Business Combinations continued

Acquisitions and Disposals of Non-Controlling Interests

Acquisitions and disposals of non-controlling interests that do not result in a change of control are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the price paid or received and the amount by which non-controlling interests are adjusted is recognised directly in equity and attributed to the owners of the Parent.

Prior to the adoption of IAS 27 (2008), goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

Intangible Assets and Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to CGUs and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

Other intangible assets that are acquired by the Group, which have finite useful economic lives, are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. Customer contracts are amortised over five years, being the length of the contract.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. Work in progress includes work to date on service contracts where project milestones have not yet been reached. Where necessary, provisions are made against obsolete, defective or slow-moving inventories.

Properties Held for Development and Resale

Properties held for development and resale are included within inventories on the basis that their carrying value will be recovered principally through sale in the ordinary course of business, rather than through continuing use within the Group. These assets are not available for immediate sale and will be subject to further development before being available for sale. Properties held for development and resale are shown in the financial statements at the lower of cost and net realisable value. Cost represents the acquisition price including legal and other professional costs associated with the acquisition together with subsequent development costs net of amounts transferred to cost of sales. Net realisable value is the expected net sales proceeds of the developed property.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the Cash Flow Statement.

Trade and Other Payables

Trade and other payables are non-interest-bearing and are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-Bearing Borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transactions costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

Reversals of Impairment

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee Benefits

Defined Benefit Pension Plans

The Group operates a concessionary fuel retirement benefit scheme. In addition, following the acquisition of Maltby Colliery, the Group is a member of two pension schemes providing benefits based on final pensionable pay. The assets of the schemes are held separately from those of the Group.

The retirement benefit scheme liabilities are calculated by a qualified actuary using the projected unit method. The concessionary fuel retirement benefit schemes are unfunded retirement benefits and as such there are no assets in the schemes. The retirement benefit deficits are recognised in full, the movement in the scheme deficits is split between operating charges, finance items and, in other comprehensive income, remeasurement gains and losses.

The defined benefit pension schemes are funded retirement benefit schemes. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in other comprehensive income, remeasurement gains and losses.

Defined Contribution Pension Plans

The Group operates a Group defined contribution personal pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the financial year. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Income Statement as incurred.

Share-Based Payment Transactions

The Group operates a share option scheme for certain employees. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of share options that do not meet the related service and non-market performance conditions at the vesting date.

Shares purchased by the Group are deducted from retained earnings at the total consideration paid or payable.

Revenue

Revenue is recognised when control over a product or service is transferred to the Group's customer. The value attributed to revenue is measured based on the consideration specified in the contract and excludes any amounts collected on behalf of third parties. In circumstances where consideration is not clearly defined in the contract, the revenue is subject to variability. When revenue is variable, the Group estimates the amount of consideration to be recovered. Revenue is only recognised to the extent that it is highly probable that a significant reversal in a future period will not occur. When an amendment to an existing contract arises, the Group reviews the nature of the modification and whether or not it reflects a separate or new performance obligation to be satisfied, or whether it is an amendment to an existing performance obligation. The Group does not adjust the amount of consideration for the effects of a significant financing component when the Group expects, at the contract date, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Revenue is measured excluding value added tax, for goods and services supplied to external customers in line with the fulfilment of contractual performance obligations. All directly attributable expenses in respect of goods supplied and services provided are recognised in the Income Statement in the period to which they relate. The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust its transaction price for the time value of money.

The Group's activities cover a variety of disciplines, therefore, depending on the nature of the product or service delivered and the timing of when control is passed onto the customer, the Group will account for revenue both over time and at a point in time. Where revenue is measured over time, the Group uses the input method to measure progress of delivery.

Sales of Goods

Revenue is recognised at a point in time when delivery of the product has been made and title has passed to the customer. Revenue is recognised on individual sales at a point in time when the conditions above have been met.

Revenue is measured at the invoiced price net of VAT and any discounts. If, as a separate transaction, the Company has entered into a derivative contract to hedge the sale price, any gains or losses on that hedge instrument are also included in revenue at the same time as the hedged transaction is recorded as revenue.

Notes
(forming part of the Group financial statements) continued

1 Accounting Policies continued

Services
Revenue is recognised over time as contractual performance obligations are fulfilled. A proportion of sales are subject to long-term contracts, typically on a cost-plus or similar basis. Typically, these contracts take the form of a continuing performance obligation. The revenue and profit on such contracts is recognised (and invoiced) using the input method of measuring progress on completion of the performance obligation. Profit is recognised in line with the recognition of revenue allocating costs to each separate performance obligation as appropriate. Any losses on contracts are recognised in full immediately.

Construction Contract Revenue
When the outcome of individual contracts can be estimated reliably, contract revenue and costs are recognised as revenue and expenses respectively over time by reference to the fulfilment of performance obligations using the input method of estimating progress of delivery at the reporting date. Costs are recognised as incurred, and revenue is recognised using the input method. The costs of obtaining a contract are recognised as an expense when incurred if the amortisation period of the asset that the Group otherwise would have recognised is one year or less. The stage of completion of a contract is assessed by reference to completion of a physical proportion of the contract work. Revenue includes the initial amount agreed in the contract plus any variations in contracted work, to the extent that it is probable that they will result in revenue and can be measured reliably. Revenue includes an assessment of any variable consideration which may become receivable based upon relevant performance measures. Variable consideration is included based on the expected value or most likely amount only to the extent that it is highly probable that there will not be a significant reversal in the amount of cumulative revenue recognised. Provision is made for all known or expected losses on contracts as soon as they are foreseen. These provisions are reviewed throughout the contract life and are adjusted as required. However, the nature of the risks on contracts are such that is often not possible to resolve them until the end of the contract and therefore the provisions may not reverse until the contract is concluded.

Rental Income
Rental income from property is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Property
Sales of freehold land and properties are recognised at a point in time upon legal completion.

Rebates
From time to time the Group may offer a rebate on the sale of goods. The rebate is recognised at the point of sale as a reduction in revenue recorded. Should the rebate not become due then additional revenue is booked to reflect this at the point at which it becomes clear the rebate will not be payable.

Contract Assets
Contract assets represent amounts for which the Group has an unconditional right to consideration in respect of unbilled revenue recognised at the balance sheet date and comprises costs incurred plus attributable margin.

Contract Liabilities
Contract liabilities represent the obligation to transfer goods or services to a customer for which consideration has been received, or consideration is due, from the customer.

Net Finance Costs
Net finance costs comprise interest payable, finance charges on leases and interest receivable on funds invested together with changes in the fair values of interest rate swaps and foreign currency forward contracts recognised through the profit and loss and the net interest on the defined benefit pension scheme liability. This is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the year to the net defined benefit asset/liability.

Interest income and interest payable is recognised in the Income Statement as it accrues, using the effective interest method. Dividend income is recognised in the Income Statement on the date the entity's right to receive payment is established.

Taxation
Tax on the profit or loss for the period comprises both current and deferred tax. Tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Provisions

A provision is recognised in the Balance Sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and where it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected, risk adjusted, future cash flows at a pre-tax risk-free rate. The effect is not deemed material for any the Group's provisions.

Restoration and Rehabilitation Costs

The previous mining, extraction and processing activities of the Group gave rise to obligations for site restoration. Restoration works can include site decommissioning and dismantling and site and land rehabilitation. The extent of work required, and the associated costs are dependent on the requirements of relevant authorities and the Group's environmental policies.

An initial provision reflecting the current obligation for the cost of future site restoration is recognised at the commencement of the production phase for all liabilities created through development of the surface mine. Production activities give rise to further restoration obligations and provisions are made for these liabilities as they arise.

Restoration provisions are measured at the expected value of future cash flows. Significant judgements and estimates are involved in forming an expectation of future activities and the amount and timing of the associated cash flows. Such expectations are based on existing planning requirements and management's future development plans which give rise to a constructive obligation.

Restoration provisions are adjusted for changes in estimates, which are accounted for as a change in the corresponding capitalised cost within non-current assets, except where a reduction in the provision is greater than the unamortised capitalised cost of the related assets, in which case the capitalised cost is reduced to £nil and the remaining adjustment is recognised in the Statement of Comprehensive Income. Changes to the capitalised cost result in an adjustment to future amortisation and financial charges.

Given the significant judgements and estimates involved, adjustments to the estimated amount and timing of future restoration and rehabilitation cash flows are a normal occurrence. Factors influencing those changes include but are not limited to: revisions to estimated reserves and site operations; planning requirements and management's development plans and changes in the estimated cost and scope of anticipated activities.

Adopted IFRSs Not Yet Applied

Certain new accounting standards and interpretations have been published that are not mandatory for 31 May 2024 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2 Segmental Information

The following analysis by industry segment is presented in accordance with IFRS 8 on the basis of those segments whose operating results are regularly reviewed by the Board of Directors (the Chief Operating Decision Maker as defined by IFRS 8) to assess performance and make strategic decisions about allocation of resources.

The sectors distinguished as operating segments are Services, Hargreaves Land, Unallocated and HRMS.

- **Services:** Provides materials handling, mechanical and electrical engineering, land restoration, logistics and bulk earthworks into the energy, environmental, infrastructure and industrial sectors.
- **Hargreaves Land:** The development and realisation of value from the land portfolio including rental income from investment properties and the share of profit of the Unity joint venture.
- **Unallocated:** The corporate overhead contains the central functions that are not devolved to the individual business units.
- **Hargreaves Raw Materials Services ("HRMS"):** The Group's share of its German joint venture, which includes Hargreaves Services Europe Limited which is the parent company of HRMS and DK.

These segments are combinations of subsidiaries and joint ventures. They have separate management teams and provide different products and services. The four operating segments are also reportable segments.

Notes
(forming part of the Group financial statements) continued

2 Segmental Information continued

The segment results, as reported to the Board of Directors, are calculated under the principles of IFRS. Performance is measured on the basis of underlying profit/(loss) before tax, which is reconciled to profit/(loss) before tax in the tables below:

	Services 2024 £000	Hargreaves Land 2024 £000	Unallocated 2024 £000	HRMS 2024 £000	Total 2024 £000
Revenue					
Total revenue	206,857	7,036	–	–	213,893
Intra-segment revenue	(2,747)	–	–	–	(2,747)
Revenue from external customers	**204,110**	**7,036**	**–**	**–**	**211,146**
Operating profit/(loss) (before amortisation)	**13,665**	**7,694**	**(5,301)**	**–**	**16,058**
Share of profit in joint ventures (net of tax)	–	250	–	1,283	1,533
Net finance (expense)/income	(2,293)	207	1,362	–	(724)
Amortisation charge	(191)	–	–	–	(191)
Profit/(loss) before taxation	**11,181**	**8,151**	**(3,939)**	**1,283**	**16,676**
Taxation	(2,764)	(1,704)	10	–	(4,458)
Profit/(loss) after taxation	**8,417**	**6,447**	**(3,929)**	**1,283**	**12,218**
Depreciation charge	15,905	129	178	–	16,212
Capital expenditure	16,884	1,096	202	–	18,182
Net assets/(liabilities)					
Segment assets	100,368	78,832	57,704	–	236,904
Segment liabilities	(95,327)	(5,389)	(6,080)	–	(106,796)
Segment net assets	**5,041**	**73,443**	**51,624**	**–**	**130,108**
Joint ventures	–	5,942	–	56,046	61,988
Total net assets	**5,041**	**79,385**	**51,624**	**56,046**	**192,096**

Unallocated net assets of £51.6m include cash and cash equivalents of £22.7m, deferred tax asset of £11.3m, amounts due from joint ventures of £17.0m, a net pension liability of £1.7m and other corporate items (£2.3m asset).

	Services 2023 £000	Hargreaves Land 2023 £000	Unallocated 2023 £000	HRMS 2023 £000	Total 2023 £000
Revenue					
Total revenue	202,958	10,608	–	–	213,566
Intra-segment revenue	(2,107)	–	–	–	(2,107)
Revenue from external customers	200,851	10,608	–	–	211,459
Operating profit/(loss) (before amortisation)	14,326	3,011	(5,365)	–	11,972
Share of profit in joint ventures (net of tax)	–	841	–	15,470	16,311
Net finance (expense)/income	(1,956)	44	959	–	(953)
Amortisation charge	(175)	–	–	–	(175)
Profit/(loss) before taxation	12,195	3,896	(4,406)	15,470	27,155
Taxation	(231)	629	373	–	771
Profit/(loss) after taxation	11,964	4,525	(4,033)	15,470	27,926
Depreciation charge	14,295	110	165	–	14,570
Capital expenditure	33,690	6,083	235	–	40,008
Net assets/(liabilities)					
Segment assets	94,111	73,920	63,515	–	231,546
Segment liabilities	(85,028)	(6,623)	(13,186)	–	(104,837)
Segment net assets	9,083	67,297	50,329	–	126,709
Joint ventures	–	5,675	–	68,607	74,282
Total net assets	9,083	72,972	50,329	68,607	200,991

Unallocated net assets of £50.3m include cash and cash equivalents of £21.9m, net deferred tax asset of £11.3m, amounts due from joint ventures of £11.2m, amounts due to joint ventures of £4.1m, a net pension asset of £5.6m and other corporate items (£4.4m asset).

The following table analyses revenue by significant category:

	2024 £000	2023 £000
Sale of goods	**21,039**	31,279
Provision of services	**125,898**	115,267
Rental Income	**993**	829
Construction contracts	**63,216**	64,084
	211,146	211,459

The timing of revenue recognition is analysed as follows:

	Services 2024 £000	Hargreaves Land 2024 £000	Total 2024 £000
Over time	**125,070**	**1,149**	**126,219**
At a point in time	**79,040**	**5,887**	**84,927**
Revenue	**204,110**	**7,036**	**211,146**

	Services 2023 £000	Hargreaves Land 2023 £000	Total 2023 £000
Over time	112,382	2,364	114,746
At a point in time	88,469	8,244	96,713
Revenue	200,851	10,608	211,459

Geographical Information

	2024		2023	
	Revenue £000	Non-current assets £000	Revenue £000	Non-current assets £000
UK	**170,245**	**147,919**	175,954	166,521
Europe	**2,395**	**–**	2,027	–
Hong Kong	**34,701**	**991**	29,916	825
Other overseas	**3,805**	**627**	3,562	598
	211,146	**149,537**	211,459	167,944

3 Other Operating Income/(expense)

	2024 £000	2023 £000
Profit on disposal of property, plant and equipment	**120**	4,475
Profit on disposal of investment property	**6,167**	260
Loss on disposal of right-of-use assets	**(83)**	(17)
Management charge for services provided	**200**	200
Total other operating income	**6,404**	4,918

4 Expenses and Auditors' remuneration

The following items have been charged to the Statement of Profit and Loss:

	2024 £000	2023 £000
Amortisation of other intangibles	**191**	175
Depreciation of property, plant and equipment owned	**2,279**	1,681
Depreciation of right-of-use assets	**13,933**	12,889
Interest payable on right-of-use leases	**2,499**	2,099
Expense relating to short-term leases	**6,814**	7,090
Expense relating to leases of low-value assets that are not shown above as short-term	**875**	1,351

Notes
(forming part of the Group financial statements) continued

4 Expenses and Auditors' remuneration continued

Auditors' remuneration:

	2024 £000	2023 £000
Audit of these financial statements	**133**	90
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	**301**	285
Audit of financial statements of joint ventures of the Company	**42**	235
Taxation compliance services	**12**	9

5 Staff Numbers and Costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	Number of employees Group	
	2024	2023
Directors and senior management	**17**	16
Administration	**300**	288
Production	**1,091**	1,057
	1,408	1,361

The aggregate payroll costs of these persons were as follows:

	Group	
	2024 £000	2023 £000
Wages and salaries	**70,087**	61,380
Share-based payments (see Note 24)	**342**	359
Social security costs	**5,346**	4,711
Contributions to defined contribution pension scheme (see Note 23)	**2,327**	1,921
Expenses of defined benefit pension schemes (see Note 23)	**710**	186
	78,812	68,557

6 Directors' Remuneration

	2024 £000	2023 £000
Directors' emoluments	**1,981**	2,192
Emoluments in lieu of Company pension contributions	**196**	214
	2,177	2,406

The aggregate of emoluments and amounts receivable under long-term incentive schemes of the highest paid Director was £897,000 (2023: £1,028,000), and £124,000 (2023: £121,000) was paid in lieu of Company pension contributions.

The detailed breakdown of the Directors' total emoluments is as follows:

	Salary/Fees		Bonus		Benefits		LTIPS		Total		Pension	
	2024 £000	2023 £000	2024 £000	2023 £000	2024 £000	2023 £000	2024 £000	2023 £000	2024 £000	2023 £000	2024 £000	2023 £000
Gordon Banham	**514**	499	**–**	484	**45**	45	**338**	–	**897**	1,028	**124**	121
John Samuel*	**52**	297	**–**	288	**3**	19	**–**	–	**55**	604	**8**	45
Stephen Craigen**	**167**	–	**–**	–	**16**	–	**–**	–	**183**	–	**13**	–
David Anderson	**246**	239	**123**	87	**13**	13	**220**	–	**602**	339	**49**	48
Roger McDowell	**87**	85	**–**	–	**–**	–	**–**	–	**87**	85	**–**	–
Nigel Halkes	**64**	48	**–**	–	**–**	–	**–**	–	**64**	48	**–**	–
Christopher Jones	**47**	44	**–**	–	**–**	–	**–**	–	**47**	44	**1**	–
Nicholas Mills	**46**	44	**–**	–	**–**	–	**–**	–	**46**	44	**–**	–
Total	**1,223**	1,256	**123**	859	**77**	77	**558**	–	**1,981**	2,192	**195**	214

* John Samuel stepped down as a Director on 9 August 2023.

** Stephen Craigen was appointed to the Board on 1 August 2023.

Benefits in Kind and Pensions

In addition to basic salary, Executive Directors are entitled to the following benefits: paid holiday, company car or a cash allowance in lieu, contributions to a personal pension plan and life assurance, private medical insurance and permanent health insurance. No Director has benefits under any of the Group's defined benefit pension schemes.

	Number of Directors	
	2024	**2023**
The number of Directors who exercised share options was	**2**	–
The number of Directors in respect of whose services shares were received or receivable under long-term incentive schemes was	**3**	3

At the balance sheet date no Directors hold rights to subscribe for shares in the Group as a result of options which have vested but have not yet been exercised (2023: two Directors for a total of 78,302 shares).

All of the Directors benefited from qualifying third-party indemnity provisions.

During the year ended 31 May 2024, a total of 210,606 (2023: 118,584) awards were made of which 56,314 (2023: 22,671) related to Executive Directors as set out below:

Director	Date of grant	Exercise price	No. of options granted	Exercise period
David Anderson	30 October 2023	10p per share	31,041	1 Nov 2026 – 30 Oct 2028
Stephen Craigen	30 October 2023	10p per share	25,272	1 Nov 2026 – 30 Oct 2028

Executive Share Option Scheme awards vesting and/or exercised in the year ended 31 May 2024

During the year, options awarded on 1 August 2020, totalling 179,224 shares partially vested in accordance with the performance criteria. 92.5% of the performance criteria was achieved resulting in 13,442 options becoming lapsed. Of those shares that vested, 47,517 were exercised by David Anderson on 29 August 2023, 59,132 were exercised by Gordon Banham on 21 December 2023. The remaining 59,132 options that were awarded to John Samuel have not yet been exercised. John Samuel stepped down as Group Finance Director on 9 August 2023, John will retain the right to exercise these options.

Furthermore, Gordon Banham exercised 24,249 options on 21 December 2023 relating to the Executive Share Option Scheme awarded on 13 December 2019.

On 2 August 2021 options totalling 41,611 shares and 22,292 were awarded to Gordon Banham and David Anderson respectively. Following achievement of certain performance criteria on 2 August 2024 28,301 of these options vested in respect of Gordon Banham and15,162 in respect of David Anderson.

Outstanding Executive Share Option Scheme awards

Information within the table below relates to Directors who have served during the financial year ended 31 May 2024. The Board has previously granted the following options to the Executive Directors:

	Exercisable between 3 Aug 24 and 2 Aug 26	Exercisable between 2 Aug 25 and 1 Aug 27	Exercisable between 1 Nov 2026 and 30 Oct 2028
Gordon Banham	28,301	–	–
David Anderson	15,162	22,671	31,041
Stephen Craigen	–	10,932*	25,272

* Award was made on 1 August 2022, prior to Stephen Craigen's appointment to the Board.

The Hargreaves Services plc Share Option Scheme 2019

On 22 January 2019, shareholders in general meeting approved an LTIP scheme, the Hargreaves Services plc Share Option Scheme 2019 ("the Share Option Scheme 2019"). The following awards were granted in the year ended 31 May 2019:

Director	Date of grant	Exercise price	No. of options granted	Exercise period
Roger McDowell	30 January 2019	10p per share	285,144	31 Jan 2022-30 Jan 2024
Gordon Banham	30 January 2019	10p per share	75,250	31 Jan 2022-30 Jan 2024
John Samuel	30 January 2019	10p per share	75,250	31 Jan 2022-30 Jan 2024
David Anderson	30 January 2019	10p per share	64,157	31 Jan 2022-30 Jan 2024

Notes
(forming part of the Group financial statements) continued

6 Directors' Remuneration continued

Outstanding Executive Share Option Scheme awards continued

The Share Option Scheme 2019 required a minimum 35% Total Shareholder Return to be achieved over the three-year period ending on 31 July 2021 ("the Vesting Period") from a base value of £3.515 ("Base Value") before vesting could commence. 100% vesting occurred at an 85% Total Shareholder Return over the above period from the Base Value. The rules of the Share Option Scheme 2019 allow participants to exercise options, to the extent they have satisfied the performance conditions, after the expiry of the Vesting Period. An option lapses five years after the date of the grant, except if the participant were to die, in which case the option lapses 12 months following death, whichever date is earlier. No disposal may be made of any shares arising from the exercise of an option until five years after the date of grant other than to satisfy any tax liability arising on exercise. No further options will be granted under the Share Option Scheme 2019.

During the year ended 31 May 2022, 167,586 of these options vested and were exercised with each director retaining ownership of the shares following their exercise. John Samuel exercised 29,704 of these options in September 2023. There are no awards under this scheme outstanding in respect of any director.

Ordinary shares issued pursuant to either the Executive Share Option Scheme or the Share Option Scheme 2019 scheme shall rank pari passu in all respects with the ordinary shares already in issue.

Deferred Bonus Scheme

No awards under the Deferred Bonus Scheme were made and no outstanding awards were exercised during the year ended 31 May 2024. Stephen Craigen was awarded 14,820 options under the Deferred Bonus Scheme J on 2 August 2021, which is due to vest on 2 August 2024. No other awards under this scheme are outstanding in respect of any director. The Deferred Bonus Scheme is designed to allow awards to be made to Executive Directors and eligible employees to attract and retain key members of staff. The awards under the Deferred Bonus Scheme are based on a percentage of salary. This figure is then converted into a number of shares using the mid-closing price of a Hargreaves Services plc ordinary share on the day preceding the award. Other than serving the retention period of three years from the date of award, the Deferred Bonus Scheme has no performance criteria.

7 Finance Income and Expense

Recognised in Profit or Loss

	2024 £000	2023 £000
Finance income		
Bank interest receivable	**594**	415
Early settlement discount	**80**	94
Interest received from jointly controlled entities	**1,036**	805
Interest on defined benefit pension scheme obligation (see Note 23)	**368**	298
Total finance income	**2,078**	1,612
Finance expense		
Total interest expense on financial liabilities measured at amortised cost	**194**	280
Interest payable on leases	**2,499**	2,099
Foreign exchange loss	**109**	186
Total finance expense	**2,802**	2,565

8 Taxation

Recognised in the Statement of Profit and Loss

	2024 £000	2023 £000
Current tax		
Current year	**1,344**	187
Adjustments for prior years	**7**	24
Current tax expense	**1,351**	211
Deferred tax		
Origination and reversal of temporary timing differences	**2,267**	2,382
Adjustments for prior years	**840**	(3,364)
Deferred tax expense/(credit)	**3,107**	(982)
Tax expense/(credit) in Income Statement (excluding share of tax of equity accounted investees)	**4,458**	(771)

The deferred tax adjustment in respect of prior years of £840,000 (2023: £3,364,000 credit) relates to the treatment of losses assumed to be unused in the previous year, which were ultimately utilised.

Recognised in Other Comprehensive Income

	2024 £000	2023 £000
Deferred tax credit		
Remeasurements of defined benefit pension schemes	**3,094**	1,161
	3,094	1,161

Reconciliation of Effective Tax Rate

	2024 £000	2023 £000
Profit for the year	**12,218**	27,926
Total tax expense/(credit)	**4,458**	(771)
Profit before taxation	**16,676**	27,155
Tax using the UK corporation tax rate of 25.00% (2023: 20.00%)	**4,169**	5,431
Effect of tax rates in foreign jurisdictions	**(249)**	(159)
Tax effect of joint ventures	**(321)**	(3,100)
Changes in unrecognised tax losses	**(49)**	(616)
Non-deductible expenses	**224**	776
Other temporary trading differences	**(163)**	237
Adjustment in respect of previous periods	**847**	(3,340)
Effective total tax expense/(credit)	**4,458**	(771)

The UK corporation tax rate increased from 19% to 25% on 1 April 2023, therefore a blended rate of 20% was used in the prior year.

Factors That May Affect Future Current and Total Tax Charges

The corporate tax rate increased from 19% to 25% on 1 April 2023. There are no known changes planned for the rate of UK corporate tax. The deferred tax balances at 31 May 2024 and 31 May 2023 have been calculated based on the rate substantively enacted at the balance sheet date of 25%.

9 Earnings per Share

The calculation of earnings per share ("EPS") is based on the profit for the year attributable to equity holders and on the weighted average number of shares in issue and ranking for dividend in the year.

	2024 Earnings £000	2024 EPS Pence	2024 DEPS Pence	2023 Earnings £000	2023 EPS Pence	2023 DEPS Pence
Underlying earnings per share	**12,361**	**38.22**	**37.43**	28,066	86.28	84.55
Amortisation (net of tax)	**(143)**	**(0.44)**	**(0.43)**	(140)	(0.43)	(0.42)
Basic earnings per share	**12,218**	**37.78**	**37.00**	27,926	85.85	84.13
Weighted average number of shares		**32,345**	**33,021**		32,528	33,193

The calculation of weighted average number of shares includes the effect of own shares held of 332,401 (2023: 611,118).

The calculation of diluted earnings per share ("DEPS") is based on the profit for the year and the weighted average number of ordinary shares in issue in the year. The potentially dilutive effect of the share options outstanding (effect on weighted average number of shares) is 676,305 (2023: 665,549); effect on basic earnings per ordinary share in the current year is 0.78p (2023: 1.72p). Effect on underlying earnings per ordinary share is 0.79p (2023: 1.73p).

Notes
(forming part of the Group financial statements) continued

10 Property, Plant and Equipment

	Freehold land and buildings and leasehold improvements £000	Furniture and equipment £000	Motor vehicles and plant £000	Fixtures and fittings £000	Total £000
Cost					
At 1 June 2022	11,304	3,581	22,784	410	38,079
Additions	320	1,561	1,556	5	3,442
Acquisitions (Note 15)	1,250	10	164	–	1,424
Disposals	(223)	(894)	(7,419)	(425)	(8,961)
Effect of movements in foreign exchange	1	5	(393)	10	(377)
At 31 May 2023	12,652	4,263	16,692	–	33,607
At 1 June 2023	12,652	4,263	16,692	–	33,607
Additions	67	358	1,829	–	2,254
Disposals	(193)	(15)	(929)	–	(1,137)
Transfers to investment property	(1,228)	–	–	–	(1,228)
Transfers to right of use assets	–	–	(125)	–	(125)
Effect of movements in foreign exchange	(2)	(28)	74	–	44
At 31 May 2024	**11,296**	**4,578**	**17,541**	**–**	**33,415**
Accumulated depreciation and impairment					
At 1 June 2022	5,940	3,270	18,551	380	28,141
Depreciation	260	521	890	10	1,681
Disposals	(35)	(894)	(5,518)	(424)	(6,871)
Effect of movements in foreign exchange	–	(3)	(236)	34	(205)
At 31 May 2023	6,165	2,894	13,687	–	22,746
At 1 June 2023	6,165	2,894	13,687	–	22,746
Depreciation	246	679	1,354	–	2,279
Disposals	(184)	(15)	(839)	–	(1,038)
Transfer to right of use assets	–	–	(24)	–	(24)
Effect of movements in foreign exchange	–	(46)	83	–	37
At 31 May 2024	**6,227**	**3,512**	**14,261**	**–**	**24,000**
Net book value					
At 1 June 2022	5,364	311	4,233	30	9,938
At 31 May 2023	6,487	1,369	3,005	–	10,861
At 31 May 2024	**5,069**	**1,066**	**3,280**	**–**	**9,415**

11 Right-of-Use Assets

	Land and buildings £000	Motor vehicles and plant £000	Total £000
Cost			
At 1 June 2022	3,195	31,455	34,650
Additions	1,004	29,779	30,783
Disposals	(302)	(1,087)	(1,389)
Effect of movements in foreign exchange	(37)	4	(33)
At 31 May 2023	3,860	60,151	64,011
At 1 June 2023	3,860	60,151	64,011
Additions	5,825	9,063	14,888
Disposals	(2,530)	(1,931)	(4,461)
Transfer from fixed assets	–	125	125
Effect of movements in foreign exchange	(22)	22	–
At 31 May 2024	**7,133**	**67,430**	**74,563**
Accumulated depreciation and impairment			
At 1 June 2022	2,184	10,404	12,588
Depreciation	733	12,156	12,889
Disposals	(248)	(1,042)	(1,290)
Effect of movements in foreign exchange	9	–	9
At 31 May 2023	2,678	21,518	24,196
At 1 June 2023	2,678	21,518	24,196
Depreciation	1,591	12,342	13,933
Disposals	(2,463)	(1,791)	(4,254)
Transfer from fixed assets	–	24	24
Effect of movements in foreign exchange	(14)	3	(11)
At 31 May 2024	**1,792**	**32,096**	**33,888**
Net book value			
At 1 June 2022	1,011	21,051	22,062
At 31 May 2023	1,182	38,633	39,815
At 31 May 2024	**5,341**	**35,334**	**40,675**

The group leases various offices, warehouses, stores, equipment and vehicles.

Security

The Group's ROU assets are used to secure some of its interest-bearing loans and borrowings (see Note 21).

Notes
(forming part of the Group financial statements) continued

12 Investment Property

At cost	Group 2024 £000	Group 2023 £000
At 1 June	**14,074**	8,298
Additions	**1,040**	5,783
Disposals	**(1,513)**	(7)
Transfer from fixed assets	**1,228**	–
At 31 May	**14,829**	14,074

In the year ended 31 May 2024, £1,228,000 (2023: £nil) of assets were transferred from fixed assets to investment property following a review.

The fair value of the Investment Properties is estimated by the Directors at £29,800,000 (2023: £29,600,000). The increase in the estimated fair value is as a result of the Market Value Today as prepared by JLL.

13 Intangible Assets including Goodwill

Group

	Goodwill £000	Other intangible £000	Total Cost £000
Cost			
At 1 June 2022	18,314	–	18,314
Acquisitions (Note 15)	–	1,036	1,036
At 31 May 2023	18,314	1,036	19,350
At 1 June 2023	18,314	1,036	19,350
Acquisitions (Note 15)	–	554	554
Disposals	(109)	–	(109)
At 31 May 2024	**18,205**	**1,590**	**19,795**
Accumulated amortisation and impairment			
At 1 June 2022	13,490	–	13,490
Amortisation charge	–	175	175
At 31 May 2023	13,490	175	13,665
At 1 June 2023	13,490	175	13,665
Amortisation charge	–	191	191
Disposals	(109)	–	(109)
At 31 May 2024	**13,381**	**366**	**13,747**
Net book value			
At 1 June 2022	4,824	–	4,824
At 31 May 2023	4,824	861	5,685
At 31 May 2024	**4,824**	**1,224**	**6,048**

The other intangible acquisition in the year ended 31 May 2024 relates to the acquisition of Mcleod Construction Materials Ltd and the mineral property acquired with the business. This will be amortised as mineral is extracted and sold from the quarry.

The goodwill disposed in the year ended 31 May 2024 relates to the goodwill of companies of which have been disposed; DWL Engineering Services Ltd and Eastgate Materials Handling Limited. The net book value of the goodwill disposed is nil.

The other intangible acquisition in the year ended 31 May 2023 relates to the acquisition of SBU Limited and its wholly owned subsidiary S&B Utilities Limited and the framework positions acquired with that business. This will be amortised over a five-year period which is the length of the customer contracts and frameworks acquired. See Note 15.

The Group does not have any internally generated intangible assets.

Impairment Testing

The intangible assets have been allocated to Cash-Generating Units or groups of CGUs as follows:

	Goodwill	
	2024 £000	2023 £000
Hargreaves Industrial Services Limited	**1,252**	1,252
Specialist Earthworks	**3,572**	3,572
	4,824	4,824

	Other intangible	
	2024 £000	2023 £000
S&B Utilities Limited	**670**	861
Mcleod Construction Materials Ltd	**554**	–
	1,224	861

The recoverable amounts of the above CGUs have been calculated with reference to their value in use. The key features of this calculation are shown below:

Hargreaves Industrial Services Limited:	2024	2023
Period on which management approved forecasts are based	**5 years**	5 years
Discount rate	**9.8%**	11.4%

Specialist Earthworks:	2024	2023
Period on which management approved forecasts are based	**10 years**	10 years
Discount rate	**9.8%**	11.4%

S&B Utilities Limited:	2024	2023
Period on which management approved forecasts are based	**5 years**	5 years
Discount rate	**9.8%**	11.4%

Mcleod Construction Materials Ltd:	2024	2023
Period on which management approved forecasts are based	**7 years**	–
Discount rate	**9.8%**	–

In order to test goodwill for impairment the Group performs value in use calculations by preparing cash flow forecasts for each CGU derived from the most recent financial budget and strategic plan approved by management going forward five years. This is with the exception of Specialist Earthworks which is based on a 10-year financial budget due to the nature of the business, and Mcleod Construction Machinery which is based on a 7 year financial budget in line with the rights to the quarry and mineral extraction. An annual growth rate of 2% has been assumed after the relevant forecast period in perpetuity. The Board considers that the assumptions of growth provide management with a conservative estimate against which to compare the corresponding CGU carrying values. Sustaining maintenance capital expenditure in each CGU has been included in the calculations but no cash flows relating to enhancement capital expenditure have been included. A post-tax discount rate of 9.8% (2023: 11.4%) has been used in the first instance. The decrease in the discount rate is due to a decrease in the cost of equity and a reduction in the average leasing debt over the year.

For the year ended 31 May 2024 and 31 May 2023, each of the CGUs has substantial headroom under the annual impairment review, which remains after allowing for reasonably possible changes in assumptions.

Other than changes to the discount rate, the key assumption which would impact the carrying value of goodwill is the margin generated by each CGU. Whilst the sensitivities vary according to CGU, for a material impairment to take place the discount rate would have to increase to 29% (2023: 32%) or the assumed operating margins would have to decrease by more than 20% (2023: 30%) before any further impact on any single CGU.

Notes
(forming part of the Group financial statements) continued

14 Investments in Subsidiaries and Joint Ventures

List of Registered Offices:

14.1 West Terrace, Esh Winning, Durham, DH7 9PT
14.2 Tower Colliery, Tirherbert Road, Rhigos, Aberdare, CF44 9UF
14.3 Böningerstraβe 29, 47051 Duisburg, Germany
14.4 Van Heetveldelei 178, 2100 Deurne, Antwerp, Belgium
14.5 Suite 2, Park House Earls Colne Business Park, Earls Colne, Colchester, Essex, England, CO6 2NS
14.6 Plac Rodla, 8/914, 70-419 Szczecin, Polska
14.7 Werthausser Str. 182, 47053 Duisburg, Germany
14.8 3 Nobel Boulavard, Cape Gate NE3, Vanderbijlpark, Gauteng, 1900
14.9 Lot 6.05, Level 6, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia
14.10 Room 1117-8, 11th Floor, Tuen Mun Central Square, N0.22 Hoi Wing Road, Tuen Mun, New Territories, HK
14.11 Cp House, Otterspool Way, Watford, Hertfordshire, England, WD25 8JJ

The Group has the following investments in subsidiaries and joint ventures at the end of the year:

			Ownership	
	Address of registered office	Class of shares held	2024	2023
Subsidiary undertakings				
Hargreaves (UK) Services Limited	14.1	Ordinary	**100%**	100%
The Monckton Coke & Chemical Company Limited*	14.1	Ordinary	**100%**	100%
Maltby Colliery Limited*	14.1	Ordinary	**100%**	100%
HE Contracts Limited*	14.1	Ordinary	**100%**	100%
Maxibrite Limited *	14.1	Ordinary	**85.2%**	85.2%
RocPower Limited *	14.1	Ordinary	**85%**	85%
Hargreaves Carbon Products NV	14.4	Ordinary	**100%**	100%
Hargreaves Industrial Services (HK) Limited	14.10	Ordinary	**100%**	100%
Access Services (HK) Limited	14.10	Ordinary	**100%**	100%
OCCW (St Ninians) Limited *	14.1	Ordinary	**100%**	100%
OCCW (Duncanziemere) Limited *	14.1	Ordinary	**100%**	100%
OCCW (Chalmerston) Limited *	14.1	Ordinary	**100%**	100%
OCCW (Netherton) Limited *	14.1	Ordinary	**100%**	100%
OCCW (Damside) Limited *	14.1	Ordinary	**100%**	100%
OCCW (Broken Cross) Limited *	14.1	Ordinary	**100%**	100%
OCCW (House of Water) Limited *	14.1	Ordinary	**100%**	100%
C. A. Blackwell (Contracts) Limited	14.1	Ordinary	**100%**	100%
Geofirma Soils Engineering Limited *	14.1	Ordinary	**100%**	100%
Renaissance Land Regeneration Limited *	14.1	Ordinary	**100%**	100%
Hargreaves Land (North) Limited*	14.1	Ordinary	**100%**	100%
Hargreaves Land (South) Limited*	14.1	Ordinary	**100%**	100%
Hargreaves Power Services (HK) Limited	14.10	Ordinary	**100%**	100%
SBU Limited*	14.1	Ordinary	**100%**	100%
S&B Utilities Limited*	14.1	Ordinary	**100%**	100%
Dalquhandy Windfarm SPV Limited*	14.1	Ordinary	**100%**	100%
Broken Cross Energy SPV Limited*	14.1	Ordinary	**100%**	100%
North Kyle Windfarm SPV Limited*	14.1	Ordinary	**100%**	100%
Kennoxhead SPV Limited*	14.1	Ordinary	**100%**	100%
Broken Cross Windfarm SPV Limited*	14.1	Ordinary	**100%**	100%
Westfield EFW SPV Limited*	14.1	Ordinary	**100%**	100%
Poniel Energy SPV Limited*	14.1	Ordinary	**100%**	100%
Killoch Energy SPV Limited*	14.1	Ordinary	**100%**	100%
Westfield Windfarm SPV Limited*	14.1	Ordinary	**100%**	100%
Westfield Solar SPV Limited*	14.1	Ordinary	**100%**	100%
Hargreaves Land Group Limited*	14.1	Ordinary	**100%**	100%
Mcleod Construction Materials Ltd*	14.1	Ordinary	**100%**	–
Hargreaves LD Limited*	14.1	Ordinary	**100%**	–

	Address of registered office	Class of shares held	Ownership 2024	Ownership 2023
Hargreaves Environmental Services Limited*	14.1	Ordinary	**100%**	–
Hargreaves (UK) Limited	14.1	Ordinary	**100%**	100%
Hargreaves Industrial Services Limited	14.1	Ordinary	**100%**	100%
Forward Sound Limited*	14.1	Ordinary	**100%**	100%
Hargreaves Services (HK) Limited	14.10	Ordinary	**100%**	100%
Hargreaves Land Limited	14.1	Ordinary	**100%**	100%
H Technical Resources Limited*	14.1	Ordinary	**100%**	100%
Hargreaves Maltby Limited*	14.1	Ordinary	**100%**	100%
Hargreaves Property Ventures Limited	14.1	Ordinary	**100%**	100%
Hargreaves Services (Westfield) Limited*	14.1	Ordinary	**100%**	100%
Hargreaves Services (Castlebridge) Limited*	14.1	Ordinary	**–**	100%
Hargreaves Services (Blindwells) Limited	14.1	Ordinary	**100%**	100%
Hargreaves Services Forestry Limited*	14.1	Ordinary	**100%**	100%
Hargreaves Services South Africa (Pty) Ltd	14.8	Ordinary	**100%**	100%
C.A. Blackwell Group Limited*	14.1	Ordinary	**100%**	100%
Hargreaves Industrial Services Sdn Bhd	14.9	Ordinary	**100%**	100%
Hargreaves Pension Company Limited	14.1	Ordinary	**100%**	100%
Hargreaves Land Holdings Limited*	14.1	Ordinary	**100%**	100%
Blackwell Earthmoving Limited	14.5	Ordinary	**100%**	100%
Joint ventures				
Tower Regeneration Limited	14.2	Ordinary	**50%**	50%
Tower Regeneration Leasing Limited *	14.2	Ordinary	**50%**	50%
Hargreaves Raw Material Services GmbH	14.3	Ordinary	**49%**	49%
Hargreaves Carbon Products Polska Sp. z o.o.	14.6	Ordinary	**49%**	49%
Carbon Action Ltd	14.1	Ordinary	**50%**	50%
Hargreaves Darlington Limited	14.1	Ordinary	**–**	50%
Waystone Hargreaves Land LLP	14.11	Ordinary	**50%**	50%
DK Recycling und Roheisen GmbH	14.7	Ordinary	**47%**	47%
Hargreaves-EWT Industrieservices GmbH	14.7	Ordinary	**25%**	25%
Hargreaves Services Europe Limited	14.1	Ordinary	**49%**	49%
Dormant companies				
Tru-Green Limited*	14.1	Ordinary	**100%**	100%
Renaissance Land Management Limited*	14.1	Ordinary	**100%**	100%
517EPA Limited*	14.1	Ordinary	**100%**	100%
RocFuel Limited*	14.1	Ordinary	**50.1%**	50.1%
Squire Distribution Services Limited*	14.1	Ordinary	**100%**	100%
Har Transport Limited*	14.1	Ordinary	**100%**	100%
HS Transport Services Limited*	14.1	Ordinary	**100%**	100%
Premier Lime and Stone Company*	14.1	Ordinary	**100%**	100%
C.A. Blackwell (Plant) Limited*	14.1	Ordinary	**100%**	100%
HBR Limited*	14.1	Ordinary	**100%**	100%
Coal 4 Energy Limited*	14.1	Ordinary	**100%**	100%
Hargreaves Carbon Products Europe Limited*	14.1	Ordinary	**100%**	100%
Hargreaves Corporate Director Limited*	14.1	Ordinary	**100%**	100%
Hargreaves Industrial Products Limited*	14.1	Ordinary	**100%**	100%
HBLT Limited*	14.1	Ordinary	**100%**	100%
R Hanson & Son Limited*	14.1	Ordinary	**100%**	100%
HESOTT Limited*	14.1	Ordinary	**100%**	100%

* These UK subsidiaries are exempt from audit by virtue of s479A of the Companies Act 2006.

Notes
(forming part of the Group financial statements) continued

14 Investments in Subsidiaries and Joint Ventures continued

The following solvent companies were liquidated during the year; Hargreaves Darlington Limited and Hargreaves Services (Castlebridge) Limited.

The following solvent companies were liquidated during the prior year; Hargreaves Mining India Private Limited, Hargreaves Services Wind Farm (Damside) Limited, Hargreaves Services (Muir Dean) Limited, H Europe Limited, Mir Trade Services Limited, Metallurgical Supplies Limited and Eastgate Materials Handling Limited.

Hargreaves Services plc acquired 100% of the share capital of Mcleod Construction Materials Ltd, Hargreaves LD Limited and Hargreaves Environmental Services Limited in the year ended 31 May 2024.

Hargreaves Services plc acquired 100% of the share capital of SBU Limited, S&B Utilities Limited, Dalquhandy Windfarm SPV Limited, Broken Cross Energy SPV Limited, North Kyle Windfarm SPV Limited, Kennoxhead SPV Limited, Broken Cross Windfarm SPV Limited, Westfield EFW SPV Limited, Poniel Energy SPV Limited, Killoch Energy SPV Limited, Westfield Windfarm SPV Limited, Westfield Solar SPV Limited and Hargreaves Land Group Limited in the year ended 31 May 2023.

Tower Regeneration Leasing Limited is a 100% owned subsidiary of Tower Regeneration Limited. Hargreaves Raw Material Services GmbH and Hargreaves Carbon Products Polska Sp. z o.o. are both 100% owned subsidiaries of Hargreaves Services Europe Limited. DK Recycling und Roheisen GmbH is a 94.9% owned subsidiary of Hargreaves Raw Materials Services GmbH. Hargreaves-EWT Industrieservices GmbH is 50% owned by Hargreaves Raw Materials Services GmbH.

The Group's share of post-acquisition total recognised profit or loss in the above jointly controlled entities for the year ended 31 May 2024 was a profit of £1,533,000 (2023: £16,311,000).

Joint Ventures

Carrying amount of equity accounted investees:

Group	Tower Regeneration Limited £000	Hargreaves Services Europe Limited £000	Waystone Hargreaves Land LLP £000	Interests in immaterial joint ventures £000	Total £000
At 1 June 2022	–	50,260	4,910	(74)	55,096
Group's share of profit in joint ventures (net of tax)	–	15,470	841	–	16,311
Group's share of other comprehensive income	–	1,912	–	–	1,912
Exchange differences	–	965	–	(2)	963
At 31 May 2023	–	68,607	5,751	(76)	74,282

Group	Tower Regeneration Limited £000	Hargreaves Services Europe Limited £000	Waystone Hargreaves Land LLP £000	Interests in immaterial joint ventures £000	Total £000
At 1 June 2023	–	68,607	5,751	(76)	74,282
Group's share of profit in joint ventures (net of tax)	–	1,283	250	–	1,533
Group's share of other comprehensive income	–	167	–	–	167
Dividends declared	–	(13,685)	–	–	(13,685)
Exchange differences	–	(326)	–	17	(309)
At 31 May 2024	**–**	**56,046**	**6,001**	**(59)**	**61,988**

The Group recognised £167,000 (2023: £1,912,000) other comprehensive income which relates to the Group's share of the actuarial gain on the defined benefit pension scheme.

Group	Tower Regeneration Limited £000	Hargreaves Services Europe Limited £000	Waystone Hargreaves Land LLP £000	Interests in immaterial joint ventures £000	Total £000
Hargreaves' share of net assets/(liabilities)	(8,014)	71,236	5,751	(76)	68,897
Amount not recognised	8,014	–	–	–	8,014
Non-distributable reserves	–	(2,629)	–	–	(2,629)
Investment at 31 May 2023	–	68,607	5,751	(76)	74,282

Group	Tower Regeneration Limited £000	Hargreaves Services Europe Limited £000	Waystone Hargreaves Land LLP £000	Interests in immaterial joint ventures £000	Total £000
Hargreaves' share of net assets/(liabilities)	(7,582)	59,270	6,001	(59)	57,630
Amount not recognised	7,582	–	–	–	7,582
Non-distributable reserves	–	(3,224)	–	–	(3,224)
Investment at 31 May 2024	**–**	**56,046**	**6,001**	**(59)**	**61,988**

The figures below are prepared under IFRS, all numbers are presented in £000s.

	Tower Regeneration Limited		Waystone Hargreaves Land LLP		Hargreaves Services Europe Limited	
At cost	2024	2023	2024	2023	2024	2023
Voting rights	**50%**	50%	**50%**	50%	**49%**	49%
Cash and cash equivalents	**17**	25	**27**	2,055	**4,515**	679
Other current assets	**1,884**	1,838	**21,825**	24,598	**110,503**	175,390
Total current assets	**1,901**	1,863	**21,852**	26,653	**115,018**	176,069
Non-current assets	**4,127**	4,025	**–**	–	**64,925**	65,171
Current liabilities	**(26,730)**	(27,973)	**(10,026)**	(15,152)	**(96,162)**	(133,611)
Non-current liabilities	**(960)**	(813)	**–**	–	**(14,864)**	(24,261)
Net (liabilities)/assets (100%)	**(21,662)**	(22,898)	**11,826**	11,501	**68,917**	83,368
Revenue	**–**	–	**6,585**	19,269	**338,696**	510,894
Other expenses	**(271)**	(1,291)	**(5,595)**	(17,406)	**(327,126)**	(473,262)
Depreciation and amortisation	**–**	–	**–**	–	**(4,235)**	(4,249)
Interest income	**184**	79	**–**	–	**1,437**	1,077
Interest expense	**(1,839)**	(1,612)	**(490)**	(181)	**(6,289)**	(4,598)
(Loss)/profit before tax	**(1,926)**	(2,824)	**500**	1,682	**2,483**	29,862
Income tax expense	**–**	–	**–**	–	**(1,336)**	(11,783)
Post tax (loss)/profit (100%)	**(1,926)**	(2,824)	**500**	1,682	**1,147**	18,079

HRMS, a wholly owned subsidiary of Hargreaves Services Europe Limited has a contingent liability in respect of possible fines or penalties arising from certain trading transactions with a counterparty in Poland. When the matter came to the attention of the management of HRMS, they reported it proactively to the Polish authorities from whom no response has yet been received. It is not possible to assess the likely quantum of any such fines or penalties nor is it possible to determine whether any fines or penalties will be levied by the Polish authorities.

The total financial liabilities included in current liabilities is:

Tower Regeneration Limited £nil (2023: £nil);

Waystone Hargreaves Land LLP £nil (2023: £nil),

Hargreaves Services Europe Limited £49,390,000 (2023: £54,757,000) representing its borrowing base facility and term loans.

Included within current liabilities above and disclosed in Note 30 Related Parties are loans totalling £11.1m (2023: £11.2m) due from HRMS to Hargreaves Services plc as well as a loan due to HRMS from Hargreaves Services plc of £nil (2023: £4.0m). Interest on the loans is currently charged at 1.7% over UK base rate.

Waystone Hargreaves Land LLP includes an amount of £2,491,000 (2023: £1,627,000) payable to Hargreaves Land North Limited, a wholly owned subsidiary. This loan is repayable on demand. Tower Regeneration Limited includes an amount of £14,191,000 (2023: £14,275,000) within current liabilities, which is due to Forward Sound Limited, a wholly owned subsidiary undertaking.

The Group also has a non-material interest in the following companies: Tower Regeneration Leasing Limited, MIR Trade Services Limited, Carbon Action Limited and Hargreaves Darlington Limited.

Notes
(forming part of the Group financial statements) continued

15 Acquisition of Subsidiaries

Acquisition of McLeod Construction Materials Ltd

On 30 June 2023, the Group acquired 100% of the share capital of McLeod Construction Materials Ltd for a total consideration of £500,001. The consideration comprised an acquisition price of £1, along with a cash injection of £500,000 to pay off all remaining liabilities. The acquisition price of £1 was settled in cash. The principal activity of McLeod Construction Materials Ltd is the quarrying of limestone and other aggregates. The company holds a 10-year planning consent, of which 7 years is remaining, to rework and develop the Newlandside Quarry, in accordance with the remediation scheme. Processing of the quarry began pre-acquisition and have extracted good quality materials, confirming the site is a proved reserve. The fair value of the assets and liabilities at the date of acquisition was a net liability position of £54,000.

Acquisition of SBU Limited

On 7 July 2022, the Group acquired 100% of the share capital of SBU Limited, which owns 100% of S&B Utilities Limited for a total consideration of £1,447,000. This consideration comprised an acquisition price of £760,000, along with a cash injection of £687,000 to pay off all bank loans and mortgage balances. The acquisition price of £760,000 was settled partly in cash of £710,000 and £50,000 payable as contingent consideration. The principal activity of these companies is the construction and maintenance of water assets. S&B Utilities Limited has long standing framework contracts with Yorkshire Water and Severn Trent Services together with an appointment to a framework with Northumbrian Water which occurred after the date of acquisition. The fair value of the assets and liabilities at the date of acquisition was a net asset position of £411,000.

	McLeod Construction Materials Ltd 2024 £000	SBU Limited 2023 £000
ASSETS		
Non-current assets		
Property, plant and equipment	–	1,424
Deferred tax asset (Note 16)	–	50
	–	1,474
Current assets		
Trade and other receivables	70	1,922
	70	1,922
LIABILITIES		
Current liabilities		
Trade and other payables	**(124)**	(2,985)
Net identifiable (liabilities)/assets	**(54)**	411
Net Purchase Consideration	**500**	1,447
Other intangibles on consolidation (Note 13)	**554**	1,036
Satisfied by:		
Consideration paid	–	760
Cash injection	500	687
Net Purchase Consideration	**500**	1,447

In relation to the acquisition of SBU, £50,000 is held in escrow pending certain performance measurements. The fair value of this contingent payment is estimated at £50,000. £25,000 of the payment is dependent on the financial outcome of one project, whilst the other £25,000 is dependent on whether any claims arise for which the vendors have responsibility as they existed prior to the date of acquisition. Both amounts are expected to be payable during the year ending 31 May 2025.

16 Deferred Tax Assets and Liabilities

Movement in Deferred Tax During the Year

	31 May 2023 £000	Recognised in income £000	Recognised in equity £000	31 May 2024 £000
Property, plant and equipment	**(2,024)**	**1,203**	**–**	**(821)**
Employee benefits	**(1,393)**	**(1,271)**	**3,094**	**430**
Share-based payments	**250**	**(63)**	**–**	**187**
Tax value of loss carry-forwards recognised	**14,432**	**(2,989)**	**–**	**11,443**
Other temporary timing differences	**71**	**13**	**–**	**84**
Total	**11,336**	**(3,107)**	**3,094**	**11,323**
Deferred tax due in less than one year				**3,130**
Deferred tax due in more than one year				**8,193**

Movement in Deferred Tax During the Prior Year

	31 May 2022 £000	Recognised in income £000	Recognised in equity £000	Recognised on acquisition £000	31 May 2023 £000
Property, plant and equipment	3,951	(5,946)	–	(29)	(2,024)
Employee benefits	(1,920)	(634)	1,161	–	(1,393)
Share-based payments	280	(30)	–	–	250
Tax value of loss carry-forwards recognised	6,777	7,576	–	79	14,432
Other temporary timing differences	55	16	–	–	71
Total	9,143	982	1,161	50	11,336
Deferred tax due in less than one year					3,216
Deferred tax due in more than one year					8,120

The Group has an unrecognised deferred tax asset of £50,000 relating to trading losses (2023: £2,466,000).

17 Inventories

	Group	
	2024 £000	2023 £000
Raw materials and consumables	**130**	261
Finished goods	**1,002**	110
Properties held for development and resale	**48,193**	38,931
	49,325	39,302

Changes in raw material and consumables, finished goods and properties held for development and resale recognised as cost of sales in the year amounted to £3,653,000 (2023: £7,610,000).

The write-down of inventories to net realisable value was £nil (2023: £nil).

There were no reversals of previous write-downs in either the current or prior year.

Notes
(forming part of the Group financial statements) continued

18 Trade and Other Receivables

	Current		Non-Current	
	2024 £000	2023 £000	2024 £000	2023 £000
Trade receivables	**21,342**	20,103	**–**	–
Amounts due from undertakings in which the Group has a participating interest	**31,479**	28,750	**–**	–
Other receivables	**1,565**	5,844	**4,000**	–
Prepayments and accrued income	**16,519**	16,912	**–**	–
	70,905	71,609	**4,000**	–

Included within other receivables is £4,000,000 (2023: £nil) expected to be recovered in more than 12 months. The balance relates to a £4.0m loan to the pension scheme following the buy-in, which will be repaid to the Group within two years.

The Group has a variety of credit terms depending on the customer. These terms range from 30 to 90 days.

Amounts due from undertakings in which the Group has a participating interest are repayable on demand. Interest is charged at rates ranging between 7% and 10%.

Trade receivables are shown net of an expected credit loss allowance of £253,000 (2023: £246,000) arising from the ordinary course of business, as follows:

	2024 £000	2023 £000
At 1 June	**246**	331
Provided during the year	**132**	79
Released	**(114)**	(14)
Utilised during the year	**(11)**	(150)
At 31 May	**253**	246

The expected credit loss allowance records impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point the amounts considered irrecoverable are written off against the trade receivables directly. There is no expected credit loss in respect of other receivables, prepayments and accrued income or amounts due from undertakings in which the Group has a participating interest.

The ageing of trade receivables was:

31 May 2024	Gross trade receivables £000	Expected credit losses £000	Net trade receivables £000
Not past due date	**16,511**	**–**	**16,511**
Past due date (0-90 days)	**4,719**	**–**	**4,719**
Past due date (over 90 days)	**127**	**(15)**	**112**
Individually impaired amounts	**238**	**(238)**	**–**
	21,595	**(253)**	**21,342**

31 May 2023	Gross trade receivables £000	Expected credit losses £000	Net trade receivables £000
Not past due date	16,513	–	16,513
Past due date (0-90 days)	3,577	–	3,577
Past due date (over 90 days)	15	(2)	13
Individually impaired amounts	244	(244)	–
	20,349	(246)	20,103

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	2024 £000	2023 £000
UK	**18,952**	16,846
Rest of the world	**2,390**	3,257
	21,342	20,103

Further details on the Group's exposure to credit and currency risks and impairment losses related to trade receivables are disclosed in Note 27.

19 Contract Assets

31 May 2024	2024 £000
At 1 June 2023	**5,114**
Transfers from contract assets recognised at the beginning of the year to receivables	**(5,114)**
Increase related to services provided in the year	**6,425**
At 31 May 2024	**6,425**

31 May 2023	2023 £000
At 1 June 2022	6,752
Transfers from contract assets recognised at the beginning of the year to receivables	(2,966)
Increase related to services provided in the year	1,328
At 31 May 2023	5,114

Aggregate costs incurred under open construction contracts and recognised profits, net of recognised losses, amounted to £144,146,000 (2023: £157,267,000).

Progress billings and advances received from customers under open construction contracts amounted to £153,612,000 (2023: £157,339,000).

Contract assets include £183,000 (2023: £729,000) relating to retentions, of which £183,000 (2023: £177,000) are expected to be recovered in more than 12 months.

20 Cash and Cash Equivalents

	Group	
	2024 £000	2023 £000
Cash and cash equivalents per Balance Sheet	**22,700**	21,859
Cash and cash equivalents per Cash Flow Statement	**22,700**	21,859

The Group's exposure to credit and currency risk related to cash and cash equivalents is disclosed in Note 27.

21 Other Interest-Bearing Loans and Borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see Note 27.

	Group	
	2024 £000	2023 £000
Non-current liabilities		
Lease liabilities	**15,884**	20,839
Current liabilities		
Current portion of lease liabilities	**18,270**	15,511

Terms and Debt Repayment Schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2024 £000	Carrying amount 2024 £000	Face value 2023 £000	Carrying amount 2023 £000
Lease liabilities	Sterling	3.7%-7.6%	2024–2029	**34,154**	**34,154**	36,350	36,350

In accordance with the presentation requirements of IFRS 9, these liabilities have been classified according to the maturity date of the longest permitted refinancing.

Notes
(forming part of the Group financial statements) continued

21 Other Interest-Bearing Loans and Borrowings continued

Lease Liabilities

Lease liabilities are payable as follows:

	Minimum lease payments 2024 £000	Interest 2024 £000	Principal 2024 £000	Minimum lease payments 2023 £000	Interest 2023 £000	Principal 2023 £000
Less than one year	**20,174**	**(1,904)**	**18,270**	17,459	(1,948)	15,511
Between one and five years	**17,010**	**(1,126)**	**15,884**	22,005	(1,166)	20,839
	37,184	**(3,030)**	**34,154**	39,464	(3,114)	36,350

Changes in Liabilities from Financing Activities

	Group Lease liabilities £000
At 1 June 2022	18,371
Changes from financing cash flows	
Principal elements of lease payments	(12,721)
Total changes from financing cash flows	(12,721)
Other changes	
New leases	30,628
Interest expense	2,099
Interest paid	(2,027)
Total other changes	30,700
At 31 May 2023	36,350
Changes from financing cash flows	
Principal elements of lease payments	(17,425)
Total changes from financing cash flows	**(17,425)**
Other changes	
New leases	15,278
Interest expense	2,499
Interest paid	(2,548)
Total other changes	**15,229**
At 31 May 2024	**34,154**

22 Trade and Other Payables

	Group 2024 £000	Group 2023 £000
Trade payables	**10,348**	9,498
Amounts due to undertakings in which the Group has a participating interest	**–**	4,090
Other trade payables	**1,852**	2,220
Deferred income	**5,274**	1,440
Non-trade payables and accrued expenses	**30,909**	30,179
	48,383	47,427

Amounts due to undertakings in which the Group has a participating interest are repayable on demand. Interest is charged at 1.7% above the Bank of England base rate.

23 Pension Schemes and Other Retirement Benefits

Defined Contribution Scheme

The Group operates a Group personal pension scheme. The pension cost charge for the year represents contributions payable by the Group to the employees' funds and amounted to £2,327,000 (2023: £1,921,000). There were no outstanding or prepaid contributions, at either the beginning or end of the financial year.

Defined Benefit Schemes

The Group acquired a concessionary fuel retirement benefit scheme and became responsible for two defined benefit schemes on the acquisition of Maltby Colliery on 26 February 2007. The defined benefit schemes are part of two industry wide schemes which relate to the coal industry. Details of these two schemes are consolidated in the tables below because the two schemes share the same characteristics and risks, and as such, the disclosures have been aggregated. The Group is only liable for its own section of the scheme. Any deficit or surplus is not shared with other members of the multi-employer scheme.

In common with most company pension schemes the Industry Wide Coal Staff Superannuation Scheme ("IWCSSS") and Industry Wide Mineworkers Pension Scheme ("IWMPS") are both established as a trust under which the assets of the Scheme are held separately from those of the sponsoring employers. The management of the Scheme is the responsibility of its trustee board, the Committee of Management, who are required to manage the Scheme in accordance with its Deed and Rules. The Scheme is sectionalised so that each employer or group of associated employers has a separate sub-fund within the Scheme. Each employer is liable for the benefits accrued by its member employees but has no liability for benefits accrued in other employer sub-funds. This means that in practice each employer sub-fund effectively operates as a separate pension scheme.

The latest full actuarial valuation of these schemes was carried out at 31 December 2021 by AON Solutions UK Limited. The next triennial valuation is due to be carried out as at 31 December 2024. The 31 December 2021 valuation of the IWCSSS showed a technical provisions deficit of £2.4m (previously £6.4m) whilst the valuation of the IWMPS showed a technical provisions deficit of £2.6m (previously £2.8m). For accounting purposes under IAS 19, actuaries use different assumptions than for the triennial valuation. The major difference relates to assumptions concerning the future return on the growth assets portfolio. The December 2021 valuations have been used as the basis, adjusted for the requirements of IAS 19 to 31 May 2024 by a qualified independent actuary, to enable the Directors to account for the schemes as below.

The Trustees of the Industry Wide Coal Staff Superannuation Scheme ("IWCSSS") and Industry Wide Mineworkers Pension Scheme ("IWMPS") purchased a bulk annuity in March 2024 to de-risk the defined benefit scheme obligation. The purchase of the bulk annuity was funded by the Group and is also referred to as a "buy-in" of the liability.

The Group took the decision to fund the buy-in based on the following considerations:

- a buy-in will remove volatility of the scheme from the balance sheet of the Group, and no further contributions would be expected; and
- the buy-in will transfer the pension risk associated with the scheme to a third-party insurer. The only risk remaining will be the counterparty risk of the insurer.

As a consequence there has been a reduction in the retirement benefit asset in the Group's accounts for the year ended 31 May 2024.

	2024 £000	2023 £000
Concessionary fuel scheme		
Present value of unfunded defined benefit obligations	**(2,979)**	(2,902)
Defined benefit schemes		
Present value of funded defined benefit obligations	**(35,103)**	(33,492)
Fair value of scheme assets	**36,362**	41,966
Retirement benefit obligation surplus	**1,259**	8,474
Total schemes net position	**(1,720)**	5,572

Movements in Present Value of Defined Benefit Obligation

	2024 £000	2023 £000
At the beginning of the year	**36,394**	44,535
Interest cost	**1,872**	1,514
Remeasurement (gains)/losses:		
– Changes in demographic assumptions	**(238)**	(376)
– Changes in financial assumptions	**1,578**	(11,564)
– Experience	**803**	3,700
Benefits paid	**(2,327)**	(1,415)
At the end of the year	**38,082**	36,394

Notes
(forming part of the Group financial statements) continued

23 Pension Schemes and Other Retirement Benefits continued

Defined Benefit Schemes continued

Movements in the Fair Value of Scheme Assets

	2024 £000	2023 £000
At the beginning of the year	**41,966**	52,214
Net interest on scheme assets	**2,240**	1,812
Remeasurement loss	**(10,234)**	(12,885)
Employer contributions	**1,727**	2,426
Employer buy in cash contribution	**3,700**	–
Benefits paid	**(2,327)**	(1,415)
Expenses paid	**(710)**	(186)
At the end of the year	**36,362**	41,966

Expense Recognised in the Income Statement

	2024 £000	2023 £000
Expenses paid from schemes	**710**	186
Interest income on net defined benefit pension schemes	**(368)**	(298)
	342	(112)

The expense is recognised in the following line items in the Income Statement:

	2024 £000	2023 £000
Administrative expenses	**710**	186
Financial income	**(368)**	(298)
	342	(112)

Remeasurement losses recognised directly in equity in the Statement of Other Comprehensive Income:

	2024 £000	2023 £000
At 1 June	**(6,072)**	(1,427)
Recognised in the year	**(12,377)**	(4,645)
At 31 May	**(18,449)**	(6,072)

Scheme Assets

The fair value of the schemes' assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, were:

	Fair value at 2024 £000	Fair value at 2023 £000
Insurance policy	**35,103**	–
Growth assets	**3,230**	16,843
Matching assets	**–**	24,333
Loan owed to company	**(4,000)**	
Cash	**2,029**	790
	36,362	41,966

The split between quoted and non-quoted assets:

	Fair value at 2024 £000	Fair value at 2023 £000
Quoted assets	**3,230**	3,679
Non-quoted assets	**33,132**	38,287
	36,362	41,966

The major assumptions used in this valuation were:

	2024	2023
Rate of increase in deferred pensions	**3.30%**	3.25%
Rate of increase in pensions in payment	**3.30%**	3.05%
Discount rate applied to scheme liabilities	**5.20%**	5.25%
Inflation assumption RPI	**3.30%**	3.25%
Inflation assumption CPI	**2.80%**	2.70%

The assumptions used by the actuary and approved by the Board are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice. The inflation assumption has increased following the UK Government's consultations on Retail Price Index reforms and their likely impact. The discount rate assumption is derived from the AON GBP Select curve and is the same as that used in setting the assumption at 31 May 2023.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on the SAPS S3 actuarial tables with scaling factors of 110% (2023: 116%) (IWCSSS) and 105% (2023: 111%) (IWMPS) and include an allowance for future improvements in longevity based on the CMI 2021 projections with long-term improvement rate of 1% (2023: 1%) per annum. The same tables were used at 31 May 2023. The mortality scaling factors have not been increased to reflect the negative outlook for mortality outcomes post Covid-19 (2023: 6%). The assumptions are equivalent to expecting a 60-year-old to live for a number of years as follows:

IWMPS
Current pensioner aged 60: 22.8 years (male), 26.8 years (female), (2023: 23.0 years (male), 26.9 years (female)).

Future retiree upon reaching 60: 24.1 years (male), 28.1 years (female), (2023: 24.4 years (male), 28.2 years (female)).

IWCSSS
Current pensioner aged 60: 24.2 years (male), 27.2 years (female), (2023: 24.5 years (male), 27.3 years (female)).

Future retiree upon reaching 60: 25.5 years (male), 28.4 years (female) (2023: 25.7 years (male), 28.5 years (female)).

Risk exposure
Following the buy-in, the pension risk associated with the scheme has been transferred to a third-party insurer. The only risk remaining will be the counterparty risk of the insurer.

Sensitivity Analysis
The Directors consider the discount rate, inflation rate and life expectancy assumptions to be the most significant actuarial assumptions and therefore the only assumptions relevant for sensitivity analysis purposes. Reasonably possible changes at the reporting date to one of the actuarial assumptions, holding other assumptions constant, would have increased/(decreased) the defined benefit obligation by the amounts shown below.

Any changes in assumptions on the defined benefit obligations would have an equal and opposite movement in the insurance buy-in asset.

	2024 £000	2023 £000
Discount rate (1% increase)	**(4,681)**	(4,258)
Inflation (1% increase)	**5,691**	3,749
Life expectancy (1 year increase)	**1,055**	1,201

	2024 £000	2023 £000
Discount rate (1% decrease)	**5,715**	5,204
Inflation (1% decrease)	**(4,747)**	(3,639)
Life expectancy (1 year decrease)	**(1,317)**	(1,175)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

The Group expects to contribute approximately £135,000 to the defined benefit schemes in the next financial year, reflecting amounts due on the concessionary fuel scheme.

The weighted average duration of the defined benefit obligation is 14 years (2023: 14 years).

Notes
(forming part of the Group financial statements) continued

24 Employee Share Schemes

The Group has established two Executive Long-Term Incentive Plans only one of which is still in use, and a deferred bonus scheme. The terms and conditions of the outstanding schemes are as follows, whereby all options are settled by physical delivery of shares:

	Date of grant	Employees entitled	Number of shares granted	Principal vesting conditions	Contractual life
Share option scheme January 2019	January 2019	Directors	499,801	3 years' service and Total Shareholder Return of between 35% and 85%	3 years
Share option scheme December 2019	December 2019	Directors	97,788	3 years' service and 50% Absolute Total Shareholder Return of between 35% and 85% and 50% Relative Total Shareholder Return of between 35% and 85%	3 years
Deferred bonus scheme G	December 2019	Senior employees	74,470	3 years' service	3 years
Share option scheme 2020	August 2020	Directors	179,224	3 years' service and 50% Absolute Total Shareholder Return of between 35% and 85% and 50% Relative Total Shareholder Return of between 35% and 85%	3 years
Deferred bonus scheme H	August 2020	Senior employees	62,448	3 years' service	3 years
Deferred bonus scheme I	October 2020	Senior employees	38,835	3 years' service	3 years
Deferred bonus scheme J	August 2021	Senior employees	14,820	3 years' service	3 years
Share option scheme 2021	August 2021	Directors and senior employees	146,532	3 years' service and 50% Absolute Total Shareholder Return of between 25% and 100% and 50% Relative Total Shareholder Return	3 years
Share option scheme 2022	August 2022	Directors and senior employees	118,584	3 years' service and 50% Absolute Total Shareholder Return of between 25% and 100% and 50% Relative Total Shareholder Return	3 years
Share option scheme 2023	October 2023	Directors and senior employees	210,606	3 years' service and 50% Absolute Total Shareholder Return of between 25% and 85% and 50% EPS compound annual growth of between 15% and 30%	3 years

Share Option Schemes

	2024 Weighted average exercise price	2024 Number of options	2023 Weighted average exercise price	2023 Number of options
Outstanding at the beginning of the year	**10p**	**522,542**	10p	453,248
Granted during the year	**10p**	**210,606**	10p	118,584
Lapsed during the year	**10p**	**(25,943)**	10p	(49,290)
Exercised during the year	**10p**	**(184,851)**	10p	–
Outstanding at the end of the year	**10p**	**522,354**	10p	522,542
Exercisable at the end of the year	**10p**	**59,132**	10p	78,202

There were 210,606 options granted in the year with a weighted average exercise price of 10p per share. These options are not exercisable before 30 October 2026. There were 184,851 options exercised in the year with a weighted average market value of 457p.

Deferred Bonus Schemes

	2024 Number of options	2023 Number of options
Outstanding at the beginning of the year	**140,463**	140,463
Exercised during the year	**(93,866)**	–
Outstanding at the end of the year	**46,597**	140,463
Exercisable at the end of the year	**31,777**	24,360

The options outstanding at 31 May 2024 have an exercise price of £nil and a weighted average contractual life of 1 month. There were no options granted in the year. There were £93,866 options exercised in the year with a weighted average market value of 430p.

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the services received in respect of the Deferred Bonus Schemes is measured based on the Black-Scholes model. The contractual life of the option is used as an input into this model. A Monte Carlo model is used for all Share Option Schemes due to their more complex measurement characteristics involving the market conditions noted above in relation to relative Total Shareholder Return (TSR) and absolute Total Shareholder Return (TSR). For market based vesting conditions, such as the absolute TSR and relative TSR performance metrics, the probability of meeting these metrics and the number of awards expected to vest is taken into account when calculating the estimated fair value.

The fair value of options and the assumptions used in these calculations for the options outstanding are as follows:

	2019 January Share option scheme	2019 December Share option scheme	2019 Deferred Bonus Scheme G	2020 August Share option scheme	2020 Deferred Bonus Scheme H	2020 Deferred Bonus Scheme I	2021 Deferred Bonus Scheme J	2021 August Share option scheme	2022 August Share option scheme	2023 October Share option scheme
Fair value at grant date	0.34	1.84	2.69	1.57	2.02	1.90	4.51	4.91	3.87	4.36
Exercise price	0.10	0.10	–	0.10	–	–	–	0.10	0.10	0.10
Share price	2.96	2.85	2.86	2.22	2.19	2.06	5.05	5.21	5.22	4.07
Expected volatility	29%	31%	31%	33%	31%	31%	40%	40%	44%	44%
Option life	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years
Expected dividend	2.44%	2.53%	2.53%	2.03%	2.53%	2.53%	3.69%	3.69%	1.61%	5.16%
Risk-free rate	0.87%	0.55%	1.7%	0.00%	0.0%	0.0%	0.0%	0.11%	0.11%	4.47%

Volatility was calculated with reference to the Group's daily share price volatility. The weighted average share price in the year was 471p (2023: 425p).

Share options outstanding at the end of the year have the following expiry date and exercise prices:

			Options outstanding	
	Expiry date	Exercise price	2024	2023
Share option scheme January 2019	30 January 2024	10p	**–**	29,704
Share option scheme December 2019	13 December 2024	10p	**–**	48,498
Deferred Bonus Scheme G	13 December 2024	–	**–**	24,360
Share option scheme December 2020	5 August 2025	10p	**59,132**	179,224
Deferred Bonus Scheme H	5 August 2025	–	**31,777**	62,448
Deferred Bonus Scheme I	1 October 2025	–	**–**	38,835
Deferred Bonus Scheme J	3 August 2024	–	**14,820**	14,820
Share option scheme August 2021	3 August 2024	10p	**146,532**	146,532
Share option scheme August 2022	2 August 2025	10p	**118,584**	118,584
Share option scheme October 2023	30 October 2026	10p	**198,106**	–
			568,951	663,005

Long-Term Incentive Plans and Deferred Bonus Schemes

The costs charged to the Income Statement relating to share-based payments were as follows:

	2024 £000	2023 £000
Share options granted in 2020	**–**	27
Share options granted in 2021	**24**	114
Share options granted in 2022	**154**	154
Share options granted in 2023	**77**	64
Share options granted in 2024	**87**	–
	342	359

Notes
(forming part of the Group financial statements) continued

25 Provisions

	Contract provisions £000	Restoration provisions £000	Dilapidations provisions £000	Insurance provisions £000	Other provisions £000	Total provision £000
At 1 June 2023	6,547	2,169	5,065	28	778	14,587
Provisions made during the year	5,541	44	939	–	480	7,004
Provisions utilised during the year	(97)	(591)	(868)	–	(162)	(1,718)
Provisions reversed	–	–	(59)	–	–	(59)
At 31 May 2024	**11,991**	**1,622**	**5,077**	**28**	**1,096**	**19,814**
Current	**519**	**1,622**	**1,950**	**–**	**433**	**4,524**
Non-Current	**11,472**	**–**	**3,127**	**28**	**663**	**15,290**

Provisions comprise:

1 The contract provisions have been made against profits which are subject to contract performance measurements which have not yet been carried out by the client and other contracts where the Group has identified potential warranty, defects or performance obligations. Although £519,000 of these obligations are expected to be completed in the next 12 months, the nature of such obligations may mean that they take longer to be completed.

2 A £1,622,000 restoration provision relates to the obligation to restore certain sites now that surface mining operations have ceased. This obligation is expected to be completed before 31 May 2025 although weather and operational conditions may mean that it takes longer to complete the restoration works.

3. A £5,077,000 dilapidations provision relates to property leases where there are contractual obligations to restore the property to the condition prior to the commencement of the lease. The dilapidations provision is based on a third party assessment of the cost of the work which has been carried out on behalf of the landlord. Of this, £3,127,000 is expected to be completed after 31 May 2025.

4. The insurance provisions represent outstanding excess amounts for claims which have been made but not settled and where there is a reasonable expectation of an economic outflow.

5. Other provisions relate to various trading related uncertainties that give rise to a potential economic outflow.

26 Capital and Reserves

Share Capital

	Group and Company ordinary shares 2024 Number	2023 Number
In issue at 1 June and 31 May	**33,138,756**	33,138,756

	2024 £000	2023 £000
Allotted, called up and fully paid		
32,806,355 (2023: 32,527,638) ordinary shares of 10p each (excluding own shares held)	**3,281**	3,253
Own shares held of 10p each 332,401 (2023: 611,118)	**33**	61
	3,314	3,314

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

At the year end the Group held 332,401 (2023: 611,118) within Treasury shares, representing own shares purchased as part of the Group's share buyback programme. These shares had a market value of £1.9m at 31 May 2024 (2023: £2.4m) and were purchased for an aggregate consideration of £1.9m (2023: £3.5m).

Share Premium
The Share Premium represents the excess amount paid for share capital issued at prices higher than the nominal value.

Translation Reserve
The Translation Reserve comprises all foreign exchange differences arising since 1 June 2007, the transition date to Adopted IFRSs, from the translation of the financial statements of foreign operations.

Hedging Reserve
The Hedging Reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Share-based Payment Reserve

The Share-based Payment Reserve comprises the cumulative charge in relation to the Group's long term incentive plans (Note 24). This reserve is expected to move in line with the charge recognised in the Share-based Payment charge recognised in the Income Statement.

Other Reserves

Other Reserves, the Merger Reserve, and the Capital Redemption Reserve are historical reserves for which no movements are anticipated.

Dividends

The aggregate amount of dividends paid in the year comprises:

	2024 £000	2023 £000
Final dividend paid in respect of prior year but not recognised as liabilities in that year (6.0p per share (2023: 5.6p))	**1,961**	1,822
Additional dividend paid in respect of the prior year (12.0p per share) (2023: 12.0p)	**3,922**	3,903
Interim dividend paid in respect of the current year (18.0p per share) (2023: 3.0p)	**5,905**	976
	11,788	6,701
Proposed final dividend (18.0p per share (2023: 6.0p))	**5,905**	1,952
Proposed additional dividend (0p per share (2023: 12.0p))	**–**	3,883
	5,905	5,835

The proposed dividends are not included in liabilities as they were not approved before the year end.

The Company has been advised that a technical issue has arisen in respect of the interim dividend of 18.0p per ordinary share paid by the Company to shareholders on 4 April 2024 (the Interim Dividend). Although the Company had sufficient distributable profits to pay the Interim Dividend at the payment date, the Company inadvertently failed to file at Companies House a copy of the interim accounts showing the requisite level of distributable profits. This failure to file the interim accounts was a technical breach of the Companies Act 2006 and as such the payment of the interim dividend was technically unlawful.

Since payment of the Interim Dividend was technically in breach of the procedures set out in the Companies Act 2006, the Company may have claims against past and present shareholders who were recipients of the Interim Dividend to recover the amount paid by way of the dividend. Similarly, the Company may have claims against those directors who participated in the meetings of the board of directors at which the decision was taken to pay the Interim Dividend. It is clearly not the intention of the Company that any such claim should be made by the Company against either its shareholders or its directors. This situation can be remedied by the shareholders passing a resolution which puts shareholders and directors into the position in which they were always intended to be. The Company intends to propose such a resolution at the AGM to be held on 30 October 2024. There should be no effect on the tax treatment of the Interim Dividend for shareholders.

27 Financial Instruments

The Group's principal financial instruments comprise short-term receivables and payables, bank loans and overdrafts, obligations under finance leases and cash. The Group does not trade in financial instruments but uses derivative financial instruments in the form of forward rate agreements to help manage its interest rate exposures. The main purpose of these financial instruments is to raise finance for the Group's ongoing operations and to manage its working capital requirements.

(a) Fair Values of Financial Assets and Financial Liabilities

Fair Value Hierarchy

The following hierarchy classifies each class of financial asset or liability depending on the valuation technique applied in determining its fair value:

Level 1: The fair value is calculated based on quoted prices traded in active markets for identical assets or liabilities.

Level 2: The fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Level 3: The fair value is based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All financial assets and financial liabilities are considered to be level 3.

The fair value of financial instruments held at fair value have been determined based on available market information at the balance sheet date.

The fair value of the options has been determined based upon the fair value of the assets and liabilities of the entities.

Notes
(forming part of the Group financial statements) continued

27 Financial Instruments continued

(b) Credit Risk

Financial Risk Management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers. The Group's risk is influenced by the nature of its customers. New customers are analysed for creditworthiness before the Group's standard payment terms and conditions are offered and appropriate credit limits set.

Exposure to Credit Risk

The maximum Group exposure to credit risk at the balance sheet date was £64,811,000 (2023: £59,811,000) being the total of the carrying amount of trade receivables, other receivables, contract assets and amounts due from undertakings in which the Group has a participating interest.

The allowance account for trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly. Further information on credit risk is provided in Note 18.

(c) Liquidity Risk

Financial Risk Management

Liquidity risk is the risk that the Group will not be able to access the necessary funds to finance their operations. The Group finances operations through a mix of short and medium-term facilities.

The Group manages its liquidity risk by monitoring existing facilities and cash flows against forecast requirements based on a rolling cash forecast.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	2024						2023					
	Carrying amount £000	Contractual cash flow £000	1 year or less £000	1 to <2 years £000	2 to <5 years £000	5 years and over £000	Carrying Amount £000	Contractual cash flow £000	1 year or less £000	1 to <2 years £000	2 to <5 years £000	5 years and over £000
Non-derivative financial liabilities												
Lease liabilities	**34,154**	**37,184**	**20,174**	**10,544**	**6,466**	**–**	36,350	39,459	17,459	15,170	6,830	–
Trade and other payables	**43,109**	**43,109**	**43,109**	**–**	**–**	**–**	47,427	47,427	47,427	–	–	–
	77,263	**80,293**	**63,283**	**10,544**	**6,466**	**–**	83,777	86,886	64,886	15,170	6,830	–

(d) Market Risk

Financial Risk Management

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments.

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The Group's policy is to reduce currency exposures on sales and purchasing through forward foreign currency contracts. The Group does not currently have any foreign currency contracts in place.

The Group is exposed to interest rate risk principally where its borrowings are at a variable interest rate. Levels of interest-bearing borrowings are monitored to minimise the exposure to interest rate risk, when appropriate the Group will utilise interest rate swaps to mitigate the remaining risk. Currently, the Group does not have any interest rate swaps in place.

The Group mitigates these risks wherever practicable, using measures including fixed price contracts, hedging instruments and "back-to- back" purchase and sale agreements.

Foreign Currency Risk

The Group's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments except derivatives when it is based on notional amounts.

31 May 2024

	Euro £000	US Dollar £000	Hong Kong Dollar £000	South African Rand £000	Malaysian Ringgit £000	Total £000
Investment in joint ventures	**56,046**	**–**	**–**	**–**	**–**	**56,046**
Cash and cash equivalents	**1**	**1**	**4,088**	**1,357**	**322**	**5,769**
Trade receivables	**–**	**–**	**2,390**	**–**	**–**	**2,390**
Loans due from undertakings in which the Group has a participating interest	**11,088**	**–**	**–**	**–**	**–**	**11,088**
Other receivables	**755**	**–**	**78**	**38**	**–**	**871**
Accrued income	**–**	**–**	**4,820**	**336**	**9**	**5,165**
Trade payables	**–**	**–**	**(685)**	**(86)**	**–**	**(771)**
Other trade payables	**–**	**–**	**(9)**	**–**	**–**	**(9)**
Non-trade payables and accrued expenses	**(10)**	**–**	**(3,450)**	**(337)**	**(25)**	**(3,822)**
Net exposure	**67,880**	**1**	**7,232**	**1,308**	**306**	**76,727**

The group has no future contracted sales or purchases denominated in a foreign currency at 31 May 2024.

31 May 2023

	Euro £000	US Dollar £000	Hong Kong Dollar £000	South African Rand £000	Malaysian Ringgit £000	Total £000
Investment in joint ventures	68,607	–	–	–	–	68,607
Cash and cash equivalents	3	2	2,283	744	412	3,444
Trade receivables	–	–	3,183	–	–	3,183
Loans due from undertakings in which the Group has a participating interest	11,184	–	–	–	–	11,184
Other receivables	517	–	623	50	–	1,190
Accrued income	–	–	4,649	335	42	5,026
Trade payables	(125)	–	(1,221)	(133)	–	(1,479)
Other trade payables	–	–	(276)	–	–	(276)
Non-trade payables and accrued expenses	(17)	–	(3,290)	(222)	(25)	(3,554)
Net exposure	80,169	2	5,951	774	429	87,325

Sensitivity Analysis

A 10% weakening of the following currencies against the Pound Sterling at 31 May 2024 would have decreased equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis is performed on the same basis for 2023.

	Equity		Profit or loss	
	2024 £000	2023 £000	2024 £000	2023 £000
€	**(6,171)**	(7,288)	**(1,075)**	(1,028)
$	**–**	–	**–**	–
HKD	**(657)**	(541)	**(657)**	(541)
ZAR	**(119)**	(70)	**(119)**	(70)
MYR	**(28)**	(39)	**(28)**	(39)

A 10% strengthening of the above currencies against the Pound Sterling at 31 May 2024 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Notes
(forming part of the Group financial statements) continued

27 Financial Instruments continued

Interest Rate Risk

Profile

At the balance sheet date, the interest rate profile of the Group's interest-bearing financial instruments was:

	Group 2024 £000	Group 2023 £000
Fixed rate instruments		
Financial liabilities	**(34,154)**	(36,350)
	(34,154)	(36,350)
Variable rate instruments		
Financial assets	**22,700**	21,859
	22,700	21,859

Sensitivity Analysis

An increase of one basis point in interest rates throughout the period would have affected profit or loss by the amounts shown below. This calculation assumes that the change occurred at all points in the period and had been applied to the average risk exposures throughout the period.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates, financial instruments at fair value through profit and loss with fixed interest rates and the fixed rate element of interest rate swaps. The analysis is performed on the same basis for 2023.

	Group 2024 £000	Group 2023 £000
Profit or loss		
Increase/decrease	**223**	178

(e) Capital Management

The Group manages its capital to ensure that it will be able to continue as a going concern, whilst maximising the return to shareholders. The capital structure of the Group consists of debt, which includes leasing related borrowings of £34,154,000 (2023: £36,350,000), cash and cash equivalents of £22,700,000 (2023: £21,859,000), and equity attributable to equity holders of the Parent, comprising capital, reserves and retained earnings of £192,096,000 (2023: £200,991,000).

The capital structure is reviewed regularly by the Directors. The Group's policy is to maintain gearing at levels appropriate to the business. The Directors take consideration of gearing determined as the proportion of net debt to total capital. It should be noted that the Directors review gearing taking careful account of the working capital needs and flows of the business. The Group has access to an undrawn £17m invoice discounting facility with Santander. This facility provides the Group with additional flexibility to deal with any short term working capital fluctuations. The Group's assets are not covered by any debenture and the invoice discounting facility has no associated covenants.

The Directors consider the allocation of capital delivered from asset realisation and cash flows from operations, taking into account the growth opportunities and return on capital employed in each business unit.

28 Capital Commitments

At 31 May 2024, the Group had capital commitments totalling £nil (2023: £nil).

29 Contingencies

The Group and certain of its subsidiary undertakings have composite arrangements in connection with banking facilities. The Company acts as a guarantor, or surety, for various subsidiary undertakings and joint ventures in banking and other agreements entered into by them in the normal course of business.

The Group has performance bonds and guarantees in place in relation to various performance obligations under certain contracts. The total value of these bonds at 31 May 2024 is £1.5m (2023: £1.6m).

In relation to HRMS, the Group no longer provides (2023: €10m or £8.6m) a guarantee in connection with the banking facilities of HRMS.

In May 2024 a serious health and safety incident occurred at one of the Group's operations. Both internal and external investigations remain ongoing. Should a prosecution arise then a fine could be incurred. Because it is very early in the investigations, it is not yet possible to reliably quantify the potential impact of any fine that might be imposed on the Group.

30 Related Parties

Identity of Related Parties with which the Group has Transacted

The Group have a related party relationship with their subsidiaries and joint ventures (Note 14) and its Directors. All related party transactions were made on terms equivalent to those that prevail in arm's length transactions only.

Other Related Party Transactions

	Sales to		Purchases from	
	2024 £000	2023 £000	2024 £000	2023 £000
Joint ventures				
Tower Regeneration Limited	**235**	138	**–**	–
Waystone Hargreaves Land LLP	**137**	136	**–**	–
Hargreaves Services Europe Limited	**843**	1,436	**–**	–
	1,215	1,710	**–**	–

	Interest received from		Interest paid to	
	2024 £000	2023 £000	2024 £000	2023 £000
Joint ventures				
Hargreaves Services Europe Limited	**859**	800	**165**	125
Waystone Hargreaves Land LLP	**167**	–	**–**	–
	1,026	800	**165**	125

	Loan receivables outstanding		Trade receivables outstanding	
	2024 £000	2023 £000	2024 £000	2023 £000
Joint ventures				
Tower Regeneration Limited	**14,191**	14,275	**100**	34
Carbon Action Limited	**143**	144	**–**	–
Waystone Hargreaves Land LLP	**2,491**	1,627	**315**	101
Hargreaves Services Europe Limited	**11,088**	11,184	**3,151**	1,385
	27,913	27,230	**3,566**	1,520

	Loan payables outstanding		Trade payables outstanding	
	2024 £000	2023 £000	2024 £000	2023 £000
Joint ventures				
Hargreaves Services Europe Limited	**–**	3,954	**–**	136
	–	3,954	**–**	136

Transactions with Key Management Personnel

The Directors are the key management personnel of the Group. Details of Directors' remuneration, share options, pension benefits and other non-cash benefits can be found in Note 6. In addition to this, the element of the share-based payment charge for the year that relates to key management personnel is £132,000 (2023: £170,000) and the social security costs amounted to £207,000 (2023: £321,000). There are no other post-employment or other long-term benefits.

31 Ultimate controlling party

The Company is listed on the Alternative Investment Market of the London Stock Exchange. Material shareholders are detailed within the Directors' Report. There is no ultimate controlling party of the Group.

Parent Company Balance Sheet
at 31 May 2024

	Note	Company 2024 £000	Company 2023 £000
Fixed assets			
Investments in joint ventures	4	**4,984**	4,984
Investments in subsidiary undertakings	4	**33,477**	33,135
Deferred tax assets	6	**38**	–
		38,499	38,119
Current assets			
Trade and other receivables	5	**116,358**	95,582
Cash and cash equivalents		**15,461**	12,646
Income tax asset		**1,081**	–
		132,900	108,228
Total assets		**171,399**	146,347
Current liabilities			
Trade and other payables	7	**(65,704)**	(52,381)
Income tax liability		**–**	(81)
		(65,704)	(52,462)
Total liabilities		**(65,704)**	(52,462)
Net assets		**105,695**	93,885
Share capital	8	**3,314**	3,314
Share premium	8	**73,990**	73,972
Merger reserve	8	**1,022**	1,022
Capital redemption reserve	8	**1,530**	1,530
Share-based payment reserve	8	**2,730**	2,388
Retained earnings		**23,109**	11,659
Total Equity		**105,695**	93,885

The Company's profit after tax for the year was £23.2m (2023: £3.1m).

The notes on pages 110 to 113 form an integral part of these financial statements.

These financial statements on pages 108 to 113 were approved by the Board of Directors on 5 August 2024 and were signed on its behalf by:

Gordon Banham
Director

Registered number: 4952865

Parent Company Statement of Changes in Equity
for year ended 31 May 2024

Company	Share capital £000	Share premium £000	Capital redemption reserve £000	Merger reserve £000	Share-based payment reserve £000	Retained earnings £000	Total Parent equity £000
At 31 May 2022 and 1 June 2022	**3,314**	**73,972**	**1,530**	**1,022**	**2,029**	**15,258**	**97,125**
Total comprehensive income for the year							
Profit for the year	–	–	–	–	–	3,102	3,102
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**3,102**	**3,102**
Transactions with owners recorded directly in equity							
Equity-settled share-based payment transactions	–	–	–	–	359	–	359
Dividends paid	–	–	–	–	–	(6,701)	(6,701)
Total contributions by and distributions to owners	**–**	**–**	**–**	**–**	**359**	**(6,701)**	**(6,342)**
At 31 May 2023 and 1 June 2023	**3,314**	**73,972**	**1,530**	**1,022**	**2,388**	**11,659**	**93,885**
Total comprehensive income for the year							
Profit for the year	–	–	–	–	–	23,238	23,238
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**23,238**	**23,238**
Transactions with owners recorded directly in equity							
Issue of shares	–	18	–	–	–	–	18
Equity-settled share-based payment transactions	–	–	–	–	342	–	342
Dividends paid	–	–	–	–	–	(11,788)	(11,788)
Total contributions by and distributions to owners	**–**	**18**	**–**	**–**	**342**	**(11,788)**	**(11,428)**
At 31 May 2024	**3,314**	**73,990**	**1,530**	**1,022**	**2,730**	**23,109**	**105,695**

Notes
(forming part of the Company financial statements)

1 Accounting Policies

Hargreaves Services plc (the "Company", "Parent Company") is a public company limited by shares and incorporated, domiciled and registered in England, UK.

The Company's principal activity is to act as a holding company for its subsidiaries. Parent Company financial statements present information about the Company as a separate entity and not about the Group.

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

Statement of compliance with FRS 101

These financial statements were prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The Company meets the definition of a qualifying entity under FRS 101, 'Application of Financial Reporting Requirements' as issued by the Financial Reporting Council.

Basis of preparation

The Company has elected to adopt FRS 101 for the year ended 31 May 2024 for the first time. In preparing these financial statements, the Company has applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK (UK-adopted international accounting standards), but has made amendments where necessary in order to comply with the Companies Act 2006 and to take advantage of FRS 101 disclosure exemptions. The Company has departed from consistent accounting policies with the Group as the Group financial statements are prepared under UK-adopted international accounting standard and the Company Directors have taken the decision to prepare the Company financial statements in accordance with FRS 101.

The Company financial statements for the year ending 31 May 2023 were prepared in accordance with UK-adopted international accounting standards. No restatements were required for the comparative figures. None of the standards, interpretations and amendments effective for the first time from 1 June 2023 have had a material effect on the financial statements.

Going Concern

The Company is the ultimate holding company to a group which is highly cash generative and has access to a £12m invoice discounting facility, which is currently undrawn and will remain in place at this level until 31 October 2025. The Directors are, therefore, satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. Further information on the Group's going concern and ongoing viability is provided in note 1 of the Group financial statements.

Accounting Estimates involving Judgements

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Due to the nature of the Company, we consider investments in subsidiaries, investments in joint ventures and parent company intra-group balances to involve critical accounting estimates or judgements made in the preparation of these financial statements.

a) Investments in Subsidiaries, Investments in Joint Ventures and Parent Company Intra-Group Balances

Management has considered the carrying value of the investment and performed an assessment for impairment indicators. The assessment of impairment involves assumptions on the estimated future operating cash flows from these CGUs, the discount rate applied in the calculations and the comparison of the cash flows to the carrying value of the investments. These are key areas of judgement and include significant accounting estimates.

New standards, amendments and interpretations

For the latest amendments and interpretations, please refer to Note 1 in the Group financial statements.

Fixed asset investments in subsidiary undertakings

Fixed asset investments in subsidiary undertakings are recorded at cost less any provision for impairment.

Fixed asset investments in joint ventures

Joint ventures are accounted for using the equity method (equity accounted investees) and are initially recognised at cost, or fair value where cost is lower than fair value at acquisition, net of any impairment losses.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Trade receivables

Trade receivables for the Company refer to prepayments made for services performed in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Taxation

Tax on the profit or loss for the period comprises both current and deferred tax. Tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Share-Based Payment Transactions

Where the Company grants share-based payment awards over its own shares to the employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its consolidated financial statements with the corresponding credit being recognised directly in equity.

Related parties

In these financial statements, the Company has taken advantage of the following disclosure exemptions available under FRS 101:

- The requirement of paragraph 17 of IAS 24 'Related Party Transactions'; and
- The requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is a wholly-owned by such a member.

2 Income Statement and Statement of Cash Flow Exemption

The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the Income Statement or a Statement of Comprehensive Income for the Company. Total comprehensive income for the Company for the year was £23.2m (2023: £3.1m). The Company has taken advantage of the disclosure exemptions under FRS 101 in relation to the requirements of IAS 7 'Statement of Cash Flows'.

3 Directors Remuneration

Details of the Company's director's remuneration are given in Note 6 of the Group financial statements.

The Company has no employees other than the Directors noted in Note 6 of the Group financial statements (2023: nil).

4 Investments in Subsidiaries and Joint Ventures

List of Registered Offices:

4.1 West Terrace, Esh Winning, Durham, DH7 9PT
4.2 Suite 2, Park House Earls Colne Business Park, Earls Colne, Colchester, Essex, England, CO6 2NS
4.3 3 Nobel Boulavard, Cape Gate NE3, Vanderbijlpark, Gauteng, 1900
4.4 Lot 6.05, Level 6, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia
4.5 Room 1117-8, 11th Floor, Tuen Mun Central Square, N0.22 Hoi Wing Road, Tuen Mun, New Territories, HK

Notes
(forming part of the Company financial statements) continued

4 Investments in Subsidiaries and Joint Ventures continued

The Company have the following investments in subsidiaries and joint ventures at the end of the year:

	Address of registered office	Class of shares held	Ownership 2024	Ownership 2023
Company				
Subsidiary undertakings				
Hargreaves (UK) Limited	4.1	Ordinary	**100%**	100%
Hargreaves Industrial Services Limited	4.1	Ordinary	**100%**	100%
Forward Sound Limited*	4.1	Ordinary	**100%**	100%
Hargreaves Services (HK) Limited	4.5	Ordinary	**100%**	100%
Hargreaves Land Limited	4.1	Ordinary	**100%**	100%
H Technical Resources Limited*	4.1	Ordinary	**100%**	100%
Hargreaves Maltby Limited*	4.1	Ordinary	**100%**	100%
Hargreaves Property Ventures Limited	4.1	Ordinary	**100%**	100%
Hargreaves Services (Westfield) Limited*	4.1	Ordinary	**100%**	100%
Hargreaves Services (Castlebridge) Limited*	4.1	Ordinary	**–**	100%
Hargreaves Services (Blindwells) Limited	4.1	Ordinary	**100%**	100%
Hargreaves Services Forestry Limited*	4.1	Ordinary	**100%**	100%
Hargreaves Services South Africa (Pty) Ltd	4.3	Ordinary	**100%**	100%
C.A. Blackwell Group Limited*	4.1	Ordinary	**100%**	100%
Hargreaves Industrial Services Sdn Bhd	4.4	Ordinary	**100%**	100%
Hargreaves Pension Company Limited	4.1	Ordinary	**100%**	100%
Hargreaves Land Holdings Limited*	4.1	Ordinary	**100%**	100%
Blackwell Earthmoving Limited	4.2	Ordinary	**100%**	100%
Dormant				
Coal 4 Energy Limited*	4.1	Ordinary	**100%**	100%
Hargreaves Carbon Products Europe Limited*	4.1	Ordinary	**100%**	100%
Hargreaves Corporate Director Limited*	4.1	Ordinary	**100%**	100%
Hargreaves Industrial Products Limited*	4.1	Ordinary	**100%**	100%
HBLT Limited*	4.1	Ordinary	**100%**	100%
R Hanson & Son Limited*	4.1	Ordinary	**100%**	100%
HESOTT Limited*	4.1	Ordinary	**100%**	100%
Joint ventures				
Hargreaves Services Europe Limited	4.1	Ordinary	**49%**	49%

* These UK subsidiaries are exempt from audit by virtue of s479A of the Companies Act 2006.

Company	Group undertakings £000	Joint ventures £000
Shares at cost and net book value		
At 1 June 2022	31,358	4,984
Capital contribution arising on share options	359	–
Investment in Hargreaves Services South Africa (Pty) Ltd	1,418	–
At 31 May 2023	33,135	4,984
At 1 June 2023	33,135	4,984
Capital contribution arising on share options	342	–
At 31 May 2024	**33,477**	**4,984**

The capital contribution arising on share options is as a result of the share-based payment charge during the year.

On 1 June 2022, Hargreaves Services South Africa (Pty) Ltd issued 101 ordinary shares of £1 each to Hargreaves Services plc, its parent company, at a consideration of £14,040 per ordinary share. The consideration was satisfied by converting £1.4m of loan due by Hargreaves Services South Africa (Pty) Ltd to Hargreaves Services plc into equity.

Further details of the Company's investments in joint ventures are given in Note 14 of the Group Financial Statements.

5 Trade and other receivables

	Company	
	2024 £000	2023 £000
Amounts due from Group undertakings	**102,386**	83,321
Amounts due from undertakings in which the Company has a participating interest	**13,710**	11,974
Other receivables	**236**	244
Prepayments and accrued income	**26**	43
	116,358	95,582

Included within trade and other receivables is £nil (2023: £nil) expected to be recovered in more than 12 months.

Amounts due from Group undertakings to the Company are repayable on demand. No interest is charged on these balances.

Amounts due from undertakings in which the Company has a participating interest are repayable on demand. Interest is charged at rates ranging between 7% and 10%.

6 Deferred tax asset

The Company has deferred tax assets of £38,000 (2023: £nil).

7 Trade and other payables

	Company	
	2024 £000	2023 £000
Amounts due to Group undertakings	**65,704**	48,301
Amounts due to undertakings in which the Company has a participating interest	**–**	4,080
	65,704	52,381

Amounts due to Group undertakings for the Company are repayable on demand. No interest is incurred on these balances.

Amounts due to undertakings in which the Company has a participating interest are repayable on demand. Interest is charged at 1.7% above the Bank of England base rate.

8 Capital and reserves

Details of the Company's capital and reserves are given in Note 26 of the Group Financial Statements.

9 Dividends

Details of the Company's dividends are given in Note 26 of the Group Financial Statements.

10 Financial Instruments

The Company has taken advantage of the disclosure exemptions under 'IFRS 7 financial instruments: Disclosure' from presenting details and sensitivities on its financial instruments.

11 Capital Commitments

At 31 May 2024, the Company had capital commitments totalling £nil (2023: £nil).

Alternative Performance Measures Glossary

This report provides alternative performance measures ("APMs"), which are not defined or specified under the requirements of International Financial Reporting Standards. The Board believes that these APMs provide readers with important additional information on the business.

Alternative Performance Measure	Definition and Purpose
Underlying profit before tax ("UPBT")	Represents the profit before tax prior to amortisation of intangible assets, and, in accordance with International Accounting Standards, includes the Group's share of the post-tax profit of its German joint venture. This measure is consistent with how the business measures performance and is reported to the Board.

	2024 £000	2023 £000
Profit before tax	**16,676**	27,155
Amortisation of intangible assets	**191**	175
Underlying Profit before Tax	**16,867**	27,330

Alternative Performance Measure	Definition and Purpose
Basic underlying earnings per share	Profit attributable to the equity holders of the Company prior to amortisation of intangible assets after tax divided by the weighted average number of ordinary shares during the financial year adjusted for the effects of any potentially dilutive options. See Note 9.
EBITDA	EBITDA is defined as profit before tax prior to charges for depreciation, amortisation and interest and excludes the share of profit from joint ventures and gains and losses on the sale of fixed assets and investment property.

	2024 £'000	2023 £'000
Profit before tax	**16,676**	27,155
Depreciation	**16,212**	14,570
Amortisation of intangible assets	**191**	175
Net finance expense	**724**	953
Share of profit in joint ventures (net of tax)	**(1,533)**	(16,311)
Profit on sale of fixed assets and investment property	**(6,204)**	(4,718)
EBITDA	**26,066**	21,824

Alternative Performance Measure	Definition and Purpose
Net Asset Value per share	Represents the Net Asset value of the Group divided by the number of shares in issue less those shares held in treasury. Calculated as follows:

	2024	2023
Total shares in issue	**33,138,756**	33,138,756
Less shares in treasury	**(332,401)**	(611,118)
Shares for calculation	**32,806,355**	32,527,638
Net Asset Value per Balance Sheet	**£192,096,000**	£200,991,000
Net Asset Value per share	**£5.86**	£6.18

Notice of Annual General Meeting – Hargreaves Services plc

(incorporated and registered in England and Wales under company number 4952865)

NOTICE IS GIVEN that this year's **Annual General Meeting** of Hargreaves Services plc (the **Company**) will be held at Prior's Hall, Durham Cathedral, Durham, DH1 3EH on 30 October 2024 at 11.00am to consider and, if thought fit, approve the following resolutions:

Ordinary Business

1. To adopt and receive the Directors' Report, the Strategic Report, the Directors' Corporate Governance and Remuneration Reports, the Audit & Risk Committee Report, the Auditor's Report and the Financial Statements for the year ended 31 May 2024.
2. To approve the Directors' Corporate Governance and Remuneration Reports for the year ended 31 May 2024.
3. To declare a final dividend for the year ended 31 May 2024 of 18 pence per ordinary share to bring the dividend for the year ended 31 May 2024 to a total of 36 pence per ordinary share.
4. To re-appoint Nigel Halkes as a director of the Company in accordance with article 34 of the Company's Articles of Association, who offers himself for re-appointment.
5. To re-appoint Gordon Banham as a director of the Company in accordance with article 34 of the Company's Articles of Association, who offers himself for re-appointment.
6. To re-appoint David Anderson as a director of the Company in accordance with article 34 of the Company's Articles of Association, who offers himself for re-appointment.
7. To re-appoint PricewaterhouseCoopers LLP as auditors of the Company to hold office from the conclusion of this meeting to the conclusion of the next general meeting at which accounts are laid before the Company.
8. To authorise the Audit & Risk Committee of the board of directors to determine the remuneration of the auditors.
9. To authorise the directors of the Company pursuant to section 551 of the Companies Act 2006 (the Act) generally and unconditionally to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into such shares in the Company:
   9.1. up to an aggregate nominal value of £1,104,625 (representing approximately one-third of the total ordinary share capital in issue (excluding shares held in Treasury) as at 2 August 2024); and
   9.2. comprising equity securities (within the meaning of section 560 of the Act) up to an aggregate nominal amount of £2,209,250 (after deducting from such amount any shares allotted under the authority conferred by virtue of resolution 9.1) in connection with or pursuant to a pre-emptive offer,

   provided that such authorities conferred by this resolution 9 shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling six months after the end of the Company's current financial year unless varied, revoked or renewed by the Company in general meeting, save that the Company may at any time before such expiry make offers or agreements which would or might require shares to be allotted or rights to be granted after such expiry and the directors may allot shares and grant rights pursuant to such offers or agreements as if the relevant authorities conferred by this resolution 9 had not expired. These authorities shall be in substitution for all previous authorities previously granted to the directors to allot shares and grant rights which are pursuant to this resolution 9 revoked but without prejudice to any allotment or grant of rights made or entered into prior to the date of this resolution 9.
10. Subject to and conditional upon the passing of resolution 9 (and in substitution for all existing like powers granted to the directors of the Company (to the extent they remain in force and unexercised)), the directors be and are empowered pursuant to sections 570 and 573 of the Act to allot equity securities (as defined in section 560 of the Act) of the Company for cash:
   10.1. pursuant to the authority conferred upon them by resolution 9.1 or where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Act, in each case:
      10.1.1. in connection with or pursuant to an offer of such securities by way of a pre-emptive offer; and
      10.1.2. (otherwise than pursuant to 10.1.1 above) up to an aggregate nominal value of £331,387.56 (representing approximately 10% of the total ordinary share capital in issue (including shares held in Treasury) as at 2 August 2024); and
   10.2. pursuant to the authority conferred upon them by resolution 9.2, in connection with or pursuant to a pre-emptive offer,

   as if section 561(1) of the Act and sub-sections (1) – (6) of section 562 of the Act did not apply to any such allotment, and the powers given shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling six months after the end of the Company's current financial year unless renewed or extended prior to such expiry, save that the directors of the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement as if the power had not expired.

Special Business

11. To approve amendments to the Hargreaves Services plc Executive Share Option Scheme (the Scheme), the principal amendments of which are set out in the explanatory notes below.
12. The Company be and is generally and unconditionally authorised for the purpose of section 701 of the Act to make market purchases (which in this resolution shall have the meaning given to this term in section 693(4) of the Act) of its ordinary shares of 10 pence each in the capital of the Company (Ordinary Shares) on the terms set out below:
   12.1. the maximum aggregate number of Ordinary Shares authorised to be purchased by the Company pursuant to this resolution 12 is 4,920,953 (representing approximately 15% of the total ordinary share capital in issue (excluding shares held in Treasury) as at 2 August 2024); and
   12.2. the minimum price which may be paid for each of those Ordinary Shares (exclusive of expenses) is 10 pence; and

Notice of Annual General Meeting – Hargreaves Services plc

(incorporated and registered in England and Wales under company number 4952865) continued

12.3. the maximum price (exclusive of expenses) which may be paid for each of those Ordinary Shares is not more than the higher of: (i) 5% above the average of the middle market quotations for Ordinary Shares (as derived from the Daily Official Lists of the London Stock Exchange) for the five dealing days immediately preceding the date of purchase; and (ii) the price stipulated by European Commission-adopted Regulatory Technical Standards pursuant to Article 5(6) of the Market Abuse Regulation, but so that this authority shall (unless previously varied, revoked or renewed) expire on the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling six months after the end of the Company's current financial year, save that the Company may before the expiry of this authority conclude any contract for the purchase of its own shares pursuant to the authority conferred by this resolution 12 which contract would or might be executed wholly or partially after the expiration of this authority as if the authority conferred by this resolution 12 had not expired.

13. To consider and, if thought fit, to pass the following resolution as a special resolution:

That:

13.1. the payment of the amount of 18 pence per ordinary share by way of interim dividend on 4 April 2024 (the "**Interim Dividend**") and the entry in the audited accounts of the Company for the year ended 31 May 2024 whereby distributable profits of the Company were appropriated to the payment of the Interim Dividend, be and is hereby ratified and confirmed;

13.2. any and all claims which the Company may have in respect of the payment of the Interim Dividend against its shareholders who appeared on the register of shareholders on the relevant record date be released with effect from 4 April 2024 and a deed of release in favour of such shareholders be entered into by the Company in the form of the deed produced to the Meeting and signed by the Chairman for the purposes of identification;

13.3. any distribution involved in the giving of any such release in relation to the Interim Dividend be made out of the profits appropriated to the Interim Dividend as aforesaid by reference to a record date identical to the record date for the Interim Dividend; and

13.4. any and all claims which the Company has or may have against its directors (whether past, present or future) arising in connection with the payment of the Interim Dividend be released and that a deed of release in favour of the directors of the Company be entered into by the Company in the form of the deed produced to the Meeting and signed by the Chair for the purposes of identification.

5 August 2024
By order of the Board

David Hankin
Company Secretary

Registered Office:
West Terrace
Esh Winning
Durham
DH7 9PT
Registered in England and Wales No. 4952865

Notes

1. This notice is the formal notification to members of the Company's Annual General Meeting (the Meeting), its date, time and place and the matters to be considered. If you are in doubt as to what action you should take you should consult an independent adviser.
2. Resolutions 1 to 9 and resolution 11 will be proposed as ordinary resolutions. A simple majority (being more than 50%) of votes cast must be in favour of each such resolution in order for it to be passed.
   Resolutions 10, 12 and 13 will be proposed as special resolutions. A special resolution requires 75% or more of votes cast to be in favour of such resolution in order for it to be passed.
   All business proposed at the Meeting is ordinary business, pursuant to Article 24.1, save for resolutions 11 to 13. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only those shareholders registered in the register of members of the Company at close of business on 28 October 2024 as holders of ordinary shares of 10 pence each in the capital of the Company shall be entitled to attend and vote at the Meeting in respect of the number of shares registered in their name at the time. Changes to entries in the register of members after close of business on 28 October 2024 shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
3. If you are a member of the Company at the time set out in Note 2 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend and to speak and vote on your behalf at the Meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
   A shareholder may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by you. You may not appoint more than one proxy to exercise rights attached to any one share. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice.
4. To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at the office of the Registrars of the Company, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD no later than 11.00am on 28 October 2024.
5. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in Notes 10-13 below) will not in itself prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
6. If a member appoints a proxy or proxies and then decides to attend the Annual General Meeting in person and vote using his poll card, then the vote in person will override the proxy vote(s). If the vote in person is in respect of the member's entire holding, then all proxy votes will be disregarded. If, however, the member votes at the meeting in respect of less than the member's entire holding, then if the member indicates on his polling card that all proxies are to be disregarded, that shall be the case; but if the member does not specifically revoke proxies, then the vote in person will be treated in the same way as if it were the last received proxy and earlier proxies will only be disregarded to the extent that to count them would result in the number of votes being cast exceeding the member's entire holding. If you do not have a proxy form and/or believe that you should have one or if you require additional forms, please contact the Registrars of the Company, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD.
7. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see Note 4 above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
8. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
9. In order to revoke a proxy instruction, you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Neville Registrars. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD no later than 11.00am on 28 October 2024. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to Note 7 above, your appointment will remain valid.
10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
11. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (Euroclear) specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 7RA11) by 11.00am on 28 October 2024. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

Notice of Annual General Meeting – Hargreaves Services plc

(incorporated and registered in England and Wales under company number 4952865) continued

12. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
13. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).
14. If a corporation is a member of the Company, it may by resolution of its directors or other governing body authorise one or more persons to act as its representative or representatives at the Meeting and any such representative or representatives shall be entitled to exercise on behalf of the corporation all the powers that the corporation could exercise if it were an individual member of the Company. Corporate representatives should bring with them either an original or certified copy of the appropriate board resolution or an original letter confirming the appointment, provided it is on the corporation's letterhead and is signed by an authorised signatory and accompanied by evidence of the signatory's authority.
15. As at 2 August 2024 (being the last business day prior to the publication of this Notice) the Company's issued share capital consisted of 33,138,756 ordinary shares (332,401 of which are held in Treasury with no voting rights). Therefore, the total voting rights in the Company as at 2 August 2024 was 32,806,355.
16. The following documents will be available for inspection at the Company's registered office at West Terrace, Esh Winning, Durham, DH7 9PT during normal business hours on any week day (Saturdays and English public holidays excepted) from the date of this notice until the close of the Meeting and at the place of that Meeting for at least 15 minutes prior to and during the Meeting:
    - copies of the service contracts for the Executive Directors of the Company;
    - copies of the letters of appointment of Non-Executive Directors of the Company; and
    - the form of deed of release in favour of shareholders and the form of the deed of release in favour of the directors of the Company, each as referred to in resolution 0.

Explanatory Notes to the Notice of Annual General Meeting
The notes on the following pages explain the proposed resolutions.

Resolution 1: Accounts

The directors will present the Directors' Report, the Strategic Report, the Directors' Corporate Governance and Remuneration Reports, the Audit & Risk Committee Report, the Auditor's Report and the Financial Statements for the financial year ended 31 May 2024 to the meeting as required by law. These financial statements on pages 62 to 107 of the Company's Annual Report.

Resolution 2: Approval of the Directors' Remuneration Report

Shareholders are asked to approve the Directors' Remuneration Report for the financial year ended 31 May 2024 which is set out in full on pages 50 to 53 of the Company's Annual Report. The vote is advisory and the directors' entitlement to remuneration is not conditional upon this resolution being passed.

Resolution 3: Final Dividend

The Board proposes a dividend for the financial year ended 31 May 2024 of 18 pence per ordinary share. If the meeting approves resolution 3, the dividend will be paid on 4 November 2024 to shareholders on the register of members on 27 September 2024.

Resolutions 4, 5, and 6: Re-appointment of Directors

At each Annual General Meeting one-third of the directors for the time being (other than those appointed since the last Annual General Meeting) are required to retire. If the number of relevant directors is not a multiple of three, the number nearest to one-third of directors, but not less than one-third, must retire. Directors due to retire by rotation are those longest in office since their last re-election or re-appointment. A retiring director is eligible for re-appointment. Nigel Halkes, Gordon Banham and David Anderson are offering themselves for re-appointment.

Brief biographical details of Nigel Halkes, Gordon Banham and David Anderson are set out on pages 40 and 41 of this document.

Resolutions 7 and 8: Re-appointment and Remuneration of Auditors

The Company is required to appoint auditors at each general meeting at which accounts are laid, to hold office until the next general meeting. PricewaterhouseCoopers LLP are willing to be re-appointed for a year and resolution 7 proposes their appointment and, in accordance with standard practice, resolution 8 authorises the Audit & Risk Committee of the board of directors of the Company to determine the level of the auditors' remuneration.

Resolution 9: Renewal of Board's Authority to Allot Shares

Resolution 9.1 grants the directors authority to allot relevant ordinary shares up to an aggregate nominal amount of £1,104,625 being approximately one-third of the Company's issued ordinary share capital (excluding shares held in Treasury) as at 2 August 2024.

In line with guidance issued by the Investment Association, resolution 9.2 grants the directors authority to allot ordinary shares in connection with pre-emptive offers (including a rights issue) up to an aggregate nominal amount of £2,209,250 (representing 22,092,500 ordinary shares of 10 pence each), as reduced by the nominal amount of any shares issued under resolution 9.1. This amount, before any such reduction, represents approximately two-thirds of the Company's issued ordinary share capital (excluding shares held in Treasury) as at 2 August 2024. Under a rights issue, ordinary shareholders are invited to subscribe for further ordinary shares in proportion (as near as is practicable) to their holdings of shares in the Company and, if they accept the invitation, their holding of shares is not diluted (and if they decline the offer then they can sell their "rights" in the market for value).

Guidelines issued by the Investment Association provide that an authority for directors to allot new shares up to an amount equal to one-third of the existing share capital, such as that granted by resolution 9.1, will be regarded as routine. The Investment Association guidelines also state that an authority for directors to allot a further amount equal to one-third of the existing issued share capital, such as that granted by resolution 9.2, will also be regarded as routine as long as that additional authorisation applies only to pre-emptive offers.

It is not the directors' current intention to exercise either of these authorities. The authorities granted by resolution 9 replace the existing authorities to allot shares.

Resolution 10: General Disapplication of Statutory Pre-emption Rights
Resolution 10.1.1 grants the directors power to allot shares without first offering them to existing shareholders in proportion to their existing shareholdings, where such offers are made in connection with or pursuant to a pre-emptive offer of shares.

Resolution 10.1.2 permits the directors to allot shares without first offering them to existing shareholders and otherwise than in connection with a pre-emptive offer, but only up to a maximum nominal amount of £331,387.56 (representing 3,313,876 ordinary shares of 10 pence each and being approximately 10% of the total ordinary share capital (including treasury shares)).

Resolution 10.2 grants the directors power to allot those shares issued further to the powers granted to them under resolution 9.2 without first offering them to existing shareholders.

Resolution 11: Approval of amendments to the Hargreaves Services plc Executive Share Option Scheme (the Scheme)
The Board proposes that shareholders approve an amendment to the performance criteria of the Hargreaves Services plc Executive Share Option Scheme. It is proposed that the Company Performance Option be amended to require TSR growth between 30% and 75%. The EPS Growth Option will remain unchanged. The amendments, if approved, will apply to future options awarded under the scheme.

Resolution 12: Purchase of Own Shares
Resolution 12 authorises the Company to purchase its own shares (in accordance with section 701 of the Act) during the period from the date of this Annual General Meeting until the end of the next Annual General Meeting of the Company or the expiration of six months after the Company's current financial year end, whichever is the sooner, up to a total of 4,920,953 ordinary shares. This represents approximately 15% of the issued ordinary share capital of the Company (excluding shares held in Treasury) as at 2 August 2024. The maximum price payable for a share shall not be more than the higher of 5% above the average of the middle market quotations of such shares for the five business days before such purchases and the price stipulated in the European Commission-adopted Regulatory Technical Standards pursuant to Article 5(6) of the Market Abuse Regulation (being the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out). The minimum price payable for a share will be 10 pence. Companies are permitted to retain any of their own shares which they have purchased as treasury shares with a view to possible re-issue at a future date, rather than cancelling them. The Company will consider holding any of its own shares that it purchases pursuant to the authority conferred by this resolution as treasury shares. This would give the Company the ability to re-issue treasury shares quickly and cost-effectively and would provide the Company with additional flexibility in the management of its capital base.

The directors will consider making use of the renewed authority pursuant to resolution 12 in circumstances which they consider to be in the best interests of shareholders generally after taking account of market conditions prevailing at the time, other investment opportunities, appropriate gearing levels, the effect on earnings per share and the Company's overall financial position. No purchases will be made which would effectively alter the control of the Company without the prior approval of the shareholders in a general meeting.

Resolution 13: ratification and confirmation of the 2024 interim dividend and matters relating thereto
A technical issue has arisen in respect of the interim dividend of 18 pence per ordinary share paid by the Company to shareholders (amounting to approximately £5.9m on 4 April 2024 (the "2024 Interim Dividend"). When the Company paid the 2024 Interim Dividend, although the Company had sufficient distributable profits to pay that dividend at the payment date, interim accounts (as defined in the 2006 Act) showing the requisite level of distributable profits had inadvertently not been filed at Companies House, as required by that Act. As a result, the 2024 Interim Dividend was paid in technical infringement of the 2006 Act.

The Company has been advised that it may have claims against past and present shareholders who were recipients of the 2024 Interim Dividend to recover the amount paid by way of the dividend. Similarly, the Company has also been advised that it may have claims against those directors who participated in the meetings of the board of directors at which the decision was taken to pay the 2024 Interim Dividend.

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It is clearly not the intention of the Company that any such claim should be made by the Company against either its shareholders or its directors. This matter can be remedied by the shareholders passing a resolution which puts shareholders and directors into the position in which they were always intended to be. Resolution 0, which is proposed as a special resolution, is to ratify the appropriation of profits to the payment of the 2024 Interim Dividend, to waive any rights of the Company against the shareholders who received the 2024 Interim Dividend, to waive any rights of the Company against both past and present directors in respect of the 2024 Interim Dividend and to approve the Company entering into deeds of release in favour of such shareholders and directors. Copies of the form of the deeds of release are available for inspection in the manner described in paragraph 16 of the general 'Notes' section.

The Company has drawn the attention of HM Revenue & Customs ("HMRC") to the circumstances surrounding the payment of the 2024 Interim Dividend and to the steps that are now proposed to rectify the legal position of the Company.

It is not expected that the passing of resolution 0 should have an effect on the UK tax position of UK shareholders. If any UK resident shareholder has any doubts about their tax position, they should consult with an independent professional adviser. Similarly, if any non-UK resident shareholder has any doubts about their tax position, they should consult with an independent professional adviser.

As a result of their interest in its subject matter, the directors who are also shareholders (holding beneficially in aggregate approximately 10.42 per cent. of the issued share capital of the Company as at 2 August 2024, the latest practicable date before publication of this notice) will not vote on this resolution.

Shareholder Information

Company Secretary
David Hankin

Independent Auditors
PricewaterhouseCoopers LLP
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Company number: 4952865

For more information

Please visit us online at www.hsgplc.co.uk for up to date investor information, company news and other information.

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