

OCS Group Topco Limited

Annual Report and Financial Statements

Company registered number 14111894

31 December 2023

Contents

Page

Company information	3
Strategic report	4
Governance report	31
Directors' report	38
Independent auditors' report to the members	41
Consolidated statement of profit or loss	45
Consolidated statement of comprehensive income	46
Consolidated statement of financial position	47
Company statement of financial position	48
Consolidated statement of changes in equity	49
Company statement of changes in equity	50
Consolidated cash flow statement	51
Notes to the financial statements	52

Company information

Company registered number

14111894

Directors

B.M. Deschamps (Chair)

R. Dutartre

N.F.C. Lachner (appointed 13 June 2023)

R.A. Legge (appointed 13 June 2023)

C.P. Rochat

L. Toumpouris (resigned 13 June 2023)

Company secretary

S.Thorn-Davis

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Independent auditors

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STRATEGIC REPORT

The Directors present their Strategic Report for OCS Group Topco Limited (the 'Company') and its subsidiaries (together the 'Group') for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company was incorporated as CD&R Madison Topco Limited on 17 May 2022 and changed its name to OCS Group Topco Limited on 24 June 2023. The Company's principal activity is to act as a parent company to UK and overseas investments in facilities management businesses. The Group provides cleaning, security, catering, maintenance, multi-technical and other facilities management services to organisations around the world with a leading presence in the UK and Ireland and in Asia-Pacific.

The consolidated financial statements reflect the results of the Group, including the Company for the year ended 31 December 2023. The prior year comparative results show one month's trading of the Group for the acquired OCS businesses from 1 December 2022 to 31 December 2022 and central corporate costs incurred in the period from incorporation on 17 May 2022 to 31 December 2022.

BUSINESS REVIEW

2023 was a year of further corporate activity for the Group. Following the prior period acquisition of the family-owned OCS businesses in November 2022, a number of additional strategic investments were made during 2023, developing the Group's position as a leading global facilities management provider, with over 120,000 colleagues and 8,000 customers across the UK, Europe, APAC and Middle East regions.

The Group provides core services comprising cleaning, catering, hard services (maintenance and capital projects), pest control, security and facilities management and operates across a number of sectors including aviation, commercial, distribution & logistics, education, healthcare, government, retail, manufacturing, media & broadcast, hospitality, rail, transport, venues & events, data centres and construction.

The Group's acquisitions during 2023 were as follows:

- On 28 February 2023, the Group acquired Atalian's UK, Ireland and Asia facilities management operations, including its Aktrion specialist automotive division.
- On 3 October 2023, the Group acquired Accuro, a UK provider of business-critical facilities management services to the education and healthcare sectors.
- On 5 December 2023, the Group acquired Profile Security Services, one of the UK's largest independent security specialists.

A change program has been established to align strategic goals and business processes across the Group's acquired operations and to create a new fit for purpose combined operating model, whilst deriving synergy savings where appropriate. A central integration project team is in place to deliver an integration plan which has been signed off by the Board. Progress under the plan is monitored by the Board and it includes a number of workstreams such as the implementation of IT systems across the Treasury and Finance functions, roll-out of the OCS brand, simplifying legal entity structures across the Group and alignment of policies and processes.

BUSINESS STRATEGY AND MODEL

The Group has established a collective vision of wanting to be the partner of choice in the industry. The Group has a clear vision of its newly defined purpose and values as follows:

- The Group's Vision and Mission is 'to become the best provider of facilities services for colleagues, customers and communities by making people and places the best they can be'.
- The Group's strategy, referred to as BEST, was established to enhance how customers are served, how the workforce is empowered and how the Group contributes to the well-being of the communities it touches. The Group's TRUE Values, **T**rust, **R**espect, **U**nity and **E**mpowerment were launched together with a refreshed global brand rollout to further define the Group's corporate culture and guiding actions.

STRATEGIC REPORT (continued)

BUSINESS STRATEGY AND MODEL (continued)

The Group's five BEST pillars are central to achieving its strategy – delivering the best Experiences, Productivity, Practices, Resilience and Outcomes for customers, colleagues and communities:

Best experiences – creating positive and welcoming environments for people through consistently delivered details which result in positive and memorable lasting impressions;

Best productivity – ensuring effective and streamlined task and project completion for the benefit of colleagues, customers and communities through diligent service, advanced technology and a maintained plan for continuity;

Best practices – built on a foundation of good governance and rooted in a 'safety-first' approach, adhering to the Group's Code of Conduct and Global Quality, Health, Safety and Environment policies to ensure compliance and excellence in practice standards and prioritise colleague and customer well-being;

Best resilience – having the foresight, experience, preparation and proactivity to prioritise operational continuity, understanding that unforeseen events can happen and planning preventative measures to maintain robust and responsive operations;

Best outcomes – the collective goal of delivering exceptional facilities services to enable every colleague, customer and community to achieve their outcomes and be their best.

These pillars address the macro challenges in the industries the Group serves, including technology integration, sustainability, environmental compliance and talent management. The newly combined Group now has an expanded capacity to offer a broader range of services and expertise, adding value to customers, partners, colleagues and communities.

The Group is committed to doing business the right way, with the highest (best) environmental, social and governance responsibility standards as outlined in its Environmental, Social and Governance (ESG) Policy which can be found on pages 12 and 19 of this Strategic Report. These standards are embedded in the services the Group provides.

The Group's core services include:

- **Cleaning** - services include housekeeping, washroom, periodical cleaning, commercial and industrial cleaning, specialist window and high-level cleaning, infection prevention and hygiene.
- **Catering** – meals and catering provided to various environments including workplaces, educational institutions and healthcare settings.
- **Hard services** – maintenance services (planned preventative maintenance, reactive maintenance and minor works) and capital projects (minor construction refurbishment works).
- **Pest control** – inspections, customised treatment plans, rodent and insect control, emergency response and integrated pest management.
- **Security** – on-site security services (guards, patrols) and security service technology (CCTV, alarms, access controls, remote monitoring).
- **Facilities management** – bespoke, integrated service solutions tailored to the specific dynamics of environments such as hospitals, schools, courts and arenas.

The Group operates across a number of sectors which include aviation, commercial, distribution & logistics, education, healthcare, government, manufacturing, venues & events, retail, data centres, rail, media & broadcast, transport, hospitality and construction.

STRATEGIC REPORT (continued)

KEY PERFORMANCE INDICATORS

The Group's non-financial and financial key performance indicators are listed below and can be found in the sections of the Annual Report and Financial Statements as noted:

Non-financial key performance indicators	Section	Page
Average headcount	Financial statements - Note 11	68
Number of hires in the year - People into Work	Strategic Report - Colleagues	15
Total recordable injury frequency rate (TRIFR)	Strategic Report - Financial Review	15
Carbon emissions	Strategic Report - SECR	29-30
Net promoter score (NPS)	Strategic Report - Clients	13
Financial key performance indicators		
Revenue	Strategic Report - Financial Review	6
Operating profit before adjusting items	Strategic Report - Financial Review	6
Adjusted EBITDA	Strategic Report - Financial Review	6
Adjusting items	Strategic Report - Financial Review	6
Operating cash flow	Strategic Report - Financial Review	6
Debtor days	Strategic Report - Financial Review	6

FINANCIAL REVIEW

Financial key performance indicators

The financial key performance indicators of the business are set out below and discussed further in the relevant sections of this financial review.

		2023	2022
Revenue	£m	1,915.9	85.0
Operating profit before adjusting items	£m	67.7	4.9
Adjusted EBITDA	£m	105.3	6.2
Adjusting items	£m	74.1	37.3
Operating cash flow	£m	60.3	(29.7)
Debtor days	Days	31.4	nc

*nc - not calculated, prior period included one month of trading only

Adjusted EBITDA is an alternative performance measure and is defined as the Group's operating profit before adjusting items and excludes depreciation and impairment of tangible and intangible fixed assets and amortisation on acquired intangible fixed assets.

STRATEGIC REPORT (continued)

FINANCIAL REVIEW (continued)

Trading results

The trading results for the year (excluding joint ventures, derivative financial instruments and adjusting items) are set out below.

	£'000 2023	£'000 2022
REVENUE	1,915,940	84,953
Cost of sales	(1,657,265)	(71,837)
GROSS PROFIT	258,675	13,116
Administrative expenses	(266,091)	(45,446)
Other operating income	938	-
OPERATING LOSS	(6,478)	(32,330)
Depreciation and non-adjusting amortisation of fixed assets	37,633	1,291
EBITDA	31,155	(31,039)
Adjusting items	74,135	37,275
ADJUSTED EBITDA	105,290	6,236

The results for the 2023 year reflect 12 months of trading for the OCS businesses acquired at the end of 2022 and 10 months of trading for the Atalian businesses acquired on 28 February 2023 together with the results of Accuro and Profile Security Services since their respective dates of acquisition on 3 October and 5 December of 2023. The prior period results reflect one month of trading for the OCS businesses acquired on 30 November 2022 and central corporate costs incurred in the period from incorporation on 17 May 2022 to 31 December 2022.

IAS 1 permits an entity to present additional information for specific items to enable users to assess the underlying financial performance. In practice these items are commonly referred to as “specific” or “non-underlying” items although such terminology is not defined in IFRS and accordingly there is a level of judgement required in determining what items to separately identify. The Board has adopted a policy to separately disclose items it considers are outside the underlying operating results for the particular period under review and against which the Group’s performance is assessed. These items are referred to as adjusting items.

The former OCS and Atalian businesses are now managed under one management structure for each region and also at a Group level. A number of activities were undertaken during the year to complete these acquisitions and arrange appropriate levels of financing for the Group. Additionally, an integration plan was undertaken to align strategic goals and business processes and create synergies for the newly combined Group. Costs relating to these activities amounted to £41.4m (2022 period - £35.8m) and have been reported as adjusting items in the financial statements together with amortisation on acquired customer relationships recognised of £29.3m (2022 period - £1.4m) and impairment of obsolete software of £3.4m (2022 period - £nil). Further details can be found in note 6 to the financial statements.

The Group ended the year strongly with a diverse market sector revenue base. Revenue in the UK and Ireland represented 72% (2022 period – 50%) of the total and 26% (2022 period - 42%) related to Asia Pacific. As a percentage of revenue, gross profit was 13.5% (2022 period - 15.4%), reflecting a mix of margins across the range of the Group’s customer contracts, and administrative expenses excluding adjusting items were 10.0% of revenue (2022 - 9.6%). Adjusted EBITDA was £105.3m (2022 period - £6.2m) reflecting a positive performance from the combined business and the resilience of the Group against the pressures faced by rising inflation on costs.

The UK and Ireland market performed particularly strongly in both the public and private sectors, however hard services were not as robust. Asia Pacific profitability was impacted by delays in new business in New Zealand, and one-off labour costs in Malaysia and Australia. The Aktrion business delivered a very strong set of results as a consequence of growing volumes, particularly in Belgium. The Group invested considerably in integration costs to bring the OCS and Atalian businesses together and to realise synergy benefits which will flow through into improved margins in subsequent years. Operational cash flow delivery was equally strong with continued focus on efficiency of capital investment and improvements in working capital.

STRATEGIC REPORT (continued)

FINANCIAL REVIEW (continued)

Reported statutory results

Details of the results are set out in the consolidated profit and loss account on page 45. Key results are summarised below:

	2023			2022		
	Before adjusting items	Adjusting items	Total	Before adjusting items	Adjusting items	Total
	£'000	£'000	£'000	£'000	£'000	£'000
REVENUE	1,915,940	-	1,915,940	84,953	-	84,953
OPERATING PROFIT/(LOSS)	67,657	(74,135)	(6,478)	4,945	(37,275)	(32,330)
(LOSS)/PROFIT AFTER TAXATION	(15,651)	(77,994)	(93,645)	3,504	(36,939)	(33,435)

Revenue for the year ended 31 December 2023 was £1,915.9m versus £85.0m for the one month of trading in the prior year. The Group traded well and delivered an operating profit before adjusting items of £67.7m for the year (2022 period - £4.9m).

As explained in note 6 to the financial statements, adjusting items primarily comprise acquisition related costs of £17.3m (2022 period - £33.6m), integration costs of £24.1m (2022 period - £2.2m), impairment of software of £3.4m (2022 period - £nil) and amortisation of intangible assets recognised on acquisitions of £29.3m (2022 period - £1.4m).

The Group's net finance cost increased to £82.9m (2022 period - £0.7m) as a result of additional interest and finance expenses on the new debt facilities taken out in February 2023. Fair value gains on derivatives amounted to £2.2m in the year and included £2.1m recognised on the Group's interest rate swap derivatives entered into on 28 February 2023. Further information on the Group's derivative financial instruments can be found in the section on financial risks under Principal Risks and Uncertainties on page 10 of this Strategic Report.

The Group's share of profit from joint ventures amounted to £2.4m (2022 period - £0.2m) and a tax charge of £8.9m (2022 - £0.5m) was reported. The resulting loss after tax was £93.6m (2022 period - £33.4m).

Financial position

The financial position of the Group at 31 December 2023 is set out in the consolidated statement of financial position on page 47. The Group's net liabilities at 31 December 2023 increased to £125.6m (2022 - £29.8m), reflecting the Group's loss and its investment and financing activities undertaken during the year. Goodwill on the Group's 2023 acquisitions amounted to £474.2m and net receipts from new term loans, revolving credit and acquisition facilities amounted to £501.8m. Further information on the Group's funding arrangements at 31 December 2023 is described in the section under Borrowings and financial covenants on page 9 of this Strategic Report and in note 22 to the financial statements.

Loan notes for the deferred purchase consideration on the acquisitions of the OCS and Atalian businesses amounted to £119.4m at 31 December 2023 (2022 - £64.5m), the main increase being in connection with the Group's acquisition of the Atalian businesses in February 2023. A number of share transactions took place in the year as part of the acquisition of the Atalian businesses and in preparation for the implementation of a management incentive plan. The resulting share capital balance was £24.6m and preference share liabilities amounted to £572.1m at 31 December 2023. Further details on these transactions can be found in notes 24 and 30 to the financial statements.

The recorded net surplus on the UK's main defined benefit scheme, the OCS Group Transfer of Undertakings Pension Scheme, amounted to £3.6m at 31 December 2023 (2022 - £4.4m) and included lump sum contributions paid by the Group of £6.3m (2022 - £15.3m). A net deficit of £12.7m at 31 December 2023 (2022 restated - £12.6m) was reported on the Group's overseas retirement benefit schemes and mostly related to a defined benefit pension arrangement in Thailand. The financial statements include a prior period restatement in relation to the classification of these unfunded retirement benefit obligations in Thailand. In 2022, £12,613,000 was presented under provisions rather than as a defined benefit pension plan as per the definitions under IAS 19. The restatement reclassifies £12,613,000 from provisions to retirement benefit schemes. More information on the Group's defined benefit pension scheme arrangements can be found in note 28 to the financial statements.

Net cash funds were £30.6m at 31 December 2023 (2022 - £79.5m) and excluded £45.4m of delayed receipts from the UK factoring provider which were banked just after the year-end on 2 January 2024.

STRATEGIC REPORT (continued)

FINANCIAL REVIEW (continued)

Borrowings and financial covenants

During 2023, the Group entered into a number of new borrowings arrangements and the position at 31 December 2023 was as follows:

- A fully drawn £350m senior secured term loan B1 facility with interest of 8.25% to 8.75% over SONIA, subject to certain conditions, repayable in February 2030.
- A fully drawn €172.5m senior secured term loan B2 facility with interest of 7.75% to 8.25% over EURIBOR, subject to certain conditions, repayable in February 2030.
- £16.4m drawn under a £78m senior secured delayed draw term loan facility ('Acquisition facility') with interest of 8.25% to 8.75% over SONIA, subject to certain conditions, repayable in February 2030.
- £10m drawn under a £117m revolving credit facility with interest of 3.5% to 4.25% over SONIA, subject to certain conditions, repayable in February 2030. The available revolving credit facility amounted to £85m after excluding ancillary facilities for letters of credit, leasing arrangements and overdrafts.

As at 31 December 2023, unpaid loan interest totalling £7.6m was also capitalised into PIK ('payment-in-kind') loan notes due for repayment in February 2030.

At the time of signing these financial statements, £404.4m and €172.5m of the Group's borrowings were drawn and £140.6m was undrawn.

Under the terms of the facilities, the consolidated senior secured leverage ratio is not to exceed 5.75 times. This is tested on a quarterly basis and only if more than 40% of the revolving credit facility is drawn, net of any cash and cash equivalents of the Group. To date, the Group has not been required to submit a compliance certificate.

Future developments

The Group continues to seek opportunities to grow the business, either organically or through acquisitions, ensuring that such opportunities align with the Group's BEST brand vision and strategy and its TRUE values. Subsequent to the year-end, in March 2024 the Group acquired Abate Pest Management Services, a leading independent provider of pest control solutions in Norfolk, Sussex and Kent in the UK. The Group continues to identify suitable acquisitions which supplement its existing geographic or service offerings whilst remaining disciplined in its bid protocols and utilisation of capital to ensure that any opportunities pursued are earnings accretive, cash generative and offer a fair reward for the services performed and the contractual risks undertaken.

The Group is well-positioned for the future and will continue to adapt to changing markets and environments to make the most of the opportunities for growth in its priority sectors, continuing to provide consistent and reliable support for its clients and grow with them as the global economy recovers.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board's approach to risk identification and risk management and the most significant identified risks that threaten the delivery of the Group strategy are discussed below.

Risk management framework

Throughout the year, the Group developed its risk management framework, working with risk leads in the businesses and support functions to further develop risk registers. The Group applies the Three Lines of Defence Model to managing risk, summarised as accountability, reporting and assurance. The Group appointed a Group Head of Risk and Internal Audit to further develop the risk management capability.

The first line of defence, accountability, is effectively devolved, with each Group risk assigned to a member of the Group Executive Committee who leads on the development of mitigation plans for each risk and is also responsible for regularly reporting progress in addressing the risk and for ensuring timely implementation of the agreed risk management actions. This includes clearly defining the level of risk the Group is willing to accept to achieve its strategic objectives, monitoring the amount of risk being taken and ensuring the businesses activities operate within this framework. The Group risks are reported to the Audit and Risk Assurance Committee (ARAC).

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Risk management framework (continued)

A risk review process is undertaken where each business identifies and assesses their key risks and updates their respective risk registers. Risk review and emerging risk identification follows a bottom-up process starting at the lowest market/sector level by the local management teams. Risks are then consolidated at regional level with review and challenge by the regional executive teams. Finally, risks are consolidated and considered at Group level. Functional risks are reviewed and identified through the various functional management systems. Each risk is evaluated using a defined criteria based on its potential consequence, likelihood, and the existing level of mitigating controls. Any action plans to further mitigate or reduce the risks identified are also captured as part of this process.

Audit and assurance

The Directors gain assurance that the controls identified in the risk registers are well designed and operating effectively, through several mechanisms using the established Three Lines of Defence Model mentioned above. This includes the second line of defence where oversight is provided by senior management within the businesses through an Annual Manager Declaration. The third line of defence is provided by the Group Internal Audit function in the form of independent assurance through internal audits.

Risk appetite

On a bi-annual basis, the Group Executive Committee consider their appetite against the principal risks which helps determine the actions and resources required to mitigate them. The Group's policy on risk management is to apply more controls in areas where the risk appetite is low but to embrace more risk in certain focused areas – typically strategic risks which present opportunities to grow the business.

The Group's principal risks and uncertainties are:

Market Dynamics

General economic conditions may adversely affect the Group's financial and operational performance in several ways. The uncertainty caused by various conflicts and increases in commodity and energy prices may cause customers to either reduce the scope of the services they outsource or even pursue in-sourcing solutions, all of which may reduce market demand for the Group's services. Change of governments in the countries in which the Group operates or policies affecting important economic policies may create volatility to the business. Wages, one of the largest cost categories of our business, are exposed to government regulations on minimum wages, compensation, and benefits.

The Group manages these risks as well as it can by maintaining appropriate contractual protections and by carrying out dedicated analysis and planning where needed. The Group also targets a diverse customer base to reduce the effect of a sector or industry specific economic issue that could potentially decrease sales or increase costs. The majority of the Group's contracts span across multiple years and no material reduction of revenue is expected. Additionally, several pricing models are used to match the contract risk to our business model and the Group has sought to fix pricing with suppliers as far as possible to mitigate any price fluctuation due to the risks noted.

Financial

The Group's financial risks are primarily market risk, credit risk and liquidity risk.

Market risk

Market risk is the risk that changes in foreign exchange rates and interest rates will affect the Group's income or costs.

The Group has interest rate hedging in place for 80% of its principal term debt which is based on variable rates pegged to SONIA and EURIBOR. Further details can be found in the borrowings note 22 to the financial statements.

Operational currency risk is limited as the business operates a model that has local costs for local revenues with limited cross-currency trade. At this point in the investment cycle, the majority of local cash generated is reinvested into growth. The Group is exposed to foreign exchange risk on dividend income from subsidiaries and the translation into sterling of the reported results and net conversion of overseas net assets. A foreign exchange loss of £11.6m (2022 gain - £1.1m) on the conversion of overseas results and net assets was recorded in the statement of comprehensive income during 2023.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations. The Group's credit risk is diluted due to the lack of contract concentration in any territory generating a reduction in counterparty risk.

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Financial (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with financial liabilities. The Group aims to mitigate liquidity risk by managing cash generation from its operations and ensuring it has access to committed borrowing facilities able to provide continuity of funding. Further details on the Group's borrowings can be found in note 22 to the financial statements.

Contract Retention and Delivery

The Group recognises the ongoing challenge to deliver quality services to customers at competitive rates and it has demonstrated its capabilities in this area through the organic growth within its existing customer base and its success in winning new contracts. The Group is focused on entering into contracts that will perform well financially by, amongst other things, maintaining a low level of operational gearing within the profit and loss account and by recognising the factors that are likely to result in cost increases during the life of our contracts (such as minimum wage increases) and looking to include contractual mechanisms to pass such costs back to the relevant customer by way of a price increase in order to avoid loss of margin. The Group established a robust contract review and bid sign-off process which allows for rigorous checking and challenge of solutions and pricing models which mitigates this risk. The contract review process is further complemented by a detailed mobilisation process. Customer Relationship Management (CRM) was improved through a group wide roll-out of a CRM system, Salesforce. Salesforce is up to date with customer contract data, globally.

Third Party Management

The use of third parties to support service delivery, internal processes or systems increases the risk of operational disruption, regulatory non-compliance, financial loss or reputational damage if not appropriately managed. The nature of the business model placed some reliance on third parties to support the delivery of services. Reliance is placed on service contractors to deliver services in a compliant manner and to the same standard as the Group, especially in Quality, Health, Safety and Environment (QHSE) and regulatory aspects. The Group has a defined Supplier Code of Conduct and works with its supply chain on adoption. Additionally, the Group has rolled out a Supplier Data Protection policy. Engagement with third parties is formalised through the Group's contractual terms and conditions defining requirements, limiting liability, and enforcing right to audit including back-to-back contract arrangements with customers to align expectations and governance.

Cyber and IT infrastructure

The capability and adequacy of the Group's IT infrastructure and the ability to protect against cyber-attacks is critically important in ensuring that it has the tools and the operational processes to meet its contractual obligations and to function effectively and efficiently as a business, delivering value to both its customers and its shareholders. Where legacy systems are still in use across the Group there is a risk that they will be vulnerable to attack or harder to support due to a lack of software and security updates. To mitigate the risk that poses, the Group continues to work through a decommissioning programme to move more core systems into the cloud, and it has invested in technology to improve resilience. To mitigate risk of cyber-attack, the Group has invested in a consolidated set of tools that enhance cyber defences and provide broader coverage which reduce the time to detection should an attack take place. This includes the use of independent third parties to perform penetration testing. Significant work has continued in the year to plan the harmonisation of the Group's Enterprise Resource Planning (ERP) platforms to achieve consistent, timely reporting across all business units. There is a multi-year programme of activity in flight to address this.

Regulatory and Litigation

Compliance with laws and regulations is of utmost importance to the Group. Failure to comply with laws and regulations could irreparably damage the Group's reputation and undermine relationships with its customers and other stakeholders, as well as exposing the Group to prosecution or fines. Whilst the Group maintains an extensive insurance programme to protect against financial liabilities, there are some liabilities that are incapable of insuring against and so preventing the liability from occurring is, as ever, the best way to mitigate this risk. Emphasis is placed on compliance with applicable anti-corruption and anti-bribery laws (including the Bribery Act 2010). The Group is committed to acting ethically and with the integrity in all business dealings and relationships, and to implementing and enforcing effective systems and controls to prevent corrupt and unethical behaviours occurring within the Group's operations. The whistleblowing capability was strengthened through the roll-out of a global whistleblowing policy, supported by a global hotline (Safecall) managed by an independent third party. A new Group Code of Conduct was launched in all geographies to support the combined Group and align with its TRUE Values.

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Health & Safety and ESG

The Group has a “people first” philosophy and is committed to ensuring the highest standards of health & safety. A failure to maintain high standards could result in injury or harm to its workforce or third parties and potential prosecution and fines, all of which could cause material reputational and brand damage. The Group operates in many diverse types of customer environments including warehouses, schools, healthcare settings, retail stores, corporate offices, railway stations and construction sites, so the types of incidents that could occur are varied. In mitigation, the Group has a comprehensive QHSE strategy to deliver the appropriate systems, implement the right training and education across the Group and develop safe ways of working, to monitor and audit compliance, and to record and investigate incidents and accidents. The Group is developing a comprehensive ESG strategy to deliver the appropriate systems and implement the right training and education across the Group. The ESG strategy is underpinned by an ESG framework, including policies, and operating procedures, which is overseen by the Group ESG Committee and aligned with the Group Head of Risk and Internal Audit to ensure identified material ESG risks are managed through the risk management process.

Attraction and retention of colleagues

Attraction and retention of key management and the wider workforce is seen as a key risk to the Group in terms of ensuring the business has the appropriate depth of talent to support the current business and its plans for growth. The loss of existing talent would result in a loss of knowledge and expertise which may disrupt business and impact the overall operation of the Group. With attraction and retention of key management and the wider workforce in mind, the Group has improved its recruitment processes and development work has begun on a new on-boarding process to give new colleagues the best landing into the business. Interview training has been given to hiring managers and emphasis has been placed on removal of any barriers to equality through the launch of CHROMA (Creating Harmony, Respecting Others, Making Allies), the Board sponsored networks focused on ensuring diversity and inclusion in the workplace. The TRUE Values formed part of the global brand rollout to further define the corporate culture and guiding actions. The Group launched the Alchemist Leadership Programme to invest in the engagement, growth, and development of the senior leadership community. The OCS Stars scheme in place during 2023 honours the contributions of colleagues who live by the Group's values. This scheme has been replaced with the TRUE Star Awards scheme which was rolled out globally in February 2024 to recognise and reward colleagues monthly, quarterly and/or annually.

STAKEHOLDER RELATIONSHIPS AND ENGAGEMENT

Section 172 Statement

As set out in section 172(1)(a) to (f) of the Companies Act 2006, the Directors have a duty to promote the success of the Group and Section 172 states:

- (1) A Director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:
 - (a) the likely consequences of any decision in the long-term;
 - (b) the interests of the company's employees;
 - (c) the need to foster the company's business relationships with suppliers, clients and others;
 - (d) the impact of the company's operations on the community and the environment;
 - (e) the desirability of the company maintaining a reputation for high standards of business conduct; and
 - (f) the need to act fairly as between members of the company.

The Group has over 120,000 colleagues worldwide as at 31 December 2023. As a people business, the Group is a significant employer in key territories in which it operates. The Group has the scale and opportunity to make a significant and positive contribution to the communities in which it operates and to the environment.

Accountability to and transparency with stakeholders is key to the long-term success of the Group. The Board considers the Group's main stakeholder groups to be its financial investors, clients, colleagues, suppliers and communities. The Board recognises the importance of maintaining strong relationships with the Group's stakeholders in order to create sustainable long-term value and strives to balance the effects of decision-making on key stakeholder groups whilst ensuring the need to promote the success of the Group for the benefit of its members as a whole.

Further information on the Group's stakeholder relationships can be found in the following sections of this Strategic Report.

STRATEGIC REPORT (continued)

STAKEHOLDER RELATIONSHIPS AND ENGAGEMENT (continued)

Financial investors

The Group's financial investors include its shareholder and its lenders. The Company's main shareholder is CD&R Madison S.à r.l. Certain members of the Group's management are minority shareholders in the Company. Ultimately, the Company is controlled by private funds managed by CD&R. Representatives from CD&R sit on the Board of Directors as detailed in the Governance Report on pages 32 and 33.

Why the Group engages

The Board has a statutory duty to promote the success of the Group for the benefit of its shareholders. The direction and approval of the shareholders regarding operational and financial performance and the way in which business is conducted ensures alignment in setting and achieving strategic objectives. It is also important for the Group to engage regularly with its lenders to ensure they remain comfortable with their exposure to the Group and to build and maintain long-term relationships.

Stakeholder priorities

Financial investors want to ensure their investments are secure and that the Group's strategy is achieving long-term growth. Timely dialogue, with honest and open conversations, supports building long-term relationships with these stakeholders.

How the Group engages

The Group has regular contact with its main shareholder through Board meetings and supply of management information packs updating them on strategic, operational and financial matters as well as risks and opportunities facing the business. The Group engages with its lenders through two-way dialogue and provides them with quarterly management information.

Outcomes

The Directors consider the Group's lenders and shareholders when assessing the financial position of the Group, its use of capital and its strategic direction.

Clients

Why the Group engages

As part of the development of the Group's new core values in 2023, the Group developed its TRUE Values, its "OCS Commitments" of safety, respect, honesty and openness and its mission statement of "making people and places the best they can be". These all encompass and enshrine the Group's commitment to work in partnership with its customers to help them achieve their goals and improve the experience of their customers and staff.

More details on these can be found on the Group's website at:

<https://ocs.com/about-ocs/vision-mission/> and <https://ocs.com/about-ocs/true-values/>

Stakeholder priorities

The Group works as a strategic partner to clients across a wide range of market sectors to deliver the highest standard of facilities management solutions and tailors its services to meet the unique demands of each client and to help them to achieve their wider corporate or institutional objectives.

How the Group engages

The Group provides the essential services to large and small private and public-sector enterprises that keep their businesses and societies running day in and day out.

The Pandemic had a profound affect on the level of and means of communicating with clients. That has continued in a post Pandemic world. The Group's interaction with its clients continues with face to face meetings, site visits, video calls, emails and other forms of virtual communication.

The Group follows a strategic partnership approach in how it communicates and delivers its services - this means working as part of its clients' teams to deliver high quality, sustainable and essential facilities service solutions.

Outcomes

The Group operates the nationally recognised Net Promoter Score ('NPS') system of measuring client experience, which allows it to understand how it can improve the services for clients. This is currently focussed on the UK but is being rolled out into Asia Pacific. For the UK, 2023 produced a score of 70.48. Putting this in context, only 10% of UK brands across all sectors have an NPS score in excess of 40.

STRATEGIC REPORT (continued)

STAKEHOLDER RELATIONSHIPS AND ENGAGEMENT (continued)

Colleagues

Why the Group engages

The Group's colleagues are key to the successful delivery of its services and it is essential that the Group has an engaged workforce who are aligned with its TRUE Values and strategic goals.

Stakeholder priorities

The Group's colleagues want to work in an inclusive environment where success is celebrated. They want to be rewarded fairly and supported with health, safety and wellbeing and have the right tools and training available to carry out their work and develop their careers.

How the Group engages

The safety of the Group's colleagues and that of others is paramount in everything it does. Strong, consistent and genuine leadership has guided the Group's approach to health & safety ensuring a high level of focus and attention is maintained by its operational teams. The senior leadership team delivers consistent messages about the importance of colleague safety, to ensure that colleagues have the right training, knowledge and equipment to complete their duties safely. Regular briefing sessions are held throughout the year and these sessions provide a drumbeat of consistent messaging to colleagues.

Strong governance of health & safety across the business is maintained. A governance mechanism is being deployed to monitor QHSE vision, policy and deployment. Health & Safety Committees are in place regionally to set objectives, oversee performance and to proactively manage the Group's health & safety and environment risks and systems. This level of oversight provides assurance that the Group maintains legal compliance, protects colleagues, meets client expectations and that it delivers on its own high standards at all times. Robust QHSE Management Systems are implemented and maintained and regional accreditations are being aligned to a Group Accreditation approach, consolidating the standards of 9001 (Quality), 14001 (Environment) & 45001 (Health & Safety), across the organisation and incorporating 50001 (Energy), where there is commercial demand.

Visible and committed leadership is essential for effective health & safety management. The Group's overriding principle is that every colleague deserves to go home safe and well at the end of each day. QHSE Action Plans are in place across the Group and these plans are regularly reviewed by senior management to ensure that progress against objectives is measured and that any necessary action is taken. Continual focus on safety ensures that colleagues are provided with the correct training and tools to enable them to do their job safely, adopting best practice in work procedures and empowering colleagues to make the right decisions about their safety and that of others. Incident management procedures, including near miss reporting, ensure high levels of scrutiny and the framework necessary to drive to continual improvement. The Group has appropriate accident reporting software but will implement a Group QHSE Software Solution in H1-2024 encompassing a wider-range of tools to support a global QHSE management system. This will transform and streamline QHSE management and reporting, allowing managers to easily engage with the system and provide vastly improved visibility of QHSE performance within their areas of responsibility.

The wellbeing of colleagues is important and the Group looks for opportunities to engage and inspire colleagues to have healthier lifestyles. Webinars and meet-ups are held which cover topics such as healthy eating, cancer awareness, men's health awareness, menopause, learning disabilities and culture, race and religion. The Group continues to provide support and advice to colleagues through its colleague assistance programmes with access to a 24/7 helpline which facilitates conversations to help identify and resolve personal concerns. The service is entirely confidential and helps the Group to retain a happier, healthier workforce.

The diversity of the Group's workforce is considered to be a primary strategic strength. The Group offers equal opportunities to all colleagues and applicants regardless of race, creed, gender, ethnic origin, age, or disability. People with disabilities are considered for employment where they have the appropriate skills and abilities to perform a job.

Colleagues who become affected by a disability during their working life will be retained in employment wherever possible and will be given help with any necessary rehabilitation, reasonable adjustment, and retraining.

STRATEGIC REPORT (continued)

STAKEHOLDER RELATIONSHIPS AND ENGAGEMENT (continued)

Colleagues (continued)

How the Group engages (continued)

The Board is committed to fostering an inclusive environment where everyone feels valued and can bring their authentic selves to work. To this end, the Group is relaunching Diversity, Equity, and Inclusion training on its internal learning management system, the OCS Academy, for digitally connected colleagues. Additionally, the Group has a range of toolbox talks aimed at frontline colleagues, ensuring that all colleagues, regardless of their role or location, have access to resources that promote diversity, equity, and inclusion. Highly trained managers are taught how to interview without bias and support colleagues to raise issues and suggestions. Programmes, such as People into Work, support people from a huge variety of backgrounds who had potentially considered themselves removed from the workforce. These individuals strengthen the Group's workforce, showing new ways of working and challenging preconceptions. The Group provides initiatives to celebrate differences and demonstrate that no matter what background and skills individuals have, everyone has a part to play in making the Group a great place to work.

The Group operates a scheme called "MyThanks" which gives colleagues across the business the opportunity to recognise the hard work of others in two ways. Firstly, a "MyThanks" Certificate of Appreciation can be given which is an easy and spontaneous way to say 'thank you' to people who have demonstrated the Group's values and who have performed in an exceptional way when carrying out their duties. The Group also has a scheme called OCS Stars, which honours the contributions of colleagues who live by its values. The scheme began in the UK in 2018 and was replaced with the TRUE Star Awards scheme which was rolled out globally in February 2024.

Sound ethical principles are essential to the on-going success of the Group. These principles are enshrined in its TRUE Values and in the various policies the business operates under. The Group's Code of Conduct is designed to help guide colleagues in how the Group goes about its day-to-day business and provides them with a support mechanism to report any concerns or wrongdoing anonymously, via a third-party whistleblowing provider, Safecall. The policies and the e-learning platforms the Group has in place enables colleagues to understand the Group's sound ethical principles. The monitoring and review of the effectiveness of the Group's internal controls and risk management systems by the Board is part of the overall oversight of ensuring that high standards of business conduct are operated throughout the Group.

As part of the Group's overall approach, colleague engagement takes place in many forms to understand their views. The engagement process begins with induction programmes for new colleagues, training, compulsory e-learning modules, "Back to the Floor" days by senior management, Colleague Engagement Visits by senior management (which focus on health & safety), Toolbox Talks, on the job chats, colleague surveys and many other forms. Colleagues are integral to delivering on the promises the Group makes to its clients. It is therefore vital that the Group recognises and rewards those colleagues who make such an important contribution to the business and place the Group's values at the heart of their day-to-day activities.

Outcomes

The Group successfully scored 100% across all four categories of Health & Safety, Environment, Quality and CSR in the Achilles UVDB external audit.

The Group's main QHSE metric, the Total Recordable Injury Frequency Rate (TRIFR), was 0.48 in 2023. A TRIFR of less than 1 is considered Worldclass performance.

During 2023, the Group welcomed 157 candidates into the business via the People into Work programme.

By the end of 2023, over 4,750 OCS stars were recognised globally.

STRATEGIC REPORT (continued)

STAKEHOLDER RELATIONSHIPS AND ENGAGEMENT (continued)

Colleagues (continued)

Gender reporting

The gender split of the Group's workforce at 31 December 2023 was as follows:

	Male No.	Female No.	Total No.
Directors	1	-	1
Senior managers	7	1	8
Employees	74,309	48,229	122,538

Gender pay gap analysis for each of the Group's UK entities with 250 or more employees can be found on its website at:

<https://ocs.com/uk/gender-pay-report/>

Suppliers

Why the Group engages

Procurement's mission within the Group is 'To deliver exceptional value for the Group through strategic sourcing, ethical practices, supplier collaboration and delivery of excellent service'. The Group is committed to engaging with high quality suppliers of all sizes who are aligned to its TRUE Values and with those who uphold the highest regard for human rights.

Stakeholder priorities

Suppliers want collaborative long-term relationships with mutual trust and respect, opportunities for growth in supply, good health, safety and environment culture and payment in accordance with agreed payment terms.

How the Group engages

By ensuring close collaboration with the Group's supply chain, services can be developed to reduce cost, increase productivity and maximise service outcomes. Importantly, and in conjunction with the ESG team, the Group is working hard to limit the negative impact on the world through the depletion of natural resources and emission of greenhouse gases, while driving the positive impact on the communities it serves, the stakeholders it engages with and the wider society in general. The Group has introduced and integrates social value into contracts and relationships with suppliers, ensuring that it supports local and small enterprises including social value enterprises by providing them the opportunity to work with the Group and support their development in maturity and growth. The Group believes it is vital to drive diversity and inclusion into its supply chain, its contracts and its people.

The Group believes that genuine and authentic collaboration with its supply chain is vital and to that end a new Supplier Relationship Management Framework will be implemented in the summer of 2024, which will be critical for mutual success. All partners in the Group's supply chain have been segmented into four tiers, with its strategic partners in tier 1 and emerging suppliers in tier 2. All tier 1, 2 and newly appointed vendors are required to sign up to and observe the Group's Supplier Code of Conduct, governing the way suppliers work and behave, whilst adhering to the Group's Responsible, Ethical and Sustainable Procurement Policy. The Supplier Code of Conduct sets out the Group's clear expectations around working in line with its policies and core values, including health & safety, modern slavery and anti-bribery. Furthermore, as part of the Group's Procurement Process, suppliers are vetted to ensure that they have suitable policies, processes and systems in place to deliver maximum value to the Group's clients and stakeholders. To mitigate risk in the supply chain, the Group has partnered with a third-party to ensure all of its subcontractors are Safe Systems in Procurement (SSIP) accredited prior to being onboarded. The SSIP Accreditation is an ongoing mutual recognition of health & safety. When the Group's subcontractors adhere to SSIP standards, they demonstrate a commitment to excellence in health & safety, protecting colleagues and maintaining compliance with regulations. The Group's dedicated Category Management teams are assigned to a portfolio of suppliers and have developed category strategies to ensure robust category and supplier management, quarterly performance monitoring, commercial effectiveness, and ongoing risk assessment, whilst ensuring ongoing rationalisation of the Group's supply chain.

In 2023, the Group successfully joined the CIPS Corporate Ethics Register which safeguards against unethical conduct in procurement and supply management. The Group not only continues to adopt ethical values in how it sources and manages its suppliers but the whole Procurement team are fully trained and examined in ethical sourcing and supplier management.

STRATEGIC REPORT (continued)

STAKEHOLDER RELATIONSHIPS AND ENGAGEMENT (continued)

Suppliers (continued)

How the Group engages

The Group's procurement policies and processes promote transparency and openness, and as such, ensure the ability for any individual working within its supply chain to report, in confidence, if they believe something is not right.

The Group's work with its partner organisation, the Slave Free Alliance, is helping raise awareness of human rights, in particular modern slavery, and helping to assess, in detail, all suppliers classified as high risk which in turn supports the building of development action plans.

Outcomes

The Group's Category Management team provide a dedicated resource to each business unit across Hard, Soft and Indirect services and support throughout the bidding, tendering and mobilisation process. The recent development and roll-out of a new Procurement Hub provides stakeholders with visibility of the Group's preferred suppliers and approved subcontractors along with access to policies, documentation and other resources to support their procurement activities.

Communities

Why the Group engages

Positively impacting communities is an integral part and defining characteristic of the Group. Global teams actively engage in community programs, volunteer individually, and support charitable initiatives and foundation work.

Stakeholder priorities

Communities expect the Group to be a socially responsible and sustainable business, to care about the environment in which it operates, invest in local communities and support local initiatives.

How the Group engages

The Group aims to reach and enhance communities, not just driven by contractual commitments but primarily by its core commitment to doing the right thing in the right way. This ethos is deeply ingrained in the Group's identity and is a true reflection of the values held by its people.

The OCS Foundation is a charity governed by a board of trustees that works in partnership with the Group to have a direct and positive impact on communities.

The OCS Foundation tackles some of the causes and effects of poverty in society by developing the capacity and skills of socially and economically disadvantaged members of communities and protecting and improving the environment in which they live. This is achieved by investing in partnerships with organisations that share the Group's vision and passion to deliver initiatives and research that influence public policy and practice. The OCS Foundation is integral to the Group's ethos and is crucial in realising our Environmental, Social, and Governance (ESG) goals. The Foundation's work goes beyond just supporting the Group's objectives; it has a direct, positive impact on communities.

The PCS Foundation was established in Thailand to support local communities through various means, including volunteer work, financial contributions and equipment donations.

The Group also works with the Capucas (COCAFAL) Co-operative. For every case of coffee purchased by the Group, a donation is paid into a revolving fund that helps improve the living standards for the smaller coffee bean producers. The needs of the farming community changes regularly, so this Giveback Programme allows the money to be invested in funds where it matters and is needed the most. The fund has been developed as support to small producers' specific needs such as improvement of housing, shelters and production infrastructure – which will benefit both the producers and their families, with the aim of increasing the economic and productive income for the farmers of the Capucas.

Outcomes

By tackling challenges like employment barriers and poverty, the OCS Foundation helps deliver sustainable and lasting outcomes, aligning with the Group's core mission of making people and places the best they can be.

The Group's contributions to the PCS Foundation facilitate educational support such as scholarships for children in rural areas and rebuilding schools.

Funds help the Capucas community with courses on growing vegetables to reduce food costs and improve health, to providing tools needed to harvest, as well as basic housing and infrastructure improvements.

STRATEGIC REPORT (continued)

STAKEHOLDER RELATIONSHIPS AND ENGAGEMENT (continued)

The Board made some key decisions during the year, promoting the Group's purpose, strategy and long-term sustainability. All Board decisions are made having considered the matters set out in Section 172(1) of the Companies Act 2006.

Some of the key decisions in the year included:

Purpose and strategy

The Group defined its Vision and Mission 'to become the best provider of facilities services for colleagues, customers and communities by making people and places the best they can be' and launched its TRUE Values with a refreshed global brand rollout to further define the Group's corporate culture and guiding actions.

Additionally, the Group rolled out a change program to align strategic goals and business processes across the Group's acquired operations and to create a new fit for purpose combined operating model, whilst deriving synergy savings where appropriate.

Governance and Compliance

As well as establishing a new main Board of Directors for the Company, the Company established its Remuneration Committee (REMCO) and Audit Risk and Assurance Committee (ARAC). The Group also rolled out new Compliance and Governance Frameworks across the new enlarged Group, including on the compliance side, rolling out its Code of Conduct and Whistleblowing service to the global business, adopted risk registers at country, region and Group level and implemented new delegated authorities (DOAs) at Group, regional and country level to define decision making and authority levels through the Group.

ESG and QHSE

Reflecting the importance of both ESG and health & safety to the Group, in the year, the Group hired a new Group Head of ESG and a new Group Chief QHSE Officer to drive the ESG and QHSE agendas respectively and adopted new ESG and QHSE policies and defined future plans.

Acquisitions

As part of the Group's strategy to develop its position as a leading global facilities management provider, the Group acquired the UK, Ireland and Asia facilities management operations of Atalian and its specialist automotive division, Aktrion, in February 2023. In October 2023, the Group acquired Accuro, a UK provider of business-critical facilities management services to the education and healthcare sector, followed by the acquisition of Profile Security Services, one of the UK's largest independent security specialists in December 2023.

Funding

In order to finance the Group's acquisitions in the year and to provide continuity of funding, the Group entered into a number of new borrowings arrangements in February 2023 which included £350m and €172.5m of senior secured term loans, a £117m revolving credit facility and a £78m senior secured acquisition facility. Details can be found on page 9 of this Strategic Report and in note 22 to the financial statements.

STRATEGIC REPORT (continued)

DIRECTORS' ESG STATEMENT

Following the prior period acquisition of the family-owned OCS businesses in November 2022, the Group has doubled in size through a number of additional strategic investments made during 2023, the largest of which was the Atalian businesses in the UK, Ireland and APAC, and the Aktrion business, the specialist automotive division.

Despite significant changes resulting from the integration of these businesses, the Group's commitment to community and environmental protection remains steadfast. In fact, the Group has enhanced its focus on sustainability.

By uniting like-minded companies with strong ESG credentials, the Group leverages economies of scale to drive further improvements. The Group's carbon reduction journey began in 2014, and it now captures Greenhouse Gas Emissions data (including Scope 1 & 2 and limited Scope 3 emissions) from its operations in 10 countries, with recent completion of full Scope 3 verification in the UK & Ireland businesses.

The Group has continued with its efforts to enhance its ESG knowledge and capability. The Group appointed a Group Head of ESG to oversee the implementation of its ESG strategy across all Group businesses, supported by local leadership teams and ESG leads. In the UK, the largest financial and emissions contributor, a UK & Ireland ESG Director was appointed to create a net zero roadmap aligned with the Group's strategy, with the backing of a newly formed ESG team.

On 5 July 2023, the Group Executive Committee approved the new Group ESG strategy. This strategy reinforces the Group's commitment to achieving full scope 1, 2, and 3 net zero emissions by 2040 across all of its operations in the UK, Ireland, Australia, and New Zealand – 10 years ahead of local government targets. Additionally, all other Group country operations are committed to achieve full scope 1, 2, & 3 net zero by 2050.

2023 brought exciting challenges, with the integration of two large businesses. The ESG team worked diligently to address gaps, particularly in aligning greenhouse gas emission capture and reporting across the UK and Ireland business. As we enter 2024, we stand united with a clear ESG strategy, reduction targets, and a pragmatic approach that leverages the strengths of both businesses.

Actions taken on the Group's path to net zero

GHG reporting expansion

The Group expanded its GHG capture and reporting capabilities across its international businesses, doubling its coverage. In Q4 2023, it introduced the ESG Info Exchange, a global reporting tool. Once fully adopted, it will enable all the Group's non-reporting international businesses to track GHG emissions, starting with Scope 1, 2, and 3 business travel. 2023 will serve as the Group's new full consolidated baseline, which will be reported in its 2024 accounts alongside progress updates.

Customer impact assessment

Since 2022, the Group's UK business has offered UK customers the opportunity to assess carbon emissions at the customer sites where the Group provides services. This evaluates the Group's UK business' impact on the customers Scope 3 emissions. In Q3 2023, the assessment process was independently verified by an ISO14064-1 auditor and awarding body, using one of the UK business' Healthcare contracts for the audit.

Net zero journey

At the end of Q4 2023, the UK and Ireland business engaged with an external environmental expert, Eunomia, to start work on preparing its net zero plans for validation through the Science Based Targets initiative (SBTi), the UK and Ireland business having already committed to a 2040 net zero target.

The Group's Australian and New Zealand businesses are also formally committing to SBTi targets and will begin the validation process later in 2024.

The Group recognises that Scope 3 emissions, especially from its supply chain, significantly affect the Group's GHG footprint, and is committed to achieving net zero through collaboration with its supply partners, and a move from spend-based to unit-based calculations will start in 2024 in the UK and Ireland businesses.

STRATEGIC REPORT (continued)

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD)

As an ethical business committed to net zero and reducing the Group's impact on the communities where it operates, the Group recognises its critical role in addressing climate change. The Group's TCFD response is informed by external scenario analyses, considering both physical and transition risks, aligned with the TCFD framework. The Group's disclosures focus on the four pillars and 11 recommended areas and emphasise its commitment to responsible corporate governance, sustainability, and risk management.

Governance

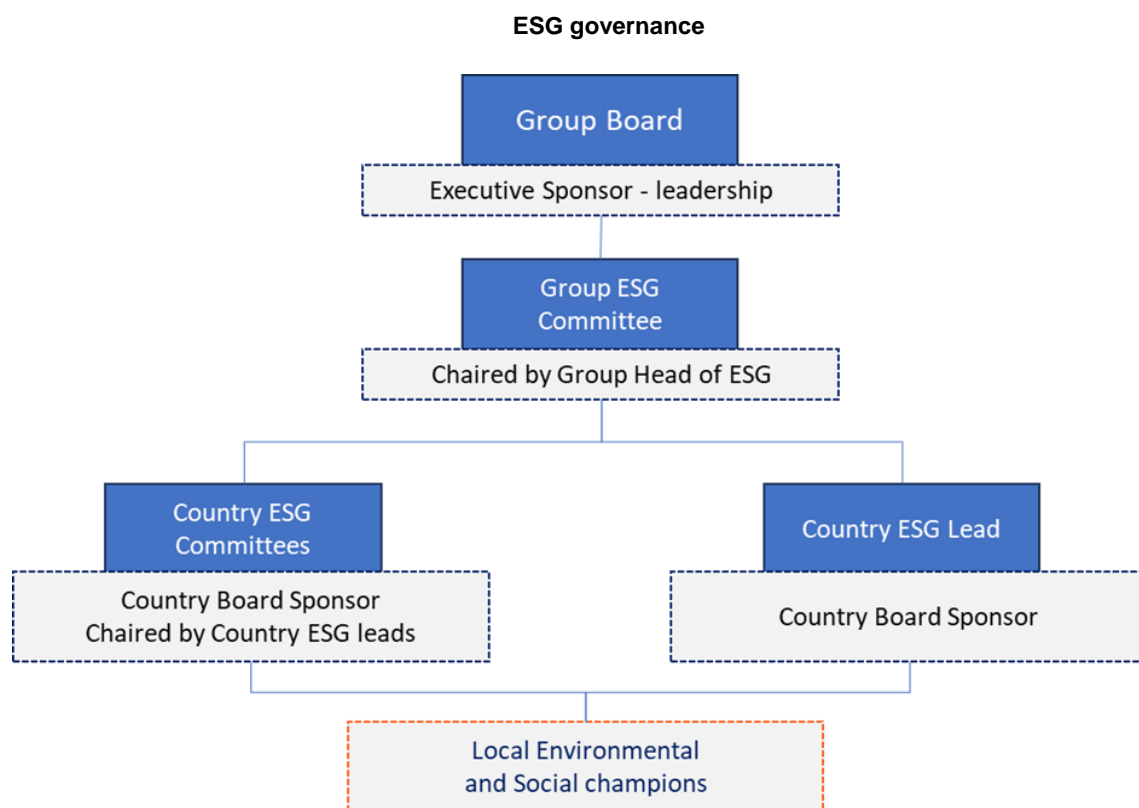
The Group's new ESG Steering Committee, established towards the end of 2023 and chaired by the Group Head of ESG, meets bi-monthly to support the implementation of the Group's ESG strategy, including governance, systems, processes and training across its international businesses. The Committee consists of key internal stakeholders representing the Group Executive Committee, the Group's operating businesses, and departments, including QHSE, Legal, Procurement, Operations, Finance, and Human Resources. The Committee is also supported by subject matter experts as the need arises.

The ESG committee also aligns with the Group Head of Risk and Internal Audit to ensure identified material ESG risks are managed through the risk management process.

Ultimately, the Group Executive Committee has oversight of climate-related risks and opportunities, undertaking two formal risk register reviews per year, which includes climate-related risks and opportunities. Budgets, strategies, and financial business plans are informed by any material risks and opportunities identified during the review.

Risk accountability is effectively devolved in the Group, with each strategic risk assigned to a member of the Executive Committee, and both the UK and Ireland and APAC business regions maintain a local risk register. Any changes to identified risks or new ones identified, are communicated to the Group Head of Risk and Internal Audit who is responsible for updating the Group Risk Register and tracking any mitigating actions.

The ESG Steering Committee oversees climate-related projects to mitigate any identified risks or support opportunities to deliver the Group's commitments to net zero and ensure regional business alignment, working with local country ESG Committees and leads, providing guidance and best practice to implement agreed actions.



STRATEGIC REPORT (continued)

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD) (continued)

Strategy

It cannot go unnoticed that the potential risks of climate change have become more focused over recent years, which led to the Paris Agreement and Governments around the world setting net zero targets, and recently at COP28 with the world's first global agreement to ratchet up climate action before the end of the decade, with the overarching aim to keep the global temperature limit of 1.5°C within reach.

Although the Group is committed to contributing to help achieve the 1.5°C limit, transitioning to a low carbon business could potentially add financial risks and instability to the Group's businesses around the world, whether that be through the introduction of mitigating actions, additional costs to its supply chain, or customers increased expectations. The Group is also very aware that the increase in extreme weather events could also put pressure on sourcing food ingredients and raw materials, as well as potentially disrupting some country operations access to transient workers.

In line with the Group's ongoing desire to continually improve its knowledge and awareness of climate-related risks and opportunities, and its 2022 commitment to complete a scenario-based analysis to further strengthen the durability of its plans and decision making, the Group sourced external help from experts in this field. WTW were engaged during Q4 of 2023 to carryout both a physical and transition risk and opportunities analysis of the Group's business, working closely with the internal ESG team and Group Executive Committee to provide a comprehensive report on the potential risks and opportunities, in alignment with TCFD and UK CFD regulatory requirements.

Risks at the Group are assessed in terms of impact and likelihood using the enterprise-wide risk management impact and likelihood scales, ERM.

Frequency		Likelihood	
5	Onset occurs within the next year	Certain	>90%
4	Onset occurs 1-2 years	Likely	51%-90%
3	Onset occurs next 2-5 years	Possible	21%-50%
2	Onset occurs in next 5 – 25 years	Unlikely	4%-20%
1	Onset occurs in more than 25 years	Rare	<3%

Impact		
5	Catastrophic	>£14m
4	Major	>£11m - <£14m
3	Moderate	>£7m - <£11m
2	Minor	>£3m - <£7m
1	Insignificant	<£3m

Impact values are based on EBITDA

Risks and opportunities identified over the short, medium, and long- term

Physical risk

For the physical risk assessment, a portfolio analysis was carried out on a sample of 51 key locations across the Group's global business, stress testing its resilience to the impacts of physical climate change. Changes in climate hazard exposure across 4 different time horizons, current, short-term 2030, long-term 2050, and very long-term 2100, were used for this climate scenario analysis. The following temperature rise scenarios were used, under RCP8.5 (4.0°C worst case), RCP4.5 (2-3°C), and RCP2.6 (1.5°C).

A total insured value (TIV) was used as the financial risk measure, made up of buildings value, contents value and business interruption value, using insurance industry recognised climate risk data and models to provide a scientific and probabilistic forecast range of the potential physical damage to the Group's portfolio in financial terms.

STRATEGIC REPORT (continued)

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD) (continued)

Physical risk (continued)

The purpose of the analysis was to understand the Group’s climate risk exposure and develop strategic risk mitigation actions if required to provide the Group with financial sustainability over the medium to long-term.

The climate change scenarios utilised by WTW were based on the Representative Conception Pathways (RCP) designed by the Intergovernmental Panel on Climate Change (IPCC) in their 5th Assessment Report (AR5), which was mapped to the latest IPCC AR6 report’s Shared Social Economic Pathway (SSPs) scenarios.

The climate hazards modelled were:

Acute Climate Risks Assessed – Extratropical Cyclone, Tropical Cyclone, and River flood

Chronic Climate Risks Assessed – Heat Stress, Precipitation, Drought, Fire weather, and Sea level rise

Summary of findings

Comparing present-day outlook with the high emissions scenario (2050), drought, fire weather and heat stress show significant material increases in exposure, other perils exhibit little or no change in exposure, on the 51 locations across the Group’s international operations used in this analysis.

Changes of risk profile

Hazard exposure	Current climate	‘Hothouse’ world (+4°C)
Heat stress	<ul style="list-style-type: none"> Just under 50% of the 51 locations analysed are exposed to a high or very high level of heat stress, seeing more than 80 heatwave days in a given year with temperatures in excess of 30°C The assets exposed to high and very high heat stress are predominantly located in southeast Asia, India and the Middle East The average annual Value at Risk (VaR) to the Group is modelled to be in the Insignificant range of the ERM impact scale, based on Business Interruption values for the sample portfolio 	<ul style="list-style-type: none"> By 2050, under the high emissions (RCP8.5) scenario, heat stress is projected to become a high or very high risk, affecting over half of the portfolio modelled in this assessment, with significant increases in India, Bangladesh, and Thailand The increase in material exposure is predominantly driven by assets in central and western Europe, which are projected to experience warmer climates The average annual VaR increases under the high emissions scenario, however it is still considered Insignificant, however there could be an impact on labour productivity and logistics
Drought	<ul style="list-style-type: none"> Overall, drought is not considered a material risk for the majority of the Group’s assets currently There are 2 assets with very high exposure in Saudi Arabia and UAE, and 2 assets with high exposure in Australia and Spain. A further 4 assets have a moderate exposure. The average annual Value at Risk (VaR) to the Group is modelled to be well below the Insignificant range for Drought for the sample portfolio. 	<ul style="list-style-type: none"> Increases in unfavourable conditions with Australia, Spain, KSA, and UAE locations exposed to very high risk, 3 sites with high risk and 12 locations with moderate risk including Philippines and Indonesia The average annual Value at Risk (VaR) to the Group is modelled to still be well below the Insignificant range for Drought for the sample portfolio Review of the reliance on water could be considered

STRATEGIC REPORT (continued)

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD) (continued)

Changes of risk profile (continued)

Hazard exposure	Current climate	'Hothouse' world (+4°C)
Flooding	<ul style="list-style-type: none"> 8 assets within the portfolio are exposed to very high risk of river flooding (10% likelihood of flooding in a decade) and 5 others are moderately exposed (2% likelihood) For the sample portfolio, the average annual modelled losses from flooding fall within the Insignificant range of the ERM impact scale In severe years (such as the 1 in 500-year event) this could exceed £3m and be considered within the Minor range The UAE location is most exposed to sea level rises currently and over the long-term horizon, under a high emissions scenario 	<ul style="list-style-type: none"> The number of exposed locations increases slightly by 2050, with 10 assets becoming very highly exposed to river flooding. These two additional assets are located in Saudi Arabia and Philippines As well as the increase in exposed locations, increases in the frequency of flood events is also more likely under the high emissions scenario by 2050. It can be expected that the VaR (on an average basis) may therefore increase By 2050 what is considered today a severe 200-year event could happen more frequently (i.e. 1 in 100 years). It is reasonable to assume such impacts would still be covered by insurance, however costs of coverage could increase, and availability could decrease
Fire weather	<ul style="list-style-type: none"> 15 assets are currently materially exposed to fire weather (>20 days of fire weather annually), with the KSA location with the highest exposure 	<ul style="list-style-type: none"> There is an increase of material exposure to fire weather, to 20 assets under the 4°C scenario by 2050, moving from very low to low risk 9 of these are projected to be highly or very highly exposed (>80 days of fire weather in any given year), including KSA, Australia, UAE, and India

Physical risk quantification – Acute risks

The Group is an agile business with the ability to manage its businesses remotely, which was demonstrated effectively during the global pandemic. Apart from two locations (Edinburgh, UK and Bangkok, Thailand), all central business operations, storage and offices are within leased or rented buildings, enabling the business to move location if the need arises. Using insurance industry recognised climate risk data and models and our 51 key global sites, WTW calculated the potential physical damage between a 1.5°C and 4°C climate change. From the modelling, the financial impact of both flood and windstorm are within the Insignificant Risk Impact range, below £3m, based on the sample of assets included in the assessment.

Physical risk quantification – Chronic risks

The possible impacts of heat stress on the business could include increased energy consumption and carbon emission due to increased cooling demand, reduction in productivity where cooling cannot be controlled, difficulties with cooling equipment and reduction in available goods and services. Temperatures not controlled and over 35°C could lead to fainting and threat to life for the vulnerable. The possible impacts of drought on the business could include water usage restrictions leading to high water costs and potential suppliers' impact down the chain, on raw materials leading to higher costs or delays. The impact on people could include mental health and worsening the likelihood of heat stroke and threat to life.

STRATEGIC REPORT (continued)

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD) (continued)

Changes of risk profile (continued)

Physical risk quantification – Chronic risks (continued)

The chronic hazards financial impact analysis was carried out under the assumption that operational vulnerabilities are typical of generic occupancies (e.g. offices, and operational facilities), reduction in operations due to heat stress would be 0.5%-10% for every day of heat stress and 1%-20% for every day of drought. Over the two temperature horizons of 1.5°C and 4°C, the financial impact of both heat stress and drought is within the Insignificant Risk impact range under both scenarios below £3m.

Following the WTW climate change scenario analysis exercise and during 2024, the Group Executive Leadership and local business leaders will be reviewing the findings and recommendations to ensure that the Group's mitigation plans are appropriate and resilient for the possible risks identified.

Transition risk

A structured approach was adopted to identify and evaluate risk exposure as well as opportunities, derived from transition to a low carbon economy, that relied upon scenario analysis and following guidance issued by the TCFD. A total of 6 workshops were held with subject matter experts from across the Group's business units. The workshops aimed to assess the level of risk and opportunity exposure to a collection of 14 transition risk drivers under four categories - Policy & Legal, Technology, Market, and Reputation.

The scenarios used for the analysis align with projections to keep global warming below +1.5°C above pre-industrial temperatures by the end of the century in line with the Paris Agreement.

WTW identified potential Transition Risks and articulated using discussions with the Group's project team, experience from their extensive work with other corporations and public domain research. Risks were assessed in terms of impact and likelihood using the Group's enterprise-wide risk management impact and likelihood scales, ERM, to assess the potential size and scope of all identified climate-related risks and opportunities, in line with its risk management process. WTW has also cross-compared against the scope and outcomes of regional assessment conducted by Enviro-Mark Solutions for the Group's operations in Australia and New Zealand in 2023.

Transition risk exposure was assessed on a short-term time horizon of 2030 and a medium-term time horizon of 2035, with impacts being assessed as an annualized amount. Transition risks were not assessed in the longer term due to the difficulty in building assumptions around the direction of policy out to 2050 or beyond. Transition risks and opportunities will be explored over the longer term in future assessments.

Residual risk exposure

In the short-term (by 2030), overall risk exposure remains low for the Group, with some notable exceptions within Technology and Market Risks where there is an increase in customer demands for sustainability plans and energy reduction strategies that lean heavily on the need to find technical solutions to reduce the Group's impact on customers emissions and providing them with clear and accessible information to inform their reduction strategies. These exceptions primarily stem from the Group's strategic actions to mitigate residual risk exposure which includes intensifying its efforts to align with the Science-Based Targets Initiative (SBTI) and ambitious but pragmatic global net zero targets.

Over the medium-term (2035), certain short-term risks persist or even intensify, notably the Shift in Customer demands, driven by increasing climate-related considerations among customers. This risk remains relevant and the Group needs to continue to work on its innovative solutions to adapt to evolving preferences and expectations. For example, the Carbon Impact Assessment previously mentioned.

The other notable changes are the Pricing of Greenhouse Gas emissions, increasing stringency of Climate-Related Regulatory requirements, and Cost of Capital. While these are currently considered a lower risk in the short-term, these factors are anticipated to become more pressing in the medium-term, which the Group needs to consider within its future planning.

STRATEGIC REPORT (continued)

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD) (continued)

Strategic opportunities

Despite these risks, the Group is well-positioned to adapt and seize the opportunities to grow, leveraging a competitive edge within the APAC markets, strong customer relationships, and a capacity to drive operational efficiencies for the Group and its customers. The Group stands to benefit significantly from evolving customer preferences both in the short-term and medium-term if it continues to develop its ESG strategy with the customer in mind.

The APAC market, where regulatory progress has been gradual, presents a particularly promising opportunity for the Group to capture additional market share, using its experiences in more regulated and travelled businesses in the UK and Australasia. However, pursuing this opportunity requires thorough review and seamless integration into the overall Group strategy. Strategic alignment and global collaboration will be key to success.

Transition recommendations

The outcome of our transition scenario analysis indicates that the Group faces a low to moderate residual transition risk out to the year 2035. The Group recognises the need for further investigation to comprehend its risks in a longer term context, especially as it refines its strategic approach. WTW noted within the analysis that exposure could be heightened by a 'disorderly transition' toward net zero. This scenario is increasingly possible due to political and economic instability which may disrupt energy transition plans, particularly in Europe. Consequently, this potential disruption could impact the development of the Group's own net zero ambitions. The following recommendations were born out of the analysis, many of the objective outcomes already being worked on in practice.

STRATEGIC REPORT (continued)

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD) (continued)

Consolidated Climate related Risks and Opportunities

Risk or Opportunity	Scenario Analysis		Mitigation / Adaptation
	Time Horizon where most material	Risk Rating	
Physical Risks			
<p>Flood</p> <p>Risk: The majority of OCS portfolio has low level exposure to risk of flooding until 2050, however there is an increase in number of locations from 8 – 10 exposed at the highest risk level by 2050 (KSA & Philippines)</p>	Long (2050)	<p>Indication of risk</p> <p>Low to medium risk</p> <p>Financial assessment: Insignificant</p>	<ul style="list-style-type: none"> Review building portfolio in high-risk areas Ensure business and emergency continuity plans take account of the identified risks Carryout stress test of the business emergency continuity plans Consider relocation if coastal or city level flood adaption measures are deemed inadequate Monitor and warn employees of Government and local weather agency warnings
<p>Drought</p> <p>Risk: Overall drought is not considered a material risk for most OCS locations currently. Locations with high to very high exposure, KSA, UAE, Spain, and Australia. Material exposure to drought increases significantly from present day under a 4°C scenario by 2050. Number of locations exposed to at least 3 months of prolonged drought in a year, 4 locations projected to be 6 months of drought annually.</p>	Long (2050)	<p>Indication of risk</p> <p>Low to medium risk</p> <p>Financial assessment: Insignificant</p>	<ul style="list-style-type: none"> Explore option for water saving processes across locations most at risk – such as water recycling Consider onsite water storage as part of building criteria Encourage and incentivise water saving with employees Ensure maintenance of water system audits and repairs Provide water to employees in most affected regions
<p>Heat Stress</p> <p>Risk: Nearly half of the locations assessed are currently exposed to a high or very high level of heat stress. Seeing more than 80 heatwave days each year, with temperatures in excess of 30°C. The locations are predominantly located in Southeast Asia, India, and the Middle East. By 2050, over half of the portfolio is expected to be high or very high, mainly driven by locations in central/western Europe, under a 4°C scenario by 2050.</p>	Long (2050)	<p>Indication of risk</p> <p>Medium to High risk</p> <p>Financial assessment: Insignificant However, there could be an impact on labour productivity and logistics.</p>	<ul style="list-style-type: none"> Review building design for inefficiencies Use the findings to inform future and current building lease criteria Consider buildings with adaption measures such as solar shading, trees, and thermal insulation Explore natural cooling and ventilation solutions Consider employees commuting journeys, and encourage transport modes less affected by heatwaves
<p>Windstorms</p> <p>Risk: 20 European locations are in stormy regions with a 1% annual chance of experiencing extratropical wind speeds of over 121km/h. 2 locations in the Philippines are exposed to moderate risk of Tropical Cyclone with a 1% chance of experiencing wind speeds of over 213km/h, it is not expected to significantly change in the medium term. An increase in typhoons is expected under a high emissions scenario by 2050.</p>	Long (2050)	<p>Indication of risk</p> <p>Very low – low risk</p> <p>Financial assessment: insignificant</p>	<ul style="list-style-type: none"> Consider engineering assessments for high-risk assets to inform course of action Ensure critical equipment attached to buildings is secure Review building design for level of protection Ensure business and emergency contingency plans take account of the identified risks
Transition Risks			
<p>Pricing of Greenhouse Gas (GHG) Emissions</p> <p>Risk: It is assumed that there will be increasing levels of carbon pricing globally over the short to medium term. In the short-term, minimal impact is expected. Long-term impact may increase as costs are passed on to customers.</p>	Medium (2035)	<p>Indication of risk</p> <p>Likelihood: Unlikely - Likely</p> <p>Financial assessment: Moderate</p>	<ul style="list-style-type: none"> Continue with commitment to net zero by 2040 and 2050 (globally) Enhance data collection processes to inform plans Ensure transition plans in place Ensure any new buildings adhere to stringent environmental standards and are signed up for carbon offset programs Plan for the transition of technical/hard services vehicles to electric, considering limitations beyond 2035
<p>Shift in Customer Demands</p> <p>Risk: Sustainability has emerged as a significant driver for customers, particularly in government contracts in the UK. Customers are increasingly requesting sustainability plans and energy reduction strategies; particularly where technical services are provided. ESG ratings are becoming more important for our customers across the global business.</p> <p>Opportunity: Sustainability is becoming increasingly more important to international companies and governments, especially in Asia, for example SEZ in Indonesia.</p>	Short (2030) & Medium (2035)	<p>Indication of risk</p> <p>Likelihood: Rare</p> <p>Financial assessment – Catastrophic</p> <p>Indication of opportunity</p> <p>Likelihood: Likely</p> <p>Financial assessment: Catastrophic</p>	<ul style="list-style-type: none"> Provide customers with clear and accessible information Develop the ability to quickly adapt and innovate in response to customer requirements Continue to develop carbon assessment and reduction initiatives for customers Develop value positions capitalising on our global footprint Continue to integrate low emission technology into existing operations to improve competitiveness

STRATEGIC REPORT (continued)

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD) (continued)

Risk Management

The risk management methodology is set by the Group Head of Risk and Internal Audit to ensure consistency of approach. Climate-related risks are formally integrated into the main risk register and reviewed by the Group Executive Committee alongside all other identified business risks. The Group takes a holistic approach to managing risks and uses the Enterprise Risk Management Framework (ERM) to identify, assess, prioritise and mitigate each individual risk.

The accountable Executive Committee member leads on developing a mitigation plan for each risk and is responsible for regularly reporting progress in addressing the risk and for ensuring timely management actions.

Existing and emerging risks identified through a review of future regulatory requirements, customer demands communicated through tenders and business reviews, and market trends, are raised with the Group Head of Risk and Internal Audit for review by the Executive Committee. The Group's ESG team are currently developing a heat map of future regulatory and standards requirements. The heat map will be monitored by the Group Head of ESG and mitigation plans developed with the support of the ESG Committee with updates provided to the Group Head of Risk and Executive Committee as part of the risk register review process.

The analysis carried out on the potential physical and transition risk to the Group's business, with the help of external experts and robust modelling, has helped it to solidify its understanding and provided an opportunity to test the Group's businesses resilience. The learnings from the analysis exercise will help inform business strategy for the short and medium-term.

Metrics & targets

The Group recognises the importance that measurements and targets play in the Group achieving its net zero ambitions and transitioning to a low carbon economy. Every year, the Group has worked to improve the quality and availability of its data to provide the business an ability to make informed financial and strategic decisions and it will continue to develop this capability through 2024.

The Group has committed to achieving net zero by 2040 in the UK, Ireland, Australia and New Zealand businesses, and to reach global net zero by 2050.

The following milestones for the short, medium and long-term were also agreed by the Group Executive Committee on 5 July 2023 and published on the Group's website during its brand launch on 22 January 2024:

- All countries outside of the UK, Ireland, Australia, and New Zealand to achieve scope 1&2 net zero by 2040
- 100% renewable energy (scope 2) in the UK, Ireland, Australia, and New Zealand offices by 2025
- 100% electric or hybrid vehicles across the Group's global business by 2034
- 70% reduction in scope 1 emissions by 2030, across the UK, Ireland, Australia, and New Zealand businesses
- 56% reduction in Scope 3 emissions by 2030, across the UK, Ireland, Australia, and New Zealand businesses

Each country business is responsible for developing its own local plans and targets to meet the Group's net zero targets, supported by the Group Head of ESG.

During Q4 of 2023, work was carried out to establish a consolidated Group Scope 1 & 2 carbon intensity ratio and reduction targets until 2027. The countries in scope for the consolidated emissions baseline and targets are the UK, Ireland, Australia, New Zealand and Thailand. 2022 was agreed as the baseline year and the following carbon intensity reduction targets set. The baseline was independently verified by Achilles, to the ISO14064-1 standard.

Scope 1 & 2 Carbon intensity ratio reduction targets

Year	2022*	2023 ¹	2024	2025	2026	2027
Intensity target	10.59	9.76	8.75	7.72	6.56	5.56

*Baseline year

¹2023 intensity ratio shown is a target, the Group consolidated Scope 1&2 audit is scheduled to take place in May 2024 and the actual will be published in the Group's 2024 accounts.

STRATEGIC REPORT (continued)

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD) (continued)

Full Group Scope 1 & 2 consolidated GHG emissions

The Group is relentlessly breaking new ground as it looks to deliver on its net zero commitments and continuously strive to improve the quality of ESG data and availability. The introduction of the new ESG Info Exchange reporting tool will significantly improve the ability to capture, report and consolidate the Group's energy use and GHG emissions. The Group now has scope 1 & 2 emission data for more than 50% of its international businesses, in line with the Group target for all businesses to achieve scope 1 & 2 net zero by 2040.

2023 will be used for the full Group consolidated baseline, with its 2024 accounts reporting on the first year of reduction progress.

The following Scope 1 & 2 GHG emissions are the consolidation of those country operations that have to date now reported, UK, Ireland, Thailand, Australia, New Zealand, Belgium, Indonesia, Philippines, India, Malaysia and Singapore operations, with the remaining countries joining the programme during H1 24.

GHG emissions (Tonnes of CO2e) 2023	
Group Scope 1	Group Scope 2
16,912	2,388

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

In accordance with the 2018 regulations which amend the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008, the following energy and carbon sources are required to be reported within Large Unquoted Company Annual Accounts:

- Natural Gas Consumption
- Electricity Consumption
- Transport Consumption where the organisation has direct responsibility for the purchasing of fuel e.g., for company vehicles and personal vehicles used for business purposes.

The Group has partnered with Toitu and their carbon reduction scheme, the UK's only accredited greenhouse gas certification scheme, to measure and calculate the UK operations energy consumption and carbon emissions.

The following methodologies have been used to calculate the Group's CO2e emissions:

- The Greenhouse Gas Protocol Corporate Accounting and Reporting Standard
- The Department of Environment, Food and Rural Affairs (DEFRA) Environmental Reporting Guidelines (2020)

It was determined that the most appropriate boundary of control (financial, organisational, or operational) to report on, was operational control.

There are no UK subsidiaries that are required to report, based on the SECR reporting guidelines.

This methodology has been applied to UK operations for 2023.

The Group's data inventory has been verified by a qualified independent auditor in accordance with international standard ISO 14064-1.

STRATEGIC REPORT (continued)

STREAMLINED ENERGY AND CARBON REPORTING (SECR) (continued)

SECR Data

The SECR period follows the financial accounting period for the Group, during the financial period of 1 January 2023 to 31 December 2023.

The following data includes Scope 1, 2 and Scope 3 Business travel and summarises the energy consumption (kWh) and carbon emissions (tCO₂e).

Total consolidated UK consumption & carbon emissions

GHG emissions (Tonnes of CO ₂ e)	2023	2022 ¹	2022*
Scope 1 (Direct emissions - Generated from the fuel (e.g. gas) used in the operations of buildings and vehicles)	11,635	12,192	356.32
Scope 2 (Indirect emissions - Generated from the use of purchased electricity in all buildings from which the Group operates)	567	557	51.58
Scope 3 (Other indirect emissions - business travel in rental cars or employee-owned vehicles where the company is responsible for purchasing the fuel)	1,602	1,347	79.06
Total scope 1, 2, & 3 (business travel)	13,804	14,096	486.96
GHG intensity (Tonnes of CO₂e per £m revenue)	10.47	10.73	5.73
Intensity Ratio: tCO₂e /turnover yearly % change	-2.4	NA	NA

Energy Use (kWh)	2023	2022 ¹	2022*
Gas and Fuel	49,894,425	51,376,573	1,014,894
Electricity	2,939,750	2,726,941	266,754
Total	52,834,175	54,103,514	1,281,648

* One month period (December 2022) since the date of acquisition of OCS Group International (immediate parent company of OCS Group UK Limited) by OCS Group Topco Limited.

¹ Full year comparative results as it would be if the acquisition had not taken place.

The UK business reported the above emissions on a location-based approach in line with the GHG Protocol. Scope 1 absolute emissions and energy consumption figures in 2023, this is mainly due to a closure of several office locations during the integration, as well as the continued drive to move to fully electric or hybrid vehicles. Scope 2 & 3 are higher than previous years, mainly due to increased operational activity, colleagues coming back to the offices, growth in the aviation laundry operations and continuous improvement in data quality. However, the emissions intensity has reduced as revenue increased whilst the operational footprint remained steady. In 2023, the UK business started procuring renewable/green electricity for their offices and continued purchasing electric vehicles for the UK business company fleet as part of its net zero strategy and targets, so the Group expects to see improvements into 2024.

STRATEGIC REPORT (continued)

STREAMLINED ENERGY AND CARBON REPORTING (SECR) (continued)

Voluntary reporting – Australia, New Zealand & Ireland carbon emissions

GHG emissions (Tonnes of CO ₂ e)	Australia		New Zealand		Ireland	
	2023	2022	2023	2022	2023	2022
Scope 1 (Direct emissions - Generated from the fuel (e.g. gas) used in the operations of buildings and vehicles)	284.0	226.4	1,467.0	1,524.8	786	827
Scope 2 (Indirect emissions - Generated from the use of purchased electricity in all buildings from which the Group operates)	60.9	76.8	28.8	43.0	42	64
Scope 3 (Other indirect emissions - business travel in rental cars or employee-owned vehicles where the company is responsible for purchasing the fuel)	253.9	122.4	130.8	66.3	33	199
Total scope 1, 2, & 3 (business travel)	598.8	425.6	1,626.6	1,634.1	861.0	1,090
GHG intensity (Tonnes of CO₂e per £m revenue)	10.32	8.43	14.20	13.67	12.42	18.47
Intensity Ratio: tCO₂e /turnover yearly % change	22.4	NA	3.9	NA	-32.8	NA

This Strategic Report is approved by the Board of Directors and signed on behalf of the Board.



R.A. Legge
Director
12 June 2024

Second Floor
81 Gracechurch Street
London
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GOVERNANCE REPORT

GOVERNANCE COMMITMENTS

The Group's governance commitments include maintaining high ethical standards guided by its Code of Conduct and values, establishing transparent and accountable governance structures, nurturing a culture of continuous improvement by monitoring and reporting on ESG performance, and ensuring compliance with all laws and industry standards through well-defined policies and independent external oversight.

Scheme of Delegation and Governance

The Group has agreed a scheme of Governance and Delegated Authority which establishes its governance regime. This includes inter alia provisions for the approval of customer and supplier contracts, capital expenditure, changes to remuneration practices and arrangements and changes to financing arrangements. This scheme has been cascaded down the Group organisation.

Code of Conduct

The Group's Code of Conduct is issued to colleagues and sets a universal standard that applies to all of the Group's colleagues worldwide. It is a foundational document that defines the principles and standards guiding every aspect of business within the Group. The Code of Conduct refers to ethical conduct required and also to prohibited actions and behaviours, and how colleagues should behave towards one another, the Group's customers, suppliers and other stakeholders. Colleagues are required to follow this Code of Conduct and this assists in the management of risk.

CORPORATE GOVERNANCE

The Directors recognise that effective corporate governance is essential to the on-going success of the Group. Building a modern-day sustainable business is significantly dependent on good governance and compliance and is fundamental to the execution of the Group's Vision and Mission underpinned by the Group's TRUE Values and shared principles of being accountable and responsible for quality, health, safety and the environment. The Group's corporate governance framework has been designed to support this and the Board is committed to ensuring that the procedures, policies and practices of the business continue to be effective.

The Directors have adopted the Wates Corporate Governance Principles for Large Private Companies as its approach to Corporate Governance. In addition, the Directors consider that the annual report and financial statements comply with the requirements of the Guidelines for Disclosure and Transparency in Private Equity 'The Walker Guidelines'.

WATES PRINCIPLES

The Directors believe the appropriate approach to corporate governance is to adopt the Wates Corporate Governance Principles for Large Private Companies. The approach is based upon six broad principles, which the Directors have adopted.

Principle 1 – Purpose and Leadership

An effective board develops and promotes the purpose of a company and ensures that its values, strategy, and culture align with that purpose.

The Group's strategy and purpose is to become the world's best facilities services company helping to deliver the best outcomes for people. This is embodied in the Group's Vision and Mission statement 'to become the best provider of facilities services for colleagues, customers and communities by making people and places the best they can be'.

The Group's strategy, referred to as BEST was established to enhance how customers are served, how the workforce is empowered and how the Group contributes to the well-being of the communities it touches. The strategy is reinforced by the Group's TRUE values which guide how the business interacts with customers, colleagues, partners, and communities, ensuring a cohesive approach towards achieving the Group's mission. More information on the Group's Business Model and Strategy can be found in the Strategic Report on pages 4 and 5.

GOVERNANCE REPORT (continued)

WATES PRINCIPLES (continued)

Principle 1 – Purpose and Leadership (continued)

The Group is accountable to and has regular contact with its main shareholder, CD&R Madison S.à r.l, through Board meetings and the supply of management information packs and presentations. The Board holds overall responsibility for developing and promoting the purpose of the Group and the leadership team ensure that the values, strategy and culture are embedded into every aspect of the Group's business. As well as being verbally communicated at Town Halls and during business meetings, the Group's values are displayed on the intranet, on office posters, digital screens and incorporated into new joiners' induction processes. The Group's Code of Conduct guides how colleagues should go about the Group's business in the right way every day and in every part of the world.

The engagement and satisfaction of the Group's colleagues remains a top priority in shaping the future of the Group and helping it to achieve its strategy. The Group fosters a culture where every colleague feels respected, valued and heard. The Group has just completed its first annual colleague engagement survey so that suggestions and insights can be addressed and feedback can be actioned.

The Group has an independent third-party whistleblowing facility in place operated by Safecall which is available to all colleagues and allows them to report issues via a dedicated freephone number, email or via Safecall's website. Colleagues can report concerns relating to their working environment in a safe and secure way, including concerns about misconduct, wrongdoing, or unethical practices. In line with the Group's Values, the Group looks to create a culture of openness and actively promote speaking up throughout the business via the Code of Conduct, the intranet site, workplace posters and other means. Regular reviews of cases are undertaken to understand the status of investigations and if there are any emerging themes.

Further information on the Group's engagement with its key stakeholders including financial investors, colleagues, clients, suppliers, communities and the environment, is given in the Strategic Report on pages 12 to 18.

The Board's Audit and Risk Assurance Committee advises the Board on the Group's overall risk appetite, tolerance and strategy and the principal and emerging risks the Group is willing to take in order to achieve its strategy. It also reviews the effectiveness of the whistleblowing, risk management and fraud policies and procedures.

Principle 2 – Board Composition

Effective board composition requires an effective chair and a balance of skills backgrounds, experience, and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company.

The directors who served on the Board of the Company for all or part of the year and up to the date of approval of the Annual Report and Accounts were:

Bruno Deschamps (Chair)

Romain Dutartre

Nikolaus Lachner (appointed 13 June 2023)

Rob Legge (Group Chief Executive Officer) (appointed 13 June 2023)

Christian Rochat

Leontios Toumpouris (resigned 13 June 2023)

The Board meets formally four times a year (but may meet more often if needs require) and comprises the Group Chief Executive Officer and four investor directors from CD&R who bring a wealth of experience and significant resources.

One of the investor directors has an independent role as Chair of the Company and the size and composition of the Board is considered appropriate for the size and complexity of the Company and the Group. In addition, the Group has a regular monthly dialogue with the Board via the monthly business review process.

GOVERNANCE REPORT (continued)

WATES PRINCIPLES (continued)

Principle 2 – Board Composition (continued)

Details on the current Directors of the Board are as follows:

Bruno Deschamps - Chair

Bruno serves as the Chair of the Company. He is an Operating Advisor to CD&R LLP. He holds directorships in the following CD&R portfolio companies: Kalle Group, SIG plc, Westbury Street Holdings and Wolseley UK. He is a former Chairman of Diversey, a global leader of hygiene and sanitation products, services, and solutions to the institutional and industrial markets. Previously, he served as Chairman of the Advisory Board of Kloeckner Pentaplast, one of the world's largest suppliers of films for pharmaceuticals, medical devices, food, electronics, and general packaging, and, from 2008 to 2011, as Group Managing Partner of 3i plc (London).

He served as a CD&R Operating Partner from 2002 to 2007 during which time he was Chairman of Brakes and played a key role in the Firm's investments in Culligan, Rexel, and VWR. Bruno also served as President and Chief Operating Officer of Ecolab, a Fortune 100 company with more than \$14 billion in revenue. During his ten years in Germany, he served as President of Henkel Adhesives, Teroson GmbH and Henkel Ecolab. Bruno also served as Chairman and CEO of his family-owned speciality chemical company, SAIM, in France. He is a member of the board of the William Pitt Committee of Chatham House, a knight of the Legion d'honneur, France, and past president of the French Foreign Trade Advisors in the UK. Bruno has an M.B.A. in marketing and finance from ISG Paris.

Romain Dutartre - Investor Director

Romain joined CD&R in 2019 and is a partner principally engaged in evaluating investment opportunities in the business services and industrials sectors. He has played a key role in the Firm's other investments in Inizio, Sharp, SIG plc and SOCOTEC. Previously, he worked at Advent International and Apax Partners. He started his career as a management consultant at Bain & Company. Romain has an M.B.A. from Harvard Business School and an M.Sc. in management from Ecole Supérieure de Commerce de Paris.

Nikolaus Lachner - Investor Director

Nikolaus joined CD&R in 2012 and is principally engaged in evaluating investment opportunities in the business services and industrials sectors. He has played a key role in the Firm's other investments in Belron, Exova, Kalle Group, Mauser Group and SOCOTEC. Previously, he worked in the investment banking division of J.P. Morgan. Nikolaus attended the Institut d'Etudes Politiques de Paris (Sciences Po), Princeton University, and The London School of Economics.

Robert Legge - Group Chief Executive Officer

Rob is the Chief Executive Officer of the Group. His expertise in the facilities management sector has been instrumental to the integration of the UK, Ireland, and Asian businesses of Atalian into the Group following their acquisitions in February 2023.

Rob is driven by a clear vision: establishing the Group as the premier facilities services provider worldwide. His strategy focuses on expanding the Group's presence, particularly in the UK, Europe, Middle East, and APAC regions and his vast experience in mergers and acquisitions is a crucial asset in achieving this growth.

Rob has been pivotal in the facilities management sector since establishing Servest in 1997 and his strategic leadership was critical in the 2018 sale of Servest to Atalian Global Services. Following this, he served on the leadership team at Atalian Global Services for five years, guiding the company through significant developments.

Christian Rochat - Investor Director

Christian joined CD&R in 2004 and is a partner based in London. He led the Firm's investments in Belron, Exova, SIG plc, SOCOTEC, SPIE, Westbury Street Holdings, and Wolseley UK, as well as the sale of Brakes Group. He serves on the Compliance Committee. Prior to joining CD&R, he was a managing director at Morgan Stanley Capital Partners and a director at Schroder Ventures (now Permira). He also worked in the London and New York offices of Morgan Stanley's mergers and acquisitions department. Christian has a Ph.D. and B.A. in law from the Université de Lausanne and an M.B.A. from Stanford Graduate School of Business.

GOVERNANCE REPORT (continued)

WATES PRINCIPLES (continued)

Principle 2 – Board Composition (continued)

Board effectiveness

The roles and responsibilities of the Chair and the Group Chief Executive Officer are separate. The Chair takes responsibility for leading the Board and ensuring that it functions effectively. The business matters discussed at the board meeting principally include the strategic, operational and financial oversight of the Group, and other ad-hoc matters reflecting agreed governance and legal requirements. Information is provided to board members prior to meetings taking place. The Chair allows sufficient time is given at meetings to discuss each item, promoting open debate and facilitating constructive discussion and decisions are minuted.

All Directors including the Chair possess a wide range of skills, backgrounds, experience and knowledge across a broad range of businesses. The size and composition of the Board is considered appropriate for the size and complexity of the Company and the Group. The Board is further supplemented by Board committees and the boards of subsidiaries within the Group as well as Group and Regional Executive Committees (ExComms). The Group's ExComm as at 31 December 2023 comprised:

Rob Legge – Group Chief Executive Officer (also a Director of the Company)
Gary McGaghey – Group Chief Financial Officer
Bob Taylor – Group Chief Operating Officer
Scott Thorn-Davis – Group General Counsel
Valerie Dale – Group Chief People Officer
Ketan Patel – Group Chief Information Officer
Daniel Dickson – Group Chief Executive Officer, UK & Ireland
Roland Salameh – Group Chief Executive Officer, APAC and Middle East
Dan Barber – Group Chief Communications Officer

The Board monitors the performance of the Group ExComm and keeps the strategy under review.

Under the terms of the Scheme of Delegated Authority, many of the decisions of the Board are delegated to the CEO or the Group ExComm.

Board appointments and reappointments

All proposed appointments and reappointments are formally considered by CD&R and the Remuneration Committee (REMCO). The Directors do not retire by rotation and may hold office for as long as deemed appropriate.

The Group operates a D,E&I policy and is committed to promoting equal opportunities in employment and creating an inclusive working environment in which diversity is valued and celebrated. The Group recognises that diversity promotes innovation and business success as each colleague brings unique capabilities, experiences and characteristics to the workforce, increasing creativity, flexibility and productivity. The Board does not set predetermined diversity targets for membership of the Board but looks to ensure there is an appropriate balance of expertise and diversity.

Board performance and evaluation

The Board's performance is monitored by CD&R on an ongoing basis. The Chair regularly interacts with and discusses performance with the only Executive Director, the Group Chief Executive Officer. Annual performance of the Group's ExComm members is undertaken by the Group Chief Executive Officer.

Board training, learning and development

All Directors have access to training to enable them to carry out their duties effectively and can take independent professional advice in furtherance of their duties if necessary.

GOVERNANCE REPORT (continued)

WATES PRINCIPLES (continued)

Principle 3 – Directors' responsibilities

The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision-making and independent challenge.

The Company is accountable to its main shareholder, CD&R Madison S.à r.l, as discussed under Principle 1 on page 32 of this Governance Report.

The Board is collectively responsible to the shareholders for ensuring the long-term success of the Company and the Group and for developing the Group's overall strategy. It is also responsible for monitoring the Group's performance and for ensuring that prudent and effective controls are in place to assess risk appetite and manage risk.

The Board members recognise the importance of good governance and have a clear understanding of their roles and responsibilities. The management and Directors receive comprehensive and timely reporting of information on all aspects of the business. This includes financial information on profitability, balance sheet position, cash flows, banking covenants and KPI's, referenced to business plans and budgets in order to allow them to contribute fully in the decision-making process.

The Board has established two committees which report to it, the Remuneration Committee (REMCO) and the Audit Risk and Assurance Committee (ARAC).

The REMCO meets at least twice a year and otherwise as required. It comprises four members who are:

Chrisitan Rochat - CD&R appointee and Chair
Romain Dutartre - CD&R appointee
Bruno Deschamps - Board Chair
Rob Legge - Group Chief Executive Officer

The terms of reference of the committee are to determine and review the ongoing appropriateness and relevance of the Remuneration Policy (including base compensation, increases, incentive schemes and bonuses), approve the appointment and termination of certain key positions and to approve any material changes to retirement schemes and long service programmes. The Group's remuneration policy is to provide executive remuneration packages which are designed to attract, motivate and retain executives of high calibre and to reward them for enhancing the value of the business.

The ARAC meets at least four times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required. The committee has three members as follows:

Romain Dutartre - CD&R appointee and Chair
Nikolaus Lachner - CD&R appointee
Rob Legge - Group Chief Executive Officer

The Group Head of Risk and Internal Audit, Group General Counsel and, from time to time, other members of senior management also attend the ARAC meetings.

Areas of responsibility covered by the committee include financial reporting, risk appetite, tolerance and strategy, internal controls and risk management, compliance, whistleblowing and fraud, internal and external audit.

A risk register is maintained and each Group risk is assigned to a member of the Group ExComm. The Directors gain assurance that the controls identified in the risk registers are well designed and operating effectively through accountability and assurance mechanisms. Senior management within the businesses are required to provide an Annual Manager Declaration and the Group Head of Risk and Internal Audit provides independent assurance through internal audits.

The Articles of Association of the Company also set out how a Director shall not infringe his duty to avoid a conflict situation and the process to be followed if the situation arises. Directors declare any conflicts of interest at each meeting of the Group and Company.

GOVERNANCE REPORT (continued)

WATES PRINCIPLES (continued)

Principle 4 – Opportunity and Risk

A board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value, establishing oversight for the identification and mitigation of risks.

The business strategy clearly identifies the direction for the Group and opportunities to deliver this strategy are a key focus of board meetings.

Oversight of risk management is performed by the Group Head of Risk and Internal Audit, by the Directors' ongoing interactions with management, and by risk being an item on the ARAC agendas. The Board retains overall responsibility for risk management and senior management are responsible for identifying and mitigating risk. The principal risks to the business and more detail on the approach to risk management are outlined in the Strategic Report on pages 9 to 12.

Principle 5 – Remuneration

A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.

The Board has appointed the REMCO to oversee all aspects of remuneration ensuring it is fair and appropriate to support the success of the Group. Annual reviews of senior executives' remuneration are carried out, including benchmarking to external sources. A key principle of the remuneration policy, which includes bonuses and long-term incentive arrangements, is to ensure the executive remuneration structures align to the long-term sustainable success of the Group. Certain members of the Group's senior management team are shareholders in the Company.

The Group is in the process of implementing a Global Grading and Benefits Matrix pay structure which defines a collection of grades, levels, or bands linking related jobs within the Group's hierarchy. It will provide a framework to implement compensation and benefits strategies which will:

- align the reward strategy with the Group's mission, vision, purpose, culture and business strategy;
- encourage required behaviours and performance;
- bring order and clarity in managing pay rises and career development;
- help to ensure fairness and lawfulness, for example by avoiding pay discrimination.

An external provider is used to benchmark base salaries and benefits and ensure the Group is competitive in the market in order to attract new talent into the business, to retain existing talent and to reflect current market trends. The Group's annual salary review process considers the benchmarking for each role, local labour markets, minimum and living wage requirements, and cost of living and inflation.

Principle 6 – Stakeholder Relationships and Engagement

Directors should foster effective stakeholder relationships aligned to the company's purpose. The board is responsible for overseeing meaningful engagement with stakeholders including the workforce and having regard to their views when taking decisions.

The Board is committed to fostering effective stakeholder relationships which are aligned to its TRUE Values to enable the long-term success of the Group. The TRUE Values guide every interaction the Group has with its key stakeholder groups which includes financial investors, colleagues, clients, suppliers and communities.

GOVERNANCE REPORT (continued)

WATES PRINCIPLES (continued)

Principle 6 – Stakeholder Relationships and Engagement (continued)

The Group's engagement with its key stakeholder groups is discussed in the Strategic Report on the following pages:

Stakeholder Group	Page
Financial investors	13
Clients	13
Colleagues	14-16
Suppliers	16-17
Communities	17

This Governance Report is approved by the Board of Directors and signed on behalf of the Board.



Second Floor
81 Gracechurch Street
London
EC3V 0AU

R.A. Legge
Director
12 June 2024

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Group and the Company for the year ended 31 December 2023.

STATUTORY DISCLOSURES

Certain information required to be contained in this Directors' Report can be found in the accompanying Strategic Report, Governance Report and Financial Statements and are incorporated into the Directors' Report by reference.

Disclosure	Page
Principal activities	4
Results for the year	8
Financial instruments and financial risk management	9-11
Future developments	9
Section 172(1) statement	12
Financial investors	13
Clients	13
Colleagues	14-16
Suppliers	16-17
Communities	17
Environment and climate-related disclosures	19-30
Director details	32-33
Post-balance sheet events - note 36	105

OWNERSHIP

The Company's majority shareholder is CD&R Madison S.à r.l. Ultimately, the Company is controlled by private equity funds managed by Clayton, Dubilier & Rice, LLP (CD&R).

Founded in 1978, CD&R is a private equity firm with a history of working with management teams to build stronger, more profitable businesses. CD&R has offices in London and New York and manages investments on behalf of institutional, public and private investors worldwide. CD&R has an experienced team of investment professionals and operating partners and has an investment strategy based on principles developed by the investment team over many decades to build stronger, more profitable businesses. Four of the Company's directors are from CD&R as noted on pages 32 to 33 of the Governance Report. CD&R's investors include leading financial institutions, university endowments, and corporate and public pension funds.

CD&R tailors its investments to meet the needs of founders, family owners, management teams and significant shareholders seeking a partner who can provide strategic and operational support, as well as capital for long-term growth. Value is created by collaborating with management to spur operational performance improvements, by accelerating growth strategies, injecting new talent and boosting productivity. The firm executes a consistent investment strategy across North America and Europe, focusing on market-leading businesses in the consumer/retail, healthcare, industrial, and services sectors.

DIVIDENDS

There were no dividends paid in the year and the Directors do not recommend the payment of a final dividend (2022 – none).

POLITICAL DONATIONS

During the year, no political donations were made by the Group or the Company (2022 – none).

DIRECTORS' AND OFFICERS' INSURANCE AND INDEMNITIES

Qualifying third-party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in place for the benefit of the Directors during the year and up to the date of approval of these financial statements.

Director's and Officers' liability insurance was also in place during the year and up to the date of approval of these financial statements for the benefit of the Company, the Directors and its officers.

DIRECTORS' REPORT (continued)

GOING CONCERN

The Group made a loss after tax of £93.6m for the year (2022 - £33.4m) and net liabilities increased to £125.6m (2022 - £29.8m). The Group had a net current liability position of £491.5m (2022 - £616.9m). The Group holds cash and cash equivalents of £30.6m (2022 - £79.5m) and borrowings of £605.3m (2022: £19.4m). £506.9m of the borrowings are repayable in more than one year and are therefore presented as non-current liabilities.

In determining the appropriate basis of preparation of the financial statements for the year ended 31 December 2023, the Directors are required to consider whether the Group and the Company can continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of signing these financial statements. In considering this requirement, the Directors have reviewed the latest financial forecasts for a period to 31 December 2025 and modelled a range of scenarios to ensure the Group has sufficient cash to meet operational needs whilst maintaining headroom under its financial covenants and meeting repayments of its Vendor Loan Notes as they fall due.

As part of the assessment of going concern, the Directors considered the impact of global political uncertainty and the current inflation levels on the forecast revenue, EBITDA and cashflow taking into account the mitigating actions the Directors have implemented to maximise the Group's available liquidity over the forecast period. A number of scenarios were modelled which included decreasing growth in all years to 3% from the base case model, a scenario considered by the Board to be a very severe downside given the current business performance, robustness of the sales pipeline and the low levels of customer concentration and dependency. Mitigating actions were also modelled including applying an appropriate time-lag assumption between reduction in growth and the related direct cost reductions of 3 months, reducing overheads by 10% from the second half of 2024 and significantly decreasing growth-related capital expenditure and non-essential spend. In addition, the Group has the option to delay cash spend by accruing a portion of interest on its term loans. The modelling of this severe but plausible downside scenario confirms the Group continues to have sufficient liquidity and headroom under its financial covenants through the going concern period to 31 December 2025.

The Group's business activities, together with factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 4 to 9. The Group's principal risks are summarised on pages 9 to 12. The financial position of the Group, its cash flows, liquidity position, borrowing facilities and financial covenants are described in the Strategic Report on pages 9 to 11. In addition, the Strategic Report includes the Group's objectives and policies for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposures to credit risk and liquidity risk.

Having due regard to these matters and after making appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing these financial statements and that it is appropriate to continue to adopt the going concern basis in their preparation.

SOCIAL, COMMUNITY AND HUMAN RIGHTS

The Modern Slavery Act 2015 requires the Group to report steps undertaken to ensure that its operations and supply chains are free of human trafficking and slavery. The Group maintains processes and activities to ensure compliance in this area and its full statement can be found on its website at:

<https://ocs.com/modern-slavery-act/>

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

DIRECTORS' REPORT (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in International Financial Reporting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company financial position and financial performance;
- in respect of the Group financial statements, state whether UK adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and/or the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Under applicable law and regulations, the Directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group and Company's website.

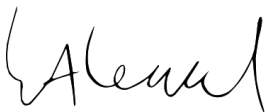
PROVISION OF INFORMATION TO THE AUDITOR

Each of the current Directors confirm that, as far as they are aware, there is no relevant audit information of which the auditor is unaware and they have taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

AUDITOR

Ernst & Young LLP were appointed as the Company's auditor during the year following a process to select new auditors for the enlarged Group. Ernst & Young LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed in accordance with section 485 of the Companies Act.

This Directors' Report is approved by the Board of Directors and signed on behalf of the Board.



R.A. Legge
Director
12 June 2024

Second Floor
81 Gracechurch Street
London
EC3V 0AU

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OCS GROUP TOPCO LIMITED

Opinion

We have audited the financial statements of OCS Group Topco Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the Consolidated Statement of Profit or Loss, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and the related notes 1 to 37, including material accounting policy information. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted International Accounting Standards. The financial reporting framework that has been applied in their preparation in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduce Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 31 December 2023 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included:

- confirming, in conjunction with our walkthrough of the Group's financial close process, our understanding of management's Going Concern assessment process;
- obtaining and auditing the Directors' going concern assessment, including the cash flow forecasts for the going concern assessment period to 31 December 2025 ("the review period"). Our audit procedures included, obtaining an understanding of management process of going concern assessment and auditing the supporting cash flow forecasts;
- assessing the risks that we considered most likely to adversely affect the Group's available financial resources over the going concern review period which included the impact of the current macro-economic pressures including the cost-of-living challenge, interest rates and inflation. We also performed sensitivities of the potential impact of changes in financial performance;

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OCS GROUP TOPCO LIMITED (continued)

Conclusions relating to going concern (continued)

- considering the appropriateness of the methods used to calculate the cash forecasts, including comparison of forecasts to actual post year end trading. We also assessed the historical accuracy of forecasts by comparing actual results to previous forecasts and verified that the future forecasts used are consistent with the budgets approved by the board;
- considering mitigating actions that are within the control of the Group;
- reviewing signed agreements, and where relevant, obtaining independent confirmation of the facilities that the Group has in place with its shareholders and external banks to confirm access and availability of facilities in the event that they are required during the going concern review period; and
- reading the going concern disclosures included in the Directors' Report and Basis of Preparation note in the financial statements, to confirm they were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period to 31 December 2025.

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

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OCS GROUP TOPCO LIMITED (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 39 and 40, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are UK adopted international accounting standards, United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"), the Companies Act 2006, and United Kingdom's direct and indirect tax regulations. In addition, the Group and the Company must comply with operational and employment laws and regulations including; health and safety regulations, environmental regulations, Competition Law, anti-bribery and corruption regulations and General Data Protection Requirements in each of the jurisdictions in which it operates.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OCS GROUP TOPCO LIMITED
(continued)

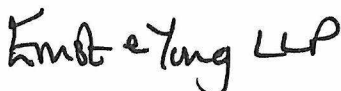
Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
(continued)

- We understood how the Group and Company are complying with those frameworks by holding enquiries with management and those charged with governance. We understood the potential incentive and ability to override controls, and employee access to guidance of how to report any instances on non-compliance. We understood any controls put in place by wider group management to reduce the opportunities for fraudulent transactions.
- We assessed the susceptibility of the Group and Company's financial statements to material misstatement, including how fraud might occur by obtaining and reading group policies and holding enquiries of management and those charged with governance. Through these procedures we considered the risk of management override in relation to revenue recognition as key area of focus. We addressed the risk through sample testing of revenue recognised in the year to underlying contracts and other supporting documentation, ensuring such revenue was recognised in accordance with the satisfaction of performance obligations in line with the operating companies' revenue recognition policy and United Kingdom Adopted International Accounting Standards. Where appropriate we have also used data analytics and obtained the entire population of journals for the year and identified specific transactions for further investigation based on certain criteria. We understood the transactions identified for testing and agreed them to source documentation.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved:
 - Enquiry of management and those charged with governance as to any fraud identified or suspected in the year, any actual or potential litigation or claims or breaches of significant laws or regulations applicable to the Group and the Company;
 - Auditing the risk of management override of controls, through testing a sample of journal entries and other adjustments for appropriateness;
 - Enquiry of management, coupled with testing of journal entries, in order to identify and understand any significant transactions outside of the normal course of business;
 - Challenging the judgments made by management through corroborating the basis of those judgements and considering contradicting evidence, and
 - Reading financial statement disclosures and testing of supporting documentation to assess compliance with applicable laws and regulations.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Ruth Logan (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge

Date: 13th of June 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023			PERIOD FROM 17 MAY 2022 TO 31 DECEMBER 2022		
		Before adjusting items £'000	Adjusting items* £'000	Total £'000	Before adjusting items £'000	Adjusting items* £'000	Total £'000
REVENUE	5	1,915,940	-	1,915,940	84,953	-	84,953
Cost of sales		(1,657,265)	-	(1,657,265)	(71,837)	-	(71,837)
GROSS PROFIT		258,675	-	258,675	13,116	-	13,116
Administrative expenses		(191,956)	(74,135)	(266,091)	(8,171)	(37,275)	(45,446)
Other operating income		938	-	938	-	-	-
OPERATING PROFIT/(LOSS)		67,657	(74,135)	(6,478)	4,945	(37,275)	(32,330)
Finance income	7	3,744	-	3,744	59	-	59
Finance costs	8	(86,626)	-	(86,626)	(799)	-	(799)
Gain on derivative instruments at fair value through profit or loss	29	2,183	-	2,183	-	-	-
Share of profit of joint ventures, net of tax	18(A)	2,396	-	2,396	181	-	181
(LOSS)/PROFIT BEFORE TAXATION	9	(10,646)	(74,135)	(84,781)	4,386	(37,275)	(32,889)
Income tax	12	(5,005)	(3,859)	(8,864)	(882)	336	(546)
(LOSS)/PROFIT FOR THE YEAR/PERIOD		(15,651)	(77,994)	(93,645)	3,504	(36,939)	(33,435)
(Loss)/profit for the year/period attributable to:							
- Equity holders of the Company		(15,683)	(77,994)	(93,677)	3,499	(36,939)	(33,440)
- Non-controlling interests		32	-	32	5	-	5
		(15,651)	(77,994)	(93,645)	3,504	(36,939)	(33,435)

All activities derive from continuing operations and acquisitions.

* Adjusting items are analysed in note 6.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £'000	PERIOD FROM 17 MAY 2022 TO 31 DECEMBER 2022 £'000
LOSS FOR THE YEAR/PERIOD		(93,645)	(33,435)
Items that will not be classified subsequently to profit or loss:			
Actuarial loss on retirement benefit schemes	28	(480)	(48)
Related income tax		1	12
		(479)	(36)
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences on foreign currency net investments		(11,585)	1,112
Related income tax		-	56
		(11,585)	1,168
OTHER COMPREHENSIVE (EXPENSE)/INCOME		(12,064)	1,132
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR/PERIOD		(105,709)	(32,303)
Total comprehensive expense for the year/period attributable to:			
- Equity holders of the Company		(105,704)	(32,315)
- Non-controlling interests		(5)	12
		(105,709)	(32,303)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2023

	Note	2023 £'000	2022 Restated £'000
NON-CURRENT ASSETS			
Intangible assets and goodwill	14	1,126,109	446,020
Property, plant and equipment	16	41,277	11,449
Right-of-use assets	17	55,423	21,552
Investments in joint ventures	18(A)	23,704	25,210
Deferred tax assets	27	11,948	68
Retirement benefit assets	28	3,640	4,398
Derivative financial instruments	29	2,079	-
Trade and other receivables	20	754	-
		1,264,934	508,697
CURRENT ASSETS			
Inventories	19	6,956	3,157
Trade and other receivables	20	329,136	115,840
Cash and cash equivalents	31	107,736	91,005
		443,828	210,002
TOTAL ASSETS		1,708,762	718,699
CURRENT LIABILITIES			
Trade and other payables	21	(366,142)	(196,153)
Borrowings	22	(98,321)	(19,442)
Preference shares	24	-	(384,600)
Lease liabilities	25	(17,222)	(7,471)
Provisions	26	(7,201)	(7,986)
Current tax		(2,618)	(1,294)
		(491,504)	(616,946)
NON-CURRENT LIABILITIES			
Borrowings	22	(506,940)	-
Loan notes - deferred purchase consideration	23	(119,428)	(64,484)
Preference shares	24	(572,059)	-
Lease liabilities	25	(38,706)	(13,937)
Provisions	26	(3,652)	(8,841)
Retirement benefit liabilities	28	(12,674)	(12,613)
Deferred tax liabilities	27	(89,415)	(31,643)
		(1,342,874)	(131,518)
TOTAL LIABILITIES		(1,834,378)	(748,464)
NET LIABILITIES		(125,616)	(29,765)
EQUITY			
Share capital	30(A)	24,569	1,601
Share premium	30(B)	877	-
Treasury shares	30(C)	(2,635)	-
Foreign exchange translation reserve	30(B)	(10,385)	1,161
Retained losses	30(B)	(138,909)	(33,476)
Equity attributable to equity holders of the Company		(126,483)	(30,714)
Non-controlling interests		867	949
TOTAL EQUITY		(125,616)	(29,765)

These financial statements were approved by the Board of Directors and authorised for issue on 12 June 2024 and were signed on its behalf by:



R.A. Legge

Director

Company registration number: 14111894

COMPANY STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2023

	Note	2023 £'000	2022 £'000
NON-CURRENT ASSETS			
Investments in subsidiary undertakings	18(B)	582,011	386,201
		582,011	386,201
CURRENT ASSETS			
Trade and other receivables	20	201	-
		201	-
TOTAL ASSETS		582,212	386,201
CURRENT LIABILITIES			
Trade and other payables	21	(6,975)	(1,656)
Preference shares	24	-	(384,600)
		(6,975)	(386,256)
NON-CURRENT LIABILITIES			
Preference shares	24	(576,030)	-
		(576,030)	-
TOTAL LIABILITIES		(583,005)	(386,256)
NET ASSETS/(LIABILITIES)		(793)	(55)
EQUITY			
Share capital	30(A)	24,569	1,601
Share premium	30(B)	877	-
Treasury shares	30(C)	(2,635)	-
Retained losses	30(B)	(23,604)	(1,656)
TOTAL EQUITY		(793)	(55)

As permitted by section 408 of the Companies Act 2006, the Company's statement of profit or loss has not been included in these financial statements. The Company's loss for the year was £10,983,000 (2022 - £1,656,000).

These financial statements were approved by the Board of Directors and authorised for issue on 12 June 2024 and were signed on its behalf by:



R.A. Legge

Director

Company registration number: 14111894

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	SHARE CAPITAL £'000	SHARE PREMIUM £'000	TREASURY SHARES £'000	FOREIGN EXCHANGE TRANSLATION RESERVE £'000	RETAINED LOSSES £'000	TOTAL £'000	NON- CONTROLLING INTERESTS £'000	TOTAL EQUITY £'000
At date of incorporation on 17 May 2022		-	-	-	-	-	-	-	-
Loss for the period		-	-	-	-	(33,440)	(33,440)	5	(33,435)
Actuarial loss on retirement benefit schemes		-	-	-	-	(36)	(36)	-	(36)
Currency translation differences on foreign currency net investments		-	-	-	1,161	-	1,161	7	1,168
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD		-	-	-	1,161	(33,476)	(32,315)	12	(32,303)
Issue of ordinary shares		1,601	-	-	-	-	1,601	-	1,601
Acquisition of subsidiary undertakings		-	-	-	-	-	-	937	937
Balance at 31 December 2022		1,601	-	-	1,161	(33,476)	(30,714)	949	(29,765)
Loss for the year		-	-	-	-	(93,677)	(93,677)	32	(93,645)
Actuarial loss on retirement benefit schemes	28	-	-	-	-	(481)	(481)	2	(479)
Currency translation differences on foreign currency net investments	30(B)	-	-	-	(11,546)	-	(11,546)	(39)	(11,585)
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		-	-	-	(11,546)	(94,158)	(105,704)	(5)	(105,709)
Currency redenomination	30(A)	37	-	-	-	-	37	-	37
Issue of ordinary shares	30(A)	6,367	828	-	-	-	7,195	-	7,195
Issue of preference shares	30(A)	1,069	19	-	-	-	1,088	-	1,088
Redesignation and recognition of preference shares	30(A)	15,495	30	-	-	-	15,525	-	15,525
Own share issues	30(C)	-	-	(2,635)	-	(2,760)	(5,395)	-	(5,395)
Share-based payments	30(C)	-	-	-	-	60	60	-	60
Recognition of senior preference shares financial liability	30(B)	-	-	-	-	(8,575)	(8,575)	-	(8,575)
Acquisition of subsidiary undertakings	15	-	-	-	-	-	-	(5)	(5)
Dividends paid to non-controlling interests		-	-	-	-	-	-	(72)	(72)
Balance at 31 December 2023		24,569	877	(2,635)	(10,385)	(138,909)	(126,483)	867	(125,616)

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	SHARE CAPITAL £'000	SHARE PREMIUM £'000	TREASURY SHARES £'000	RETAINED LOSSES £'000	TOTAL EQUITY £'000
At date of incorporation on 17 May 2022		-	-	-	-	-
Loss for the period		-	-	-	(1,656)	(1,656)
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD		-	-	-	(1,656)	(1,656)
Issue of ordinary share capital		1,601	-	-	-	1,601
Balance at 31 December 2022		1,601	-	-	(1,656)	(55)
Loss for the year		-	-	-	(10,983)	(10,983)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		-	-	-	(10,983)	(10,983)
Currency redenomination	30(A)	37	-	-	-	37
Issue of ordinary share capital	30(A)	6,367	828	-	-	7,195
Issue of preference shares	30(A)	1,069	19	-	-	1,088
Redesignation and recognition of preference shares	30(A)	15,495	30	-	-	15,525
Own share issues	30(C)	-	-	(2,635)	-	(2,635)
Share-based payments	30(C)	-	-	-	(2,390)	(2,390)
Recognition of senior preference shares financial liability	30(B)	-	-	-	(8,575)	(8,575)
Balance at 31 December 2023		24,569	877	(2,635)	(23,604)	(793)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £'000	2022 £'000
Loss for the year/period		(93,645)	(33,435)
<i>Adjustments for:</i>			
Share of profit of joint ventures		(2,396)	(181)
Net finance expense		82,882	740
Gains on derivatives		(2,183)	-
Income tax expense		8,864	546
Amortisation of intangible assets	14	31,450	1,548
Depreciation of property, plant and equipment	16	13,930	423
Depreciation of right-of-use assets	17	21,554	731
Impairment of intangible assets		3,400	-
Loss on disposal of intangible assets		120	97
Loss on disposal of property, plant and equipment		74	12
Loss on disposal of joint ventures		233	-
(Decrease) in provisions		(738)	(353)
Currency translation differences		(2,994)	124
Other items		(265)	-
Operating cash flows before movements in working capital		60,286	(29,748)
Decrease/(increase) in inventories		356	(115)
(Increase)/decrease in trade and other receivables		(39,937)	5,557
(Decrease)/increase in trade and other payables		(47,805)	46,618
Cash (used in)/generated by operations		(27,100)	22,312
Income taxes paid		(9,253)	(405)
Lump sum pension contributions	28	(8,140)	(15,250)
Net cash (used by)/generated from operating activities		(44,493)	6,657
Interest received		2,070	42
Proceeds on disposal of property, plant and equipment		449	2
Purchases of intangible assets		(3,284)	(830)
Purchases of property, plant and equipment		(22,958)	(580)
Acquisition of subsidiary undertakings	15	(416,805)	(386,101)
Payments related to prior year acquisitions	15	(1,148)	-
Cash and cash equivalents acquired	15	40,189	74,814
Payments received from joint ventures		760	-
Dividends received from joint ventures		1,980	-
Net cash used in investing activities		(398,747)	(312,653)
Interest paid		(50,032)	(308)
Proceeds from borrowings		512,760	624
Repayment of borrowings		(239,439)	-
Lease principal payments	25	(22,657)	(962)
Dividends paid to non-controlling interests in subsidiaries		(72)	-
Proceeds from issue of ordinary shares	30(A)(B)	23,845	1,601
Proceeds from issue of preference shares	24	172,306	384,600
Purchase of Treasury shares by EBT	30(C)	(791)	-
Net cash from financing activities		395,920	385,555
Currency translation differences		(1,598)	(40)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(48,918)	79,519
Opening cash and cash equivalents		79,519	-
CLOSING CASH AND CASH EQUIVALENTS	31	30,601	79,519
CLOSING CASH AND CASH EQUIVALENTS COMPRISE:			
Cash and cash equivalents included in current assets		107,736	91,005
Bank overdrafts included in borrowings	22	(77,135)	(11,486)
	31	30,601	79,519

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

OCS Group Topco Limited ('the Company') is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office is Second Floor, 81 Gracechurch Street, London, EC3V 0AU. The principal activity of the Company is to act as a parent company to UK and overseas investments in facilities management businesses which provide cleaning, security, catering, maintenance, multi-technical and other facilities management services to organisations around the world.

2. BASIS OF PREPARATION

The audited consolidated financial statements ('the financial statements') include the financial statements of the Company and all of its subsidiary undertakings (together referred to as 'the Group'). The financial statements of the Group have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act of 2006.

The individual financial statements of the Company have been prepared under FRS 101 'Reduced Disclosure Framework' incorporating the amendments to FRS 101 issued by the Financial Reporting Council ('FRC') in July 2015 and the amendments to company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015. As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, financial instruments, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions.

The financial statements are presented in pounds sterling, rounded to the nearest thousand (£'000). Pounds sterling is the functional currency of the Company and the presentation currency for the Group's financial reporting. The Group's results are presented for the year ended 31 December 2023, whilst the prior period results are for the period from 17 May 2022, the date of incorporation of the Company, to 31 December 2022.

The financial statements incorporate the financial statements of the Company and all its subsidiary undertakings and the Group's interest in joint ventures. All intra-Group transactions, balances, income, expenses and cash flows are eliminated on consolidation.

The financial statements are prepared on a going concern basis and under the historical cost convention, except where adopted IFRSs require an alternative treatment. The principal variations relate to financial instruments (IFRS 9 'Financial Instruments'), acquisitions of business combinations (IFRS 3 'Business Combinations'), share-based payments (IFRS 2 'Share-based payment') and leases (IFRS 16 'Leases').

Going concern

The Group made a loss after tax of £93.6m for the year (2022 - £33.4m) and net liabilities increased to £125.6m (2022 - £29.8m). The Group had a net current liability position of £491.5m (2022 - £616.9m). The Group holds cash and cash equivalents of £30.6m (2022 - £79.5m) and borrowings of £605.3m (2022: £19.4m). £506.9m of the borrowings are repayable in more than one year and are therefore presented as non-current liabilities.

In determining the appropriate basis of preparation of the financial statements for the year ended 31 December 2023, the Directors are required to consider whether the Group and the Company can continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of signing these financial statements. In considering this requirement, the Directors have reviewed the latest financial forecasts for a period to 31 December 2025 and modelled a range of scenarios to ensure the Group has sufficient cash to meet operational needs whilst maintaining headroom under its financial covenants and meeting repayments of its Vendor Loan Notes as they fall due.

As part of the assessment of going concern, the Directors considered the impact of global political uncertainty and the current inflation levels on the forecast revenue, EBITDA and cashflow taking into account the mitigating actions the Directors have implemented to maximise the Group's available liquidity over the forecast period. A number of scenarios were modelled which included decreasing growth in all years to 3% from the base case model, a scenario considered by the Board to be a very severe downside given the current business performance, robustness of the sales pipeline and the low levels of customer concentration and dependency. Mitigating actions were also modelled including applying an appropriate time-lag assumption between reduction in growth and the related direct cost reductions of 3 months, reducing overheads by 10% from the second half of 2024 and significantly decreasing growth-related capital expenditure and non-essential spend. In addition, the Group has the option to delay cash spend by accruing a portion of interest on its term loans. The modelling of this severe but plausible downside scenario confirms the Group continues to have sufficient liquidity and headroom under its financial covenants through the going concern period to 31 December 2025.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)

Going concern (continued)

The Group's business activities, together with factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 4 to 9. The Group's principal risks are summarised on pages 9 to 12. The financial position of the Group, its cash flows, liquidity position, borrowing facilities and financial covenants are described in the Strategic Report on pages 9 to 11. In addition, the Strategic Report includes the Group's objectives and policies for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposures to credit risk and liquidity risk.

Having due regard to these matters and after making appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing these financial statements and that it is appropriate to continue to adopt the going concern basis in their preparation.

3. MATERIAL ACCOUNTING POLICIES

Revised standards

The following amended standards were effective for the Group for the first time for the financial year beginning 1 January 2023:

Effective date	Revised International Financial Reporting Standard
1 January 2023	IFRS 17 Insurance contracts
1 January 2023	IAS 1 and IFRS Practice Statement 2 Disclosure of accounting policies
1 January 2023	IAS 8 Definition of accounting estimates
1 January 2023	IAS 12 Deferred tax related to assets and liabilities arising from a single transaction
23 May 2023	IAS 12 International tax reforms – Pillar two model rules (refer to note 12)

The aforementioned did not have a material impact on the Group.

New and revised standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

Effective date	New accounting standards or amendments
1 January 2024	Amendments to IAS 1 Classification of liabilities as current or non-current
1 January 2024	Amendments to IAS 1 Non-current liabilities with covenants
1 January 2024	Amendments to IAS 7 and IFRS 7 Supplier finance arrangements
1 January 2024	IFRS S1 General requirements for disclosure of sustainability related financial information and IFRS S2 Climate related disclosures
1 January 2025	Amendments to IAS 21 Lack of exchangeability
Available for optional adoption/effective date deferred indefinitely	Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passes. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group.

Intra-group balances and transactions, income and expenses, and any unrealised gains or losses arising from such transactions are eliminated on consolidation to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment in the Group's interest in the entity.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value. Deferred consideration represents amounts payable in future periods and also forms part of the consideration transferred in a business combination. Deferred consideration is measured at fair value at the acquisition date and is recorded as a liability. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets and liabilities of the acquired entity that meet the conditions for recognition under IFRS 3 'Business combinations' are recognised at their fair value at the acquisition date. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts are recorded. Those provisional amounts are adjusted, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. Adjustments can only be made up to 12 months after the acquisition date.

Goodwill arising on acquisition of a subsidiary undertaking or business is recognised as an asset and is initially measured at cost, being the excess of the fair value of the purchase consideration over the aggregate of the fair values of the net assets acquired. If, after reassessment, the Group's interest in the aggregate of the fair values of the net assets acquired exceeds the cost of the business combination, the excess is recognised immediately in the statement of profit or loss.

Employee Benefit Trust

The Group has an Employee Benefit Trust (EBT), The OCS Group Employee Benefit Trust, for the purpose of facilitating the holding of shares in OCS Group Topco Limited for the benefit of employees of the Group. The EBT is consolidated on the basis that the Company has control and the assets and liabilities of the EBT are included on the Group Balance Sheet and shares held by the EBT in the Company are presented as a deduction from equity. The cash received by the EBT is defined as restricted cash as the Company has no access, recourse or direction of that cash.

Revenue

Revenue is recognised when the Group transfers control of a service or product to a customer. Facilities services contracts typically require the provision of a number of interrelated services and goods to the customer over a period of time and are considered to represent a single performance obligation.

The Group's activities are wide-ranging, and as such, depending on the nature of the product or service delivered and the timing of when control is passed to the customer, the Group will account for revenue over time and at a point in time. Where payments are received from clients in advance of services provided, the amounts are recorded as deferred income and included in current liabilities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Revenue (continued)

Additional details of revenue recognition on a divisional basis is as follows:

Cleaning

Contracts for Cleaning services relate to a variety of commercial cleaning activities across a variety of industries including retail and transport and typically require the provision of a group of interrelated goods and services to the customer over a period of time. Such goods and services are typically considered to represent a single performance obligation as each promise is satisfied over the same period. For the majority of the Group's contracts, invoices are raised in the month or months after the delivery of the services. Where cleaning services are provided outside of contractual arrangements and are one-off in nature, revenue is recognised at the point in time those services are delivered.

Catering

Contracts for catering services relate to the provision of catering and hospitality services to a variety of sectors including care and education. Contracts can require the provision of goods to the customer, considered to be a single performance obligation. Revenue is recognised at the point at which food and drinks are provided based on till receipts taken on-site. Promotional discounts are recorded at the point of sale. Revenue is reported net of VAT and discounts applied. The performance obligation is satisfied upon the delivery of the food and drink and payment of the transaction price is due immediately when the customer purchases the food and/or drink.

Alternatively, contracts for catering services can require the provision of a group of interrelated goods and services to the customer over a period of time. Such goods and services are typically considered to represent a single performance obligation as each promise is satisfied over the same period. For the majority of these contracts, invoices are raised in the month or months after the delivery of the services.

Security

Contracts for security services relate to guarding services and the installation of supporting goods such as access control systems, CCTV and biometric equipment. In contracts that include the outright sale of equipment, revenue in respect of the sale and installation is recognised at a point in time when the goods have been installed. Guarding services represents a series of services with a constant pattern of transfer to the customer over time. Revenue in respect of such services is recognised over the period of the contract. For the majority of the Group's contracts, invoices are raised in the month or months after the delivery of the services.

Technical Services

Contracts for technical services typically require the provision of a group of interrelated goods and services to the customer over a period of time. Such goods and services are typically considered to represent a single performance obligation as each promise is satisfied over the same period. For the majority of the Group's contracts, invoices are raised in the month or months after the delivery of the services. Costs are recognised as incurred and revenue is recognised on the basis of the proportion of total costs at the reporting date to the estimated total costs of the contract.

Projects

Contracts for projects typically relate to construction and building works. Costs are recognised as incurred and revenue is recognised on the basis of the proportion of total costs at the reporting date to the estimated total costs of the contract. Refer to note 4 for further details on judgements relating to estimated total costs.

Contract assets and liabilities

A contract asset is recognised when revenue recognised on an individual contract exceeds the amounts billed on that contract to date. Contract assets are reduced by appropriate allowances for estimated irrecoverable amounts. Where cash received from a customer for an individual contract exceeds the revenue recognised, the amount is included in contract liabilities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Adjusting items

The effects of transactions that are adjusting items by virtue of their nature, size or incidence are separately disclosed where the Group considers such disclosure to be necessary to assist in understanding the underlying trading and financial results of the Group as these costs do not form part of the underlying business. Examples of items that are considered by the Directors for designation as adjusting items include, but are not limited to:

- Significant costs incurred as part of the purchase and integration of an acquired business and which are considered to be material.
- Restructuring costs within a territory or sector within the Group which are both material and incurred as part of a significant change in strategy.
- Amortisation of acquisition-related intangibles and non-current asset impairment charges.
- Other items which are material and considered to be non-recurring in nature and/or are not as a result of the underlying trading activities for the business.

The classification of adjusting items requires significant management judgement to determine the nature and intention of the transaction.

Foreign exchange

Transactions in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate prevailing at the balance sheet date.

The results of overseas subsidiary undertakings and joint ventures are translated at average exchange rates for the period. The assets and liabilities of such undertakings are translated at period end exchange rates. Exchange differences on the results for the period and the opening net assets are reported in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate). All other exchange differences are included in the profit and loss account in the period in which they arise except for, in the case of the Group financial statements, exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation) which are recognised in other comprehensive income and reported under equity.

When an overseas operation is disposed of the cumulative amount recorded directly in equity related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

Employee benefits

i) Retirement benefit schemes

The Group operates both defined contribution and defined benefit pension arrangements in the UK and overseas.

A defined contribution pension plan is a plan under which the Group pays fixed contributions into a separate entity. These contributions are expensed in the period in which they accrue.

The service cost of defined benefit pension plans relating to the period, together with gains and losses on settlements and curtailments and the cost of any benefits relating to past service, are charged to the profit and loss account. The net interest cost on the net defined benefit liability is shown within net finance costs in the profit and loss account. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

The assets of the pension schemes are held separately from those of the Group in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Employee benefits (continued)

i) Retirement benefit schemes (continued)

The difference between the market value of the assets of the schemes and the present value of accrued pension liabilities is shown as an asset to the extent considered recoverable or a liability on the balance sheet gross of deferred tax.

The Group's main overseas defined benefit pension arrangements relates to Thailand commitments which become payable as employees reach retirement age. Costs are provided for over the expected service lives of the employees. In addition to employee churn, other key assumptions are wage inflation and the rate used to discount the expected future payments to present value. Actuarial valuations are obtained at least triennially and are reassessed annually if the principal actuarial assumptions have changed significantly.

ii) Share-based payments

The Company operates a cash-settled and equity-settled share-based compensation plan whereby employees render services as consideration in exchange for equity instruments. Under the plan, management has subscribed for a number of shares in the Company and these shares legally vest upon change of control of the Group.

Equity-settled transactions

The Company recognises a compensation cost in respect of the equity-settled shares that is based on the fair value of the awards, measured using the Black Scholes valuation methodology. Adjustments are made to reflect the number of awards expected to vest. The compensation cost is recognised on a straight-line basis over the expected vesting period of the awards, with a corresponding increase in equity. The level of vesting is reviewed at each balance sheet date and the impact of the revision of original estimates is recognised in the profit or loss account with a corresponding adjustment to equity.

Cash-settled transactions

A liability is recognised for the fair value of cash-settled transactions which applies to the Group's B preference shares granted to management. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The level of vesting is reviewed at each balance sheet date and the impact of the revision of original estimates is adjusted for.

Taxation

Income tax comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or other comprehensive income. Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (or more) than the value at which it is recognised, a deferred tax liability (or asset) is recognised for the additional (or reduced) tax that will be paid in respect of that difference. Similarly, a deferred tax asset (or liability) is recognised for the reduced (or additional) tax that will be paid because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and joint ventures except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured on a non-discounted basis.

Where items recognised in other comprehensive income or equity are chargeable or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if the Group has a legally enforceable right to set off the current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Intangible assets

i) Goodwill

Goodwill is initially recognised as an asset at cost and is reviewed for impairment at least annually. Goodwill is subsequently measured at cost less any accumulated impairment losses. An impairment charge is recognised in profit or loss for any amount by which the carrying value of goodwill exceeds its recoverable amount.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (or groups of cash-generating units) that are expected to benefit from the business combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of joint ventures is described in the Investments accounting policy on page 60.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets (continued)

ii) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets that are acquired as a result of a business combination are recorded at fair value at the acquisition date, provided they are identifiable and capable of reliable measurement. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Brands, having indefinite useful lives, are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level expected to benefit from the brand.

Other intangible assets having finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation is charged within administrative expenses to write down cost to estimated residual value by equal annual instalments over the period of estimated useful economic lives as follows:

Customer contracts and relationships	1 – 15 years
Software	3 – 15 years

Provision is made for any impairment.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of property, plant and equipment is provided within cost of sales or administrative expenses, depending on the nature of the asset, to write off the cost less estimated residual value of each asset, on a straight-line basis over its useful economic life as follows:

Freehold and long-term leasehold property	50 years
Short-term leasehold property	over the term of the lease
Motor vehicles	3 – 10 years
Plant and machinery, equipment, fixtures and fittings	3 – 15 years

Depreciation is not provided on freehold land.

Right-of-use assets and leases

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (lease term of twelve months or less) and leases of low value assets (less than £5,000). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the expected future lease payments, discounted using the rate implicit in the lease or the lessee's incremental borrowing rate. The lease liability is then increased to reflect interest on the lease liability and reduced to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) to reflect any change in an index or a rate used to determine the lease payments or any change in expected exercise of purchase, renewal or termination options.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Right-of-use assets and leases (continued)

The right-of-use assets comprise the initial measurement of the corresponding lease liability including provision for dilapidation costs, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. Provision for dilapidation costs are expected future costs to be incurred upon exit of a lease at the end of the lease term in order to return the leased asset to its original condition and are determined based on historical lease exits and market-related data. Right-of-use assets and lease liabilities are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation is provided within cost of sales or administrative expenses depending on the nature of the asset to write off cost by equal annual instalments over the shorter of the lease term or the period of estimated useful economic lives as follows:

Short-term leasehold property	over the term of the lease
Motor vehicles	1 – 8 years
Plant and machinery, equipment, fixtures and fittings	1 – 15 years

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

Investments

Except as stated below, investments held as non-current assets are stated at cost less any provision for impairment.

In the consolidated accounts, shares in joint ventures are accounted for using the equity method. A joint venture is a contractual arrangement whereby the Group and one or more parties undertake an economic activity that is subject to joint control. The consolidated profit and loss account includes the Group's share of the results of the joint ventures. In the consolidated balance sheet, the investments in joint ventures are shown as the Group's share of the net assets, including goodwill, of the joint ventures plus any long-term loan funding by the Group less any provision for impairment. Goodwill represents the excess of the cost of the investment over the Group's share of the net fair value of the acquired identifiable assets and liabilities. Where losses in a joint venture reduce the carrying value of the Group's investment to £nil, further losses are not recognised.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those classified as fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets and liabilities (continued)

Subsequent measurement of financial assets is determined based on the classification of the assets. The Group's financial assets include trade receivables, amounts owed by joint ventures and other receivables which are all subsequently measured at amortised cost, and derivative financial instruments which are measured at fair value through profit and loss.

The Group's financial liabilities include bank borrowings, lease liabilities, trade payables, amounts owed to joint ventures, other payables, accruals, preference share capital and deferred purchase consideration. After initial recognition, the Group's financial liabilities are measured at amortised cost.

Financial assets and liabilities are only offset in the balance sheet when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or are settled, or control and substantially all of the risks and rewards of ownership of the financial asset are transferred to a third party.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to interest rate risks arising from financing activities. The Group does not hold or issue derivative financial instruments for trading purposes.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Where derivatives do not qualify for hedge accounting, any gains or losses on remeasurement are immediately recognised in profit or loss. Where derivatives do qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the relationship and the item being hedged.

Derivative financial instruments with maturity dates of more than one year from the reporting date are disclosed as non-current.

Impairment of assets

Non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU's) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Impairment of assets (continued)

Non-financial assets (continued)

With the exception of goodwill, where impairment losses are not reversed, where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. If the reasons for the previous impairment loss have ceased to apply, an impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied to the assets (other than goodwill) of the CGU on a pro rata basis.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised and is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually or when circumstances indicate that their carrying values may be impaired.

Further details on the Group's assessment of impairment of goodwill and brands can be found in note 14. No impairment loss was recognised in the current year or the prior period.

Financial assets

A loss allowance is recognised for expected credit losses (ECLs), measured at amount equal to lifetime ECL, based on the Group's historical credit loss experience adjusted for any specific factors and general economic conditions and updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have the assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Inventories and long-term contracts

Inventories are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost is calculated using the first-in, first-out (FIFO) method or average cost basis. Provision is made for obsolete, slow-moving or defective items where appropriate.

The value of long-term contract work is accounted for within revenue and the excess over payments on account is included within debtors as amounts recoverable on contracts. Cumulative costs incurred, net of amounts transferred to cost of sales, payments on account not set off against the value of long-term contract work and provision for any known or anticipated losses, are included within work-in-progress. Excess payments on account are included in creditors as payments on account.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICIES (continued)

Trade receivables

Trade receivables are initially measured at their transaction price if they do not contain a significant financing component, which is the case for substantially all trade receivables. The loss allowance is measured at an amount equal to lifetime expected credit losses. Those are the expected credit losses that result from all possible default events over the expected life of those trade receivables, using a provision matrix that takes into account historical information on defaults adjusted for the forward-looking information per customer. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the statement of profit or loss.

The carrying amount of trade receivables includes receivables which are subject to a factoring arrangement. Under this arrangement, the Group transfers the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables. The arrangement significantly reduces the Group's exposure to credit risk for those receivables derecognised as a result of being sold to the factor.

Due to the short-term nature of the current receivables, their carrying value is considered to be the same as their fair value.

Cash and cash equivalents

Cash and cash equivalents shown in the consolidated and Company statement of financial position comprise cash at bank and in hand and short-term highly liquid deposits with a maturity of 3 months or less, which are subject to an insignificant risk of changes in value. In the consolidated cash flow statement, net cash and cash equivalents comprise cash and cash equivalents, as defined above, net of bank overdrafts.

Provisions for liabilities

Provisions for liabilities, including contingent consideration on acquisitions, insurance liabilities, overseas pension arrangements and onerous contracts where future costs are expected to exceed future revenues, are made at the amounts expected to be paid in respect of present obligations relating to past events where the timing of payments or the amounts involved are uncertain. With the exception of insurance and deferred tax, amounts are discounted to present value when the time value of money is material.

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 and the amount recognised initially less the cumulative amount of income recognised in accordance with IFRS 15.

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.

4. USE OF KEY JUDGEMENTS AND ESTIMATES

In the application of the Group's material accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements involving estimations that the Directors made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. USE OF KEY JUDGEMENTS AND ESTIMATES (continued)

Key sources of estimation uncertainty

Revenue recognition

The Group's revenue recognition policies are central to how the Group measures the work it has performed in each financial year. These policies require forecasts to be made of the outcomes of long-term construction services which require estimates to be made of both cost and income recognition on each contract. On the cost side, estimates of forecasts are made on the final out-turn of each contract in addition to potential costs to be incurred for any maintenance and defects liabilities. On the income side, estimates are made on variations to consideration which typically include variations due to changes in scope of work, recoveries of claim income from customers, and potential liquidated damages that may be levied by the customer. Estimates are reviewed regularly throughout the contract life based on latest available information and adjustments made where necessary.

Given the pervasive nature of estimates on revenue, cost of sales and related balance sheet amounts, it is difficult to quantify the impact of taking alternative assessments on each of the estimates above.

Deferred tax assets

The recoverability of the Group's deferred tax assets of £40,467,000 (gross of net-off for deferred tax liabilities in respect of acquisition related intangibles), which relate primarily to timing differences, is dependent on sufficient future taxable profits. Based on the Group's latest forecasts the Directors' judgement is that it is probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Retirement benefit schemes

The net surplus/deficit on the Group's defined benefit retirement benefit schemes is determined based on actuarial advice and the calculation is significantly affected by relatively small changes in the actuarial assumptions concerning future inflation, discount rates and mortality. The net surplus recognised for the OCS Group Transfer of Undertakings Pension Scheme was £3,640,000 at 31 December 2023 after actuarial losses in the year of £733,000. An asset ceiling adjustment of £24,778,000 has been recorded in respect of a surplus that cannot currently be recognised due to recoverability uncertainty.

The Group's main overseas pension arrangements is a Thailand unfunded defined benefit pension arrangement and commitments under the scheme become payable as employees reach retirement age. Costs are provided for over the expected service lives of the employees. The obligation under the plan is determined based on actuarial valuations. In addition to employee churn, other key assumptions are wage inflation and the rate used to discount the expected future payments to present value. At 31 December 2023, the scheme had net pension liabilities of £12,143,000 and recorded an actuarial gain of £375,000 in the year.

Further details on the Group's retirement benefit schemes can be found in note 28.

Carrying value of non-financial assets

The Group assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of a CGU exceeds its recoverable amount, the asset is impaired and is written down to its recoverable amount.

In assessing value in use, future cash flows are projected based upon budgets and plans and making appropriate judgements about rates of growth. The estimated future post-tax cash flows are discounted to their present value using a post-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset.

Further details can be found in note 14.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. USE OF KEY JUDGEMENTS AND ESTIMATES (continued)

Key sources of estimation uncertainty (continued)

Fair values in business combinations

The fair values of tangible and intangible assets acquired on the acquisition of subsidiaries involves the use of valuation techniques and the estimation of future cash flows to be generated over a number of years. The estimation of the fair values involves applying a combination of assumptions including revenue growth and customer attrition rate and the use of appropriate discount rates.

Further details on the Group's fair values of assets and liabilities acquired in business combinations can be found in note 15.

Critical accounting judgements

Revenue recognition

Revenue recognition policies require judgement to be made with regard to the identification of performance obligations within long-term contracts. A significant number of these contracts relate to construction or building works, and management have made a judgement that the input method is the most appropriate basis for revenue recognition for these contracts based on costs incurred. These contracts also often include an element of variable consideration and management are required to make judgements of the point in time when the variable consideration is highly probable not to suffer significant reversal in the future.

Adjusting items

Adjusting items are items of financial performance which the Group believes should be separately identified on the face of the statement of profit or loss to assist in understanding financial performance achieved by the Group. Determining whether an item is part of adjusting items or not requires judgement based on the nature of the item. An analysis of amounts included in adjusting items is detailed in note 6.

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. REVENUE

		PERIOD FROM 17 MAY 2022 TO 31 DECEMBER
	2023	2022
	£'000	£'000
The Group's revenue by geographical market is as follows:		
United Kingdom & Ireland	1,386,843	42,788
Asia Pacific	499,711	35,461
Rest of the World	29,386	6,704
	1,915,940	84,953

The Group has recognised the following assets and liabilities relating to contracts with customers:

	CONTRACT ASSETS		CONTRACT LIABILITIES	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Uninvoiced revenue (note 20)	55,744	11,699	-	-
Deferred income (note 21)	-	-	12,090	1,010
	55,744	11,699	12,090	1,010

Uninvoiced revenue relates to the Group's right to consideration for work completed but not billed and deferred income reflects advanced consideration received from customers in respect of work to be completed in the following year. Uninvoiced revenue arising on the Atalian acquisition at 28 February 2023 amounted to £38,994,000 and deferred income amounted to £6,220,000. No other contract assets or liabilities were assumed on the Group's subsequent acquisitions of Accuro and Profile.

6. ADJUSTING ITEMS

		PERIOD FROM 17 MAY 2022 TO 31 DECEMBER
	2023	2022
	£'000	£'000
Acquisition costs	17,276	33,595
Integration costs	24,158	2,219
Restructuring costs	-	50
Impairment of intangible fixed assets (note 14)	3,400	-
Amortisation of customer contracts and relationships (note 14)	29,301	1,411
	74,135	37,275

Acquisition costs include legal and professional fees incurred on due diligence and financing activities relating to the Group's 2022 acquisition of OCS and the 2023 acquisitions of Atalian, Accuro and Profile. Integration costs relate to the Group's integration plan undertaken to align strategic goals and business processes and create synergies for the newly combined Group following these acquisitions.

2022 restructuring costs include the tail of restructuring activities incurred as a necessary reaction to reduced demand caused by the COVID-19 pandemic.

Customer contracts and relationships were recognised as intangible assets on the Group's acquisitions and the amortisation of these assets is separately identified to improve the understanding of the results of the underlying business. Impairment of intangible fixed assets in 2023 relates to a software system that is no longer in use.

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. FINANCE INCOME

	2023	PERIOD FROM 17 MAY 2022 TO 31 DECEMBER 2022
	£'000	£'000
Interest receivable on financial assets not classified as FVTPL	3,722	42
Net interest income on defined benefit pension schemes (note 28)	22	17
	3,744	59

8. FINANCE COSTS

	2023	PERIOD FROM 17 MAY 2022 TO 31 DECEMBER 2022
	£'000	£'000
Interest payable on bank loans and overdrafts	56,635	1
Interest payable on loans	3,626	98
Interest payable on vendor loan notes (note 23)	7,284	381
Interest payable on preference shares (note 24)	1,960	-
Borrowing costs	6,682	-
Net interest expense on defined benefit pension schemes (note 28)	281	-
Interest on factoring arrangements (note 20)	8,774	127
Other finance expenses	1,302	161
Interest expense for financial liabilities not classified as FVTPL	86,544	768
Unwinding of discount on provisions	77	22
Currency adjustments	5	9
	86,626	799

The Group took out and drew upon new funding facilities during 2023, further details of which can be found in note 22. Further information on the Group's vendor loan notes can be found in note 23 and the Group's transactions relating to preference shares can be found in note 24. Interest on factoring arrangements relates to the limited recourse facility disclosed in note 20.

9. LOSS BEFORE TAXATION

	Note	2023	PERIOD FROM 17 MAY 2022 TO 31 DECEMBER 2022
		£'000	£'000
Loss before taxation is stated after charging:			
Employee benefit expense	11	1,227,415	59,875
Amortisation of intangible fixed assets	14	31,450	1,548
Impairment of intangible fixed assets	14	3,400	-
Depreciation of property, plant and equipment	16	13,930	423
Depreciation of right-of-use assets	17	21,554	731
Short-term and low-value lease payments		2,589	61
Loss allowance on trade receivables		844	63
Net foreign exchange losses		5	9

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. AUDITOR'S REMUNERATION

	2023	PERIOD FROM 17 MAY 2022 TO 31 DECEMBER 2022
	£'000	£'000
Audit of the Parent company and consolidated financial statements	400	1,000
Audit of the Company's subsidiaries	2,039	111
Other non-audit services	1,320	-
	3,759	1,111

2023 relates to amounts payable to Ernst and Young LLP, the Company's current auditor. Auditor's remuneration payable in the 2022 prior period related to amounts paid to the Company's previous auditor Deloitte LLP.

11. EMPLOYEE AND KEY MANAGEMENT INFORMATION

	2023	PERIOD FROM 17 MAY 2022 TO 31 DECEMBER 2022
	No.	No.
The average monthly number of employees and key management was as follows:		
Operations	109,758	63,557
Sales and administration	5,451	1,822
	115,209	65,379

	2023	PERIOD FROM 17 MAY 2022 TO 31 DECEMBER 2022
	£'000	£'000
Staff costs (including key management):		
Wages and salaries	1,123,425	52,350
Social security costs	80,535	5,949
Pension costs - defined contribution schemes	21,104	1,570
Pension costs - defined benefit schemes (note 28)	2,277	6
Share-based payments - equity-settled (note 30C)	60	-
Share-based payments - cash-settled (notes 24, 30C)	14	-
	1,227,415	59,875

The Company has no employees and its directors are remunerated either by a subsidiary entity or by entities outside of the Group.

On 19 December 2023, a number of senior managers of the Group subscribed for ordinary and preference shares in the Company which legally vest upon change of control of the Group. A charge of £60,000, calculated under the provisions of IFRS 2 has been included in the current year and an amount of £14,000 payable on the B preference shares issued by the Company to management has also been provided for. Refer to note 30C for further details.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. EMPLOYEE AND KEY MANAGEMENT INFORMATION (continued)

During the 2022 prior period, key management remuneration was borne by entities outside of the Group. During 2023, the aggregate compensation for key management of the Group who were remunerated by subsidiary companies was as follows:

	PERIOD FROM 17 MAY 2022 TO 31 DECEMBER	
	2023	2022
	£'000	£'000
Salaries, bonuses and other short-term employee benefits	4,949	-
Social security costs	618	-
Company contributions to defined contribution pension schemes	107	-
Share-based payments - equity-settled	47	-
Share-based payments - cash-settled	11	-
Total compensation	5,732	-
Highest paid director	1,049	-

During the year, 5 of the key management personnel had benefits accruing to them under defined contribution pension schemes and no key management personnel were members of the defined benefit pension plans. On 19 December 2023, management subscribed for a number of ordinary and preference shares in the Company which legally vest upon change of control of the Group. A charge of £47,000, calculated under the provisions of IFRS 2 has been included in the current year and an amount of £11,000 payable on the B preference shares issued by the Company to management has also been provided for. Refer to note 30C for further details.

12. TAXATION

In October 2021, the UK and over 135 other countries agreed as part of the OECD Inclusive Framework to a two-pillar solution to reform the international corporate tax framework in response to the challenges of digitalisation. The OECD released the Pillar Two Model Framework in December 2021, which introduces a global minimum corporate tax rate of 15% applicable to multinational enterprise groups with global revenue over €750 million.

As part of the UK adoption of the OECD Pillar Two rules, Finance (No 2) Bill 2023 brought into effect the Pillar Two framework for UK tax legislation and was substantively enacted on 20 June 2023. The Bill received Royal Assent on 11 July 2023. These new rules bring in two new taxes, the Multinational Top-up Tax (MTT) and Domestic Top-up Tax (DTT), which apply to accounting periods that begin on or after 31 December 2023. On 23 May 2023, the International Accounting Standards Board issued amendments to IAS 12 Income Taxes clarifying that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the OECD's Pillar Two Model Framework. The aim of these amendments was to provide guidance to affected entities on the disclosure of the impact of laws implementing Pillar Two, as well as to assist the users of financial statements in the interpretation of such disclosures.

This note seeks to comply with the requirements of IAS 12 in disclosing the impact of the UK's implementation of Pillar Two on the OCS Group.

The Group has applied the exemption within IAS 12 from recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

As above, the UK has enacted Pillar Two legislation which will be effective for the Group's financial year beginning 1 January 2024. The Group is in scope of the enacted legislation and has performed an assessment of its potential exposure to Pillar Two income taxes. The assessment is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Group. Based on this assessment, the Pillar Two de minimis test and effective tax rate test safe harbours are met in all jurisdictions in which the Group operates and management is not currently aware of any circumstances under which this might change. Therefore, the Group does not expect a potential exposure to Pillar Two top-up taxes.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. TAXATION (continued)

	2023	PERIOD FROM 17 MAY 2022 TO 31 DECEMBER 2022
	£'000	£'000
Current tax		
UK corporation tax	1,148	1,254
Foreign tax	7,866	94
	9,014	1,348
Deferred tax		
Origination and reversal of timing differences	(1,415)	(802)
Adjustments in respect of prior year	859	-
Changes in tax rates	406	-
	(150)	(802)
Income tax reported in statement of profit or loss	8,864	546
Income tax credit reported in statement of comprehensive income	(1)	(68)
Total tax charge	8,863	478

Reconciliation of income tax reported in statement of profit or loss:

Loss before tax	(84,781)	(32,889)
Exclude share of profit or joint ventures	(2,396)	(181)
Loss before tax excluding joint ventures	(87,177)	(33,070)
Tax on loss at standard UK corporation tax rate of 23.52% (2022 - 19%)	(20,504)	(6,283)
<i>Factors affecting charge for year/period:</i>		
- expenses not deductible for tax purposes	31,678	6,994
- income not taxable	(35)	-
- irrecoverable withholding tax	1,579	-
- adjustments to tax charge in respect of previous year	753	-
- difference between UK and overseas tax rates	(205)	(155)
- deferred tax not recognised on timing differences	(4,402)	(10)
Total tax charge for the year/period reported in the profit and loss account	8,864	546

Included in the statement of comprehensive income is an overseas corporation tax credit of £nil (2022 - £56,000) relating to exchange differences on translation of foreign operations that may be reclassified subsequently to profit or loss and a UK corporation tax credit of £nil (2022 - £1,232,000) and a UK deferred tax charge of £98,000 (2022 - £1,220,000) and an overseas deferred tax credit of £99,000 (2022 - £nil) relating to defined benefit pension schemes that will not be reclassified subsequently to profit or loss.

The rate of UK corporation tax for larger companies increased from 19% to 25% with effect from 1 April 2023. No further changes to the UK corporation tax rate have been announced, and so this continues to be the corporation tax rate that will apply in the periods in which the respective UK deferred tax assets or liabilities are expected to reverse. Accordingly, for all UK entities, a rate of 25% has been applied when calculating UK deferred tax as at the reporting date. Additionally, a blended corporation tax rate of 23.52% for the year ended 31 December 2023 (2022: 19%) has been calculated on a daily pro rata basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. RESULT OF THE PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account and the statement of comprehensive income of the Company are not presented as part of these financial statements. The Company's loss for the year was £10,983,000 (2022 - £1,656,000).

14. INTANGIBLE ASSETS AND GOODWILL

	CUSTOMER CONTRACTS AND RELATIONSHIPS	BRANDS	SOFTWARE	GOODWILL	TOTAL
	£'000	£'000	£'000	£'000	£'000
Cost					
New subsidiaries acquired	212,061	44,182	11,341	178,245	445,829
Additions	-	-	830	-	830
Disposals	-	-	(97)	-	(97)
Currency adjustments	903	67	34	-	1,004
At 31 December 2022	212,964	44,249	12,108	178,245	447,566
Adjustment to goodwill recognised in the prior period (note 15)	-	-	-	2,771	2,771
New subsidiaries acquired (note 15)	235,327	4,890	1,776	474,217	716,210
Additions	-	-	3,284	-	3,284
Disposals	-	-	(120)	-	(120)
Currency adjustments	(6,715)	(388)	(221)	(11)	(7,335)
At 31 December 2023	441,576	48,751	16,827	655,222	1,162,376
Amortisation					
Charge for the period	1,411	-	137	-	1,548
Currency adjustments	(2)	-	-	-	(2)
At 31 December 2022	1,409	-	137	-	1,546
Charge for the year	29,301	-	2,149	-	31,450
Impairment	-	-	3,400	-	3,400
Currency adjustments	(118)	-	(11)	-	(129)
At 31 December 2023	30,592	-	5,675	-	36,267
Net book value					
At 31 December 2023	410,984	48,751	11,152	655,222	1,126,109
At 31 December 2022	211,555	44,249	11,971	178,245	446,020

The assets and liabilities recognised on the prior period November 2022 acquisition of OCS was based on provisional values which have since been updated to provide for additional liabilities of £2,771,000 on overseas employee annual leave and travel time entitlements and other employment liabilities (note 15). The resulting goodwill on the acquisition has therefore increased to £181,016,000 from the previously reported amount of £178,245,000.

An impairment charge of £3,400,000 was recognised in the year relating to a software system that is no longer in use.

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. INTANGIBLE ASSETS AND GOODWILL (continued)

For the purposes of impairment testing, goodwill acquired through business combinations and brands with indefinite useful lives are allocated to cash generating units (CGUs). Following the 2023 acquisition of the Atalian subsidiaries in the UK, Ireland and Asia, management undertook a reassessment of the CGUs for the enlarged group. Therefore, the 2023 CGUs are disclosed on a different basis to the prior period to most appropriately represent the current and ongoing position within the Group and goodwill and brands have been allocated as follows:

	BRANDS		GOODWILL	
	2023	2022	2023	2022
CGU	£'000	£'000	£'000	£'000
United Kingdom & Ireland	40,765	-	506,552	-
Thailand	5,624	-	74,501	-
Aktrion	-	-	15,521	-
Rest of the World	2,362	-	58,648	-
United Kingdom, Ireland & Middle East	-	35,875	-	77,625
Asia Pacific	-	8,374	-	100,620
	48,751	44,249	655,222	178,245

The CGUs were agreed by the Directors as the geographical regions in which the Group operates and represent identifiable operating segments and are the lowest level at which goodwill and intangible assets with indefinite useful lives are monitored.

The Group tests goodwill and brands, which have indefinite useful lives, annually for impairment, or more frequently if there are indications that the brands might be impaired.

Brands relate to the OCS, PCS, 1M and Aktrion brands. OCS delivers a range of facilities management services globally and the brand is a registered trademark which is recognised on an international scale. In Thailand, Cambodia and Bangladesh, the facility management services are delivered under the PCS brand. The Group also owns and operates the 1M brand in New Zealand providing specialist project design and build services for heating, ventilation and air conditioning together with maintenance and refurbishment services, primarily to commercial buildings. Aktrion provides specialist quality control and technical support services primarily aimed at the automotive industry and is a recognised tradename across 11 countries within Europe.

The Group performed its annual impairment test in December 2023 and December 2022. For the purposes of impairment testing for the one-month period to 31 December 2022, the Group determined the recoverable amount for each CGU to be fair value less costs to sell rather than based on a value-in-use calculation using discounted cash flow projections. No charge for impairment was required.

For 2023 impairment testing, the recoverable amount for each CGU was determined based on value-in-use calculations using post-tax cash flow projections based on the management approved budget and updated five-year plan, reflecting the Group's latest estimates on revenue growth, ranging between 7% and 10%, cost management and synergy achievement. Post-tax discount rates reflecting current market assessments of the time value of money and risks specific to each CGU were applied to the cash flow projections and ranged between 9.1% and 12.4%. Beyond the five-year plan, terminal values were calculated based on growth rates of 3%.

As a result of the analysis performed, each CGU's recoverable amount was in excess of its carrying value and management have concluded that no impairment charge is required for 2023.

For the key assumptions used in the analysis, namely growth and synergy achievements, management has concluded that there are no reasonable changes in key assumptions that would give rise to an impairment charge within the next financial year.

Company

The Company had no intangible assets at 31 December 2023 and 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. ACQUISITIONS

Atalian

On 28 February 2023, the Group acquired Atalian's UK, Ireland and Asia facilities management operations, including its Aktrion specialist automotive division for a total consideration of £442.4m.

The following values were attributed to the major categories of assets and liabilities acquired:

	BOOK VALUES £'000	PPA £'000	DT OFFSET £'000	FAIR VALUES £'000
Identifiable intangible assets:				
Customer contracts and relationships	-	228,466	-	228,466
Brands	-	4,890	-	4,890
Software	1,776	-	-	1,776
Property, plant and equipment	20,954	-	-	20,954
Right-of-use assets	24,162	-	-	24,162
Investments in joint ventures	90	-	-	90
Deferred tax assets	11,829	-	-	11,829
Inventories	4,239	-	-	4,239
Trade and other receivables	165,750	-	-	165,750
Cash and cash equivalents	39,057	-	-	39,057
Lease liabilities	(24,892)	-	-	(24,892)
Borrowings	(221,483)	-	-	(221,483)
Retirement benefit liability	(282)	-	-	(282)
Trade and other payables	(201,955)	-	-	(201,955)
Current taxation	(1,777)	-	-	(1,777)
Deferred tax liabilities	-	(57,373)	-	(57,373)
Provisions for liabilities	(1,619)	-	-	(1,619)
Net assets	(184,151)	175,983	-	(8,168)
Non-controlling interests	5			5
Net assets acquired	(184,146)	175,983	-	(8,163)
Goodwill				450,567
Total consideration				442,404

The PPA (purchase price allocation) adjustments arising on acquisition relate to the recognition of intangible assets for customer contracts and relationships, the recognition of the Aktrion brand and the related deferred tax liabilities thereon.

The total consideration is made up of:

	£'000
Cash consideration	393,993
Vendor loan notes	48,411
	442,404

The amounts disclosed in the cash flow are as follows:

	£'000
Cash consideration	393,993
Cash and cash equivalents acquired	(39,057)
Net cash outflow	354,936

The revenue included in the Group's results for 2023 was £852,223,000 and loss before tax and adjusting items was £13,259,000 for the ten-month period since acquisition.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. ACQUISITIONS (continued)

Accuro

On 3 October 2023, the Group acquired Accuro, a UK provider of business-critical facilities management services to the education and healthcare sectors for a total consideration of £8.4m.

The following provisional values were attributed to the major categories of assets and liabilities acquired:

	BOOK VALUES	IFRS	PPA	DT OFFSET	FAIR VALUES
	£'000	£'000	£'000	£'000	£'000
Identifiable intangible assets:					
Customer contracts and relationships	-	-	1,870	-	1,870
Property, plant and equipment	110	-	-	-	110
Right-of-use assets	-	19	-	-	19
Trade and other receivables	2,607	-	-	-	2,607
Cash and cash equivalents	1,083	-	-	-	1,083
Lease liabilities	-	(19)	-	-	(19)
Trade and other payables	(2,342)	-	-	-	(2,342)
Current taxation	(324)	-	-	-	(324)
Deferred tax liabilities	(35)	-	(468)	-	(503)
Net assets acquired	1,099	-	1,402	-	2,501
Goodwill					5,948
Total consideration					8,449

An IFRS accounting policy realignment was applied to account for lease liabilities under IFRS 16 and recognise an equivalent right-of-use asset. The PPA (purchase price allocation) adjustments arising on acquisition relate to the recognition of intangible assets for customer contracts and relationships and the related deferred tax liability.

The total consideration is made up of:	£'000
Cash consideration	6,462
Deferred consideration	1,987
	8,449

The amounts disclosed in the cash flow are as follows:	£'000
Acquisition of subsidiary undertakings	6,462
Cash and cash equivalents acquired	(1,083)
Net cash outflow	5,379

The deferred consideration of £1,987,000 is payable in October 2024 and has been included under trade and other payables (note 21).

The revenue included in the Group's results for 2023 was £3,325,000 and profit before tax and adjusting items was £345,000 for the three-month period since acquisition.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. ACQUISITIONS (continued)

Profile

On the 5 December 2023, the Group acquired Profile Security Group Limited and its subsidiaries, one of the UK's largest independent security specialists for a total consideration of £20.7m.

The following provisional values were attributed to the major categories of assets and liabilities acquired:

	BOOK VALUES	IFRS	PPA	DT OFFSET	FAIR VALUES
	£'000	£'000	£'000	£'000	£'000
Identifiable intangible assets:					
Customer contracts and relationships	-	-	4,991	-	4,991
Property, plant and equipment	748	-	-	-	748
Right-of-use assets		436	-	-	436
Inventories	2	-	-	-	2
Trade and other receivables	11,323	-	-	-	11,323
Cash and cash equivalents	49	-	-	-	49
Lease liabilities	-	(436)	-	-	(436)
Borrowings	-	-	-	-	-
Trade and other payables	(12,767)	-	-	-	(12,767)
Current taxation	(123)	-	-	-	(123)
Deferred tax liabilities	-	-	(1,248)	-	(1,248)
Net assets acquired	(768)	-	3,743	-	2,975
Goodwill					17,702
Total consideration					20,677

An IFRS accounting policy realignment was applied to account for lease liabilities under IFRS 16 and recognise an equivalent right-of-use asset. The PPA (purchase price allocation) adjustments arising on acquisition relate to the recognition of intangible assets for customer contracts and relationships and the related deferred tax liability.

The total consideration is made up of:	£'000
Cash consideration	16,350
Deferred consideration	2,927
Contingent consideration	1,400
	20,677

The amounts disclosed in the cash flow are as follows:	£'000
Acquisition of subsidiary undertakings	16,350
Cash and cash equivalents acquired	(49)
Net cash outflow	16,301

The deferred consideration of £2,927,000 is payable in December 2024 and has been included under trade and other payables (note 21). Contingent consideration of £1,400,000 has also been included in the total consideration representing management's current best estimate of an earn-out provision which is contingent on net profits of the acquired Profile group.

The revenue included in the Group's results for 2023 was £5,080,000 and profit before tax and adjusting items was £288,000 for the one-month period since acquisition.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. ACQUISITIONS (continued)

OCS

In the prior year, on the 30 November 2022 the Group acquired OCS Group International Limited and its subsidiaries, an international facilities services Group for £450,204,000. The assets and liabilities recognised on the acquisition were based on provisional values which have since been updated for amounts in relation to overseas employee annual leave and travel time entitlements and other employment liabilities. As a result, trade and other receivables reduced by £161,000, cash and cash equivalents reduced by £1,148,000 and trade and other payables increased by £1,462,000. The goodwill on the acquisition has therefore increased to £181,016,000 from the previously reported amount of £178,245,000.

	BOOK VALUES	IFRS	PPA	DT OFFSET	FAIR VALUES
	£'000	£'000	£'000	£'000	£'000
Identifiable intangible assets:					
Customer contracts and relationships	-	-	212,061	-	212,061
Brands	-	-	44,182	-	44,182
Software	11,341	-	-	-	11,341
Property, plant and equipment	11,110	-	-	-	11,110
Right-of-use assets	-	21,601	-	-	21,601
Investments in joint ventures	24,827	-	-	-	24,827
Deferred tax assets	24,454	3,846	-	(28,241)	59
Retirement benefit assets	4,429	-	-	-	4,429
Inventories	3,049	-	-	-	3,049
Trade and other receivables	120,656	-	-	-	120,656
Cash and cash equivalents	73,666	-	-	-	73,666
Lease liabilities	-	(21,601)	-	-	(21,601)
Trade and other payables	(151,921)	1,232	-	-	(150,689)
Borrowings	(7,332)	-	-	-	(7,332)
Deferred tax liabilities	-	-	(60,535)	28,241	(32,294)
Provisions for liabilities	(23,463)	(21,477)	-	-	(44,940)
Net assets	90,816	(16,399)	195,708	-	270,125
Non-controlling interests	(937)				(937)
Net assets acquired	89,879	(16,399)	195,708	-	269,188
Goodwill					181,016
Total consideration					450,204

IFRS accounting policy realignments were applied to account for lease liabilities under IFRS 16 and recognise an equivalent right-of-use asset and to account for a UK defined benefit pension plan under IAS 19. The PPA (purchase price allocation) adjustments arising on acquisition relate to the recognition of intangible assets for customer contracts and relationships and the related deferred tax liability.

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. PROPERTY, PLANT AND EQUIPMENT

	FREEHOLD PROPERTIES	LONG-TERM LEASEHOLD PROPERTIES	SHORT-TERM LEASEHOLD PROPERTIES	MOTOR VEHICLES	PLANT & MACHINERY, EQUIPMENT, FIXTURES & FITTINGS	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
New subsidiaries acquired	192	396	1,116	458	8,948	11,110
Additions	-	6	27	-	685	718
Disposals	-	-	-	-	(14)	(14)
Currency adjustments	1	10	2	8	37	58
At 31 December 2022	193	412	1,145	466	9,656	11,872
New subsidiaries acquired (note 15)	3,125	131	300	744	17,512	21,812
Additions	23	726	858	1,029	20,323	22,959
Disposals	-	-	(8)	(28)	(509)	(545)
Currency adjustments	(25)	(20)	(12)	(32)	(450)	(539)
At 31 December 2023	3,316	1,249	2,283	2,179	46,532	55,559
Depreciation						
Charge for the period	-	6	43	19	355	423
At 31 December 2022	-	6	43	19	355	423
Charge for the year	136	159	796	552	12,287	13,930
Disposals	-	-	(8)	(5)	(9)	(22)
Currency adjustments	(3)	(1)	(3)	(2)	(40)	(49)
At 31 December 2023	133	164	828	564	12,593	14,282
Net book value						
At 31 December 2023	3,183	1,085	1,455	1,615	33,939	41,277
At 31 December 2022	193	406	1,102	447	9,301	11,449

Company

The Company had no property, plant and equipment at 31 December 2023 and 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. RIGHT-OF-USE-ASSETS

	SHORT-TERM LEASEHOLD PROPERTIES	MOTOR VEHICLES	PLANT & MACHINERY, EQUIPMENT, FIXTURES & FITTINGS	TOTAL
	£'000	£'000	£'000	£'000
Cost				
New subsidiaries acquired	9,086	9,297	3,218	21,601
Additions	-	385	192	577
Currency adjustments	65	33	9	107
At 31 December 2022	9,151	9,715	3,419	22,285
New subsidiaries acquired (note 15)	791	14,562	9,264	24,617
Additions	13,338	17,006	2,375	32,719
Disposals	(511)	(944)	(171)	(1,626)
Modifications	(658)	(24)	(32)	(714)
Reclassifications	1,628	(1,980)	352	-
Currency adjustments	(419)	(165)	(151)	(735)
At 31 December 2023	23,320	38,170	15,056	76,546
Depreciation				
Charge for the period	258	341	132	731
Currency adjustments	1	1	-	2
At 31 December 2022	259	342	132	733
Charge for the year	5,440	12,588	3,526	21,554
Disposals	(280)	(644)	(171)	(1,095)
Modifications	(16)	(2)	(3)	(21)
Reclassifications	49	-	(49)	-
Currency adjustments	(28)	(8)	(12)	(48)
At 31 December 2023	5,424	12,276	3,423	21,123
Net book value				
At 31 December 2023	17,896	25,894	11,633	55,423
At 31 December 2022	8,892	9,373	3,287	21,552

The average remaining lease term is 2.2 years (2022 - 2 years).

Lease modifications relate to amendments to lease terms.

Right-of-use assets are pledged to secure the related lease liabilities of the Group.

Company

The Company had no right-of-use assets at 31 December 2023 and 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. INVESTMENTS

	GROUP		COMPANY	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Subsidiary undertakings	-	-	582,011	386,201
Joint ventures	23,704	25,210	-	-
	23,704	25,210	582,011	386,201

(A) JOINT VENTURES

The Group does not have any individually material joint ventures. Summarised financial information is as follows:

	2023 £'000	2022 £'000
Group's share:		
Non-current assets	3,704	3,377
Current assets	28,884	37,056
Current liabilities	(17,762)	(24,626)
Non-current liabilities	(1,043)	(217)
Net assets	13,783	15,590
Attributable to third parties	(7,266)	(8,257)
Net assets attributable to the Group	6,517	7,333
Goodwill	17,187	17,877
	23,704	25,210
Group's share:		
Operating profit	2,889	221
Finance costs	(113)	(4)
Profit before taxation	2,776	217
Income tax	(380)	(36)
Profit for the year/period	2,396	181

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. INVESTMENTS (continued)

(B) INVESTMENTS HELD BY THE COMPANY

	SUBSIDIARY UNDERTAKINGS
	£'000
Cost	
Additions	386,201
At 31 December 2022	386,201
Additions	195,810
At 31 December 2023	582,011
Net book value	
At 31 December 2023	582,011
At 31 December 2022	386,201

There were no provisions held against the Company's investment in subsidiary undertakings in 2023 or 2022.

Details of the Group's subsidiary undertakings and joint ventures are shown in note 37.

19. INVENTORIES

	2023	2022
	£'000	£'000
Raw materials and consumables	3,958	17
Finished goods and goods for resale	2,998	3,140
	6,956	3,157

Company

The Company had no inventories at 31 December 2023 and 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. TRADE AND OTHER RECEIVABLES

	2023	2022
	£'000	£'000
Trade receivables	156,146	85,208
Loss allowance	(3,783)	(1,422)
	152,363	83,786
Uninvoiced revenue	55,744	11,699
Amounts owed by joint ventures	672	661
Other receivables	69,237	2,973
Taxation	6,402	5,667
Prepayments and accrued income	45,472	11,054
	329,890	115,840
Analysed as:		
Non-current	754	-
Current	329,136	115,840
	329,890	115,840

Other receivables includes bank deposits with maturity dates exceeding more than three months and includes current amounts of £757,000 and non-current amounts of £754,000.

The Group finances a portion of its working capital through a trade receivables factoring programme. £96,371,000 of the trade receivables balance relates to the Group's continuing interest in this facility and all of this is current. The Group has been mandated by the factoring company to manage on their behalf the recovery of the receivables that have been sold to them. Cashflows relating to the working capital facility are shown within cash generated from operations. An amount of £45,447,000 has been included in other receivables at 31 December 2023 which relates to late receipts from the UK factoring provider. These were received on 2 January 2024.

Amounts owed by joint ventures are unsecured and generally due for settlement within one month.

Trade receivables are generally due for settlement within one month. Trade receivables are short-term in nature and therefore the carrying value is assumed to equal the fair value. Further details of impairment and risk exposure can be found in note 29.

The risk profile of the Group's trade receivables based on invoice age is as follows:

	2023	2022
	£'000	£'000
Less than three months	139,085	79,469
Three months	9,780	5,898
Four months	1,837	2,109
Five months and older	5,444	(2,268)
	156,146	85,208

Receivables are written off when there is no reasonable expectation of recovery. There were no material changes to the loss allowance in the year relative to the outstanding balance of receivables compared with the loss allowance and outstanding receivables in the prior period.

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. TRADE AND OTHER RECEIVABLES (continued)

As at 31 December 2023, trade receivables were carried net of expected credit losses of £3,783,000 (2022 - £1,422,000). The ageing analysis of the ECLs against trade receivables was as follows:

	2023	2022
	£'000	£'000
Less than three months	143	92
Three months	108	7
Four months	3	3
Five months and older	3,529	1,320
	3,783	1,422

Company

The Company had trade and other receivables of £201,000 at 31 December 2023 (31 December 2022 - £nil) which represented amounts owed by subsidiary undertakings of £174,000 and other receivables of £27,000. The amounts are unsecured, non-interest bearing and repayable on demand.

21. TRADE AND OTHER PAYABLES

	2023	2022
	£'000	£'000
Trade payables	81,479	44,264
Amounts owed to joint ventures	141	256
Other taxes and social security	85,974	32,563
Other payables	46,101	14,695
Accruals	134,043	103,365
Deferred income	12,090	1,010
Deferred consideration (note 15)	6,314	-
	366,142	196,153

Trade payables are unsecured and are generally paid within two months of invoice date.

The Directors consider that the carrying amount of trade payables approximates to their fair value, due to their short-term nature.

Other payables relates mainly to staff wages and salary costs. Deferred consideration is payable on the acquisitions of Accuro of £1,987,000 payable in October 2024 and Profile of £4,327,000 payable in December 2024.

Amounts owed to joint ventures are unsecured and repayable on demand.

Company

The Company had trade and other payables of £6,975,000 outstanding at 31 December 2023 (31 December 2022 - £1,656,000) of which £4,525,000 (31 December 2022 - £1,656,000) represented amounts owed to subsidiary undertakings which are repayable on demand and £2,450,000 has been accrued for in 2023 in respect of IFRS 2 leaver provisions.

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. BORROWINGS

	2023	2022
	£'000	£'000
Current		
Revolving credit facility	10,033	-
Bank loans - interest accrued on term loans	11,058	-
Other bank loans	95	7,956
Bank overdraft	77,135	11,486
	98,321	19,442
Non-current		
Bank loans - term loans	489,704	-
Bank loans - delayed draw term loan	16,350	-
Other bank loans	886	-
	506,940	-

Bank overdrafts are unsecured and repayable on demand. Other bank loans are also unsecured and repayable in accordance with the terms of the loans varying between 1 and 9 years.

During 2023, the Group entered into the following borrowing arrangements:

A £350m senior secured term loan B1 facility with interest based of 8.25% to 8.75% over SONIA, subject to certain conditions, repayable in February 2030. This facility was fully drawn at 31 December 2023. During the year, £5,301,000 of interest was capitalised into payment-in-kind (PIK) loan notes, also due for repayment in February 2030. Interest accrued and outstanding at 31 December 2023 amounted to £7,998,000.

A €172.5m senior secured term loan B2 facility with interest of 7.75% to 8.25% over EURIBOR, subject to certain conditions, repayable in February 2030. This facility was fully drawn at 31 December 2023. During the year, £2,295,000 of interest was capitalised into PIK loan notes, also due for repayment in February 2030. Interest accrued and outstanding at 31 December 2023 amounted to £2,946,000.

An acquisition facility of £78m in the form of senior secured delayed draw term loans with interest of 8.25% to 8.75% over SONIA, subject to certain conditions, repayable in February 2030. £16.4m was drawn at 31 December 2023 to fund part of the consideration on the acquisition of Profile (refer to note 15 for further details). At 31 December 2023, outstanding accrued interest amounted to £114,000.

A revolving credit facility of £117m with interest of 3.5% to 4.25% over SONIA, subject to certain conditions, repayable in February 2030. The available revolving credit facility amounted to £85m after excluding ancillary facilities for letters of credit, leasing arrangements and overdrafts. As at 31 December 2023, £10m was drawn and there was £33,000 of outstanding accrued interest.

The Group also entered into GBP and EUR interest rate swaps effective 28 February 2023 based on principal amounts of £280m and €138m respectively. Interest is received at floating rates based on SONIA and EURIBOR and paid at fixed rates of 4.115% for the GBP interest rate swap and 3.153% for the EUR interest rate swap. The interest rate swaps both have a maturity date of 28 February 2026. The fair value of the swaps was £2,079,000 at 31 December 2023 and a gain of £2,079,000 was recognised in the profit and loss account during the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. BORROWINGS (continued)

A breakdown of the term loans at 31 December 2023 is as follows:

	£'000
Senior secured term loans	499,481
Senior secured delayed draw term loans	16,350
PIK loan notes	7,596
Gross loan amount	523,427
Interest accrued	11,058
Capitalised borrowing costs	(17,373)
Net loan amount at 31 December 2023	517,112

Company

The Company had no outstanding borrowings at 31 December 2023 and 31 December 2022.

23. LOAN NOTES - DEFERRED PURCHASE CONSIDERATION

	2023	2022
	£'000	£'000
Non-current		
64,103,000 loan notes of £1.00 each	68,971	64,484
55,000,000 loan notes of €1.00 each	50,457	-
	119,428	64,484

Loan notes payable by the Group are made up of deferred purchase consideration on the acquisitions of the OCS and Atalian businesses.

Loan notes amounting to £64,103,000 were issued on 30 November 2022 in connection with the Group's acquisition of OCS. Interest is charged at a fixed rate of 7% per annum and the loan notes are redeemable on 30 November 2025 or earlier, in whole or in part, at the option of the Group. Accrued interest of £4,868,000 was outstanding at 31 December 2023 (2022 - £381,000).

On 28 February 2023, loan notes to the value of €55,000,000 were issued in connection with the Group's acquisition of Atalian. Interest is charged at a fixed rate of 7% per annum and the loan notes are redeemable on 28 February 2025 or earlier, in whole or in part, at the option of the Group. Accrued interest of £2,797,000 was outstanding at 31 December 2023 (2022 - £nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)

24. PREFERENCE SHARES

	2023 No.	2023 £'000	2022 No.	2022 £'000
Senior preference shares of £0.000000001029 each (2022 - nil)	8,575,000	8,575	-	-
A preference shares of £0.8823 each (2022 - €1.00 each)	609,301,406	560,621	91,001,417	78,461
B preference shares of £0.8823 each (2022 - €1.00 each)	7,518,216	2,863	-	-
Redeemable preference shares of £0.8823 each (2022 - €1.00 each)	-	-	355,066,843	306,139
Group	625,394,622	572,059	446,068,260	384,600
Fair value adjustment to Company's B preference shares financial liability		3,971		-
Company	625,394,622	576,030	446,068,260	384,600

	Group		Company	
Shown as:	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Current	-	384,600	-	384,600
Non-current	572,059	-	576,030	-
	572,059	384,600	576,030	384,600

In the prior period, each class of preference share had a 0% coupon and the A preference shares were redeemable at any time by either the Company or the A preference shareholders and the redeemable preference shares were due for repayment on 23 November 2022.

During 2023, a number of redesignations and issues of preference shares took place and some terms were amended. At 31 December 2023, the Company had in place senior preference shares with a 0% coupon which are non-redeemable unless there is a change in control of the Group and A and B preference shares with a 10% coupon which are redeemable by the Company at any time, although a redemption can also be triggered by a change in control of the Group. The preference shares rank ahead of the ordinary shares in the event of a change in control or liquidation of the Company.

As a change in control of the Group is ultimately determined by the Company's shareholder, CD&R Madison S.à r.l, this would trigger a repayment of the preference shares and the Company would have an unavoidable obligation to settle the outstanding amounts in accordance with terms set out in the Articles of Association. Therefore, the shares have been classified as financial liabilities with the exception of a number of B preference shares held by the EBT which are treated as equity as shown in note 30.

NOTES TO THE FINANCIAL STATEMENTS (continued)

24. PREFERENCE SHARES (continued)

Movements in preference shares were as follows:

	No.	£'000
Issue of A preference shares	91,001,417	78,461
Issue of redeemable preference shares	355,066,843	306,139
At 31 December 2022	446,068,260	384,600
Issue of A preference shares	3,611,193	3,183
Redenomination of A preference shares from € to £	-	1,832
Redenomination of redeemable preference shares from € to £	-	7,137
Redesignation of redeemable preference shares to A ordinary shares (note 30A)	(7,101,337)	(6,266)
Redesignation of redeemable preference shares to A preference shares	(347,965,506)	(307,010)
Redesignation of A preference shares from redeemable preference shares	347,965,506	307,010
Further issue of A preference shares	180,282,564	180,283
Redesignation of ordinary share to senior preference share (note 30A)	1	-
Subdivision of senior preference share	8,574,999	-
Redesignation of A preference shares to B preference shares	(3,947,512)	(3,617)
Redesignation of B preference shares from A preference shares	3,947,512	3,617
Redesignation of A preference shares to A ordinary shares (note 30A)	(9,468,541)	(8,354)
Redesignation of A preference shares to B ordinary shares (note 30A)	(143,221)	(126)
Issue of B preference shares	5,630,779	5,059
	627,454,697	567,348
Fair value of senior preference shares financial liability	-	8,575
Fair value of B preference shares financial liability	-	(3,971)
B preference shares held by EBT reclassified to equity (note 30A)	(849,021)	(779)
Issue of further B preference shares to EBT (note 30A)	(1,211,054)	(1,088)
Dividend accrued on A preference shares - (note 8)	-	1,950
Dividend accrued on B preference shares - (note 8)	-	10
Dividend accrued on B preference shares - (notes 11, 30C)	-	14
	(2,060,075)	4,711
Group - At 31 December 2023	625,394,622	572,059
Fair value adjustment to Company's B preference shares financial liability	-	3,971
Company - At 31 December 2023	625,394,622	576,030

Details of the Company's share transactions during the year are disclosed in note 30A.

NOTES TO THE FINANCIAL STATEMENTS (continued)

25. LEASE LIABILITIES

	£'000	
New subsidiaries acquired		21,601
New leases		577
Payments		(962)
Interest accrued		88
Currency adjustments		104
At 31 December 2022		21,408
New subsidiaries acquired (note 15)		25,347
New leases		29,712
Disposals		(113)
Modifications		(693)
Payments		(22,657)
Interest accrued		3,626
Currency adjustments		(702)
At 31 December 2023		55,928
	2023	2022
	£'000	£'000
Maturity analysis:		
Within one year	17,222	7,471
Between one and five years	32,664	12,905
After five years	6,042	1,032
	55,928	21,408
Analysed as:		
Current	17,222	7,471
Non-current	38,706	13,937
	55,928	21,408

Company

The Company had no outstanding leases at 31 December 2023 and 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS (continued)

26. PROVISIONS

	INSURANCE	OVERSEAS EMPLOYEE BENEFITS - RESTATED*	UK PENSION	OTHER	TOTAL
	£'000	£'000	£'000	£'000	£'000
New subsidiaries acquired	9,522	1,334	21,477	-	32,333
Utilised in period	(268)	(47)	(15,250)	-	(15,565)
Unwinding of discount	-	2	-	-	2
Charged to profit and loss account	-	46	-	-	46
Currency adjustments	-	11	-	-	11
At 31 December 2022	9,254	1,346	6,227	-	16,827
New subsidiaries acquired (note 15)	-	-	-	1,619	1,619
Utilised in the year	(1,684)	(704)	(6,227)	(97)	(8,712)
Unused amounts reversed	(2,201)	-	-	-	(2,201)
Unwinding of discount	-	77	-	-	77
Charged to profit and loss account	-	3,143	-	180	3,323
Currency adjustments	-	(69)	-	(11)	(80)
At 31 December 2023	5,369	3,793	-	1,691	10,853
Current	5,369	141	-	1,691	7,201
Non-current	-	3,652	-	-	3,652
At 31 December 2023	5,369	3,793	-	1,691	10,853
Current	1,361	398	6,227	-	7,986
Non-current	7,893	948	-	-	8,841
At 31 December 2022	9,254	1,346	6,227	-	16,827

* The financial statements include a prior period restatement in relation to the classification of unfunded retirement benefit obligations in Thailand. In 2022, £12,613,000 was presented under provisions rather than as a defined benefit pension plan as per the definitions under IAS 19. The restatement reclassifies £12,613,000 from provisions to retirement benefit schemes (note 28). No restatement of deferred tax balances is required in the prior period and the restatement does not impact on the consolidated statement of profit or loss account or consolidated statement of comprehensive income.

Insurance provisions relate to the Group's self-insurance arrangements and will become payable as claims are notified and settled.

Other overseas employee benefits provisions relate to Thailand service award commitments payable when eligible employees reach retirement age and are based on length of service.

The UK pension provision related to contributions payable to the OCS Group Staff Pension and Assurance Scheme (see note 28). The scheme is in surplus and is subject to an asset ceiling adjustment.

Other provisions include liabilities in respect of overseas employee benefits and labour-related legal claims.

Company

The Company had no provisions outstanding at 31 December 2023 and 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS (continued)

27. DEFERRED TAX

Deferred tax assets and liabilities are only offset when there is a legally enforceable right to offset, when the deferred income taxes relate to the same fiscal authority and there is an intention to settle the balance net. These amounts have been presented net on the face of the balance sheet as permitted by IAS 12 'Income Taxes' as follows:

	2023	2022
	£'000	£'000
Deferred tax assets	11,948	68
Deferred tax liabilities	(89,415)	(31,643)
	(77,467)	(31,575)

The movements in deferred tax assets and liabilities prior to taking into consideration the offsetting of balances within the same jurisdictions are shown below:

	DEPRECIATION IN EXCESS OF CAPITAL ALLOWANCES	DEFINED BENEFIT PENSION SCHEMES	TAX LOSSES	ACQUISITION RELATED INTANGIBLES	OTHER TIMING DIFFERENCES	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
New subsidiaries acquired	19,515	640	300	(60,535)	7,845	(32,235)
(Charge)/credit to profit or loss	700	-	(89)	339	(148)	802
Credit to other comprehensive income	-	12	-	-	-	12
Currency adjustments	1	-	1	(207)	51	(154)
At 31 December 2022	20,216	652	212	(60,403)	7,748	(31,575)
Transfers	(710)	5,846	9	-	(5,145)	-
New subsidiaries acquired (note 15)	(1,198)	63	9,737	(58,964)	3,067	(47,295)
(Charge)/credit to profit or loss	2,440	(1,433)	(2,593)	7,086	(5,350)	150
Credit to other comprehensive income	-	1	-	-	-	1
Currency adjustments	-	(107)	(17)	1,584	(208)	1,252
At 31 December 2023	20,748	5,022	7,348	(110,697)	112	(77,467)
Deferred tax assets	20,825	5,022	7,348	-	7,272	40,467
Deferred tax liabilities	(77)	-	-	(110,697)	(7,160)	(117,934)
At 31 December 2023 prior to offsetting	20,748	5,022	7,348	(110,697)	112	(77,467)
Deferred tax assets - offset	(7)	-	-	(28,434)	(78)	(28,519)
Deferred tax liabilities - offset	-	-	36	28,434	49	28,519
	(7)	-	36	-	(29)	-
Deferred tax assets	20,818	5,022	7,348	(28,434)	7,194	11,948
Deferred tax liabilities	(77)	-	36	(82,263)	(7,111)	(89,415)
At 31 December 2023 as per balance sheet	20,741	5,022	7,384	(110,697)	83	(77,467)

NOTES TO THE FINANCIAL STATEMENTS (continued)

27. DEFERRED TAX (continued)

Deferred tax assets of £6,847,000 (2022 - £8,120,000) have not been recognised in respect of tax losses as the assessment of recoverability at 31 December 2023 is uncertain and therefore does not meet the criteria for recognition under IAS 12.

Of the unused tax losses where no deferred tax has been recognised, £20,820,000 (2022 - £21,830,000) can be carried forward indefinitely, £5,780,000 (2022 - £nil) expires within 5 years and £1,880,000 (2022 - £340,000) expires after 5 years. The geographical split of these unused tax losses is UK & Ireland £17,170,000 (2022: £21,750,000), Europe £1,740,000 (2022: £nil) and APAC £9,570,000 (2022: £420,000).

Other gross deductible temporary differences for which no deferred tax asset is recognised total £76,240,000 (2022: £nil), relating to corporate interest limitations in the year ended 31 December 2023. Deferred tax assets have not been recognised in respect of these other temporary differences as there is uncertainty whether suitable profits will arise in future periods against which the deferred tax asset would reverse.

28. RETIREMENT BENEFIT SCHEMES

The Group operates both defined contribution and defined benefit pension arrangements in the UK and overseas.

Defined contribution schemes

The Group operates UK and overseas defined contribution retirement benefit schemes for all qualifying employees. The expense recognised in profit or loss for defined contribution schemes is disclosed in note 11.

Defined benefit schemes - UK

The Group sponsors three UK defined benefit schemes providing employees with a pension benefit based on final pensionable pay and length of service.

The OCS Group Staff Pension and Assurance Scheme is closed to new members and closed to future benefit accrual for existing members. The OCS Group Transfer of Undertakings Pension Scheme is a scheme for employees transferred under TUPE arrangements from public sector employers. The Servest Group Limited Final Salary Retirement Benefits Scheme is a benefits plan acquired following the Group's acquisition of Atalian in February 2023.

The defined benefit schemes operate as trustee-administered funds that are legally separated from the Group. The trustees of the schemes are required by law to act in the interest of the schemes and of all relevant stakeholders in the schemes and is responsible for the investment policy with regard to the assets of the funds.

Risk exposure is mainly investment risk (investment returns lower than anticipated when compared to the value of scheme liabilities), interest rate risk (a decrease in the high quality corporate bond discount rate used to value the scheme liabilities), inflation (the rate of increase in pensions payable) and longevity risk (increased life expectancy of the scheme participants).

The most recent full actuarial valuations of the Group's two OCS defined benefit pension schemes are as at 1 April 2021 by Capita Pension Solutions Limited. The most recent actuarial valuation of the Servest defined benefit scheme was completed on 30 September 2021. The amounts included in the accounts in respect of the Group's defined benefit pension schemes are based on valuations of assets and liabilities carried out at 31 December 2023 by Isio Services Limited and First Actuarial. Scheme assets are stated at their market value at 31 December 2023 and scheme liabilities are measured on an actuarial basis using the projected unit credit method.

Under the UK Pensions Act and Regulation requirements, a court case outcome on 16 June 2023 involving Virgin Media has revealed potential challenges with other previously contracted-out defined benefit schemes in the UK. This development may cast doubt on the validity of scheme changes made between 1997 and 2016, where those changes were not accompanied by appropriate actuarial certificates. A number of the Group's UK pension schemes were contracted out during this period and made amendments that potentially impacted members' benefits. Until completion of a full analysis of the scheme changes undertaken during this period, the Group is unable to determine whether there is any impact or if this could be reliably estimated.

NOTES TO THE FINANCIAL STATEMENTS (continued)

28. RETIREMENT BENEFIT SCHEMES (continued)

OCS Group Staff Pension and Assurance Scheme

The main pension scheme is The OCS Group Staff Pension and Assurance Scheme. Lump sum contributions of £6,227,000 (2022 - £15,250,000) were paid by the Group to the scheme during the year under a recovery plan agreed with the scheme trustee in August 2022 to fully eliminate the funding deficit in the scheme. The Group continues to monitor funding levels annually and the funding schedule will be reviewed between the Group and trustee every three years, based on actuarial valuations. The next triennial valuation is due to be completed as at 1 April 2024. At 31 December 2023, this scheme had an accounting surplus of £24,778,000 (2022 - £26,174,000) but the surplus cannot currently be recognised due to recoverability uncertainty as the Group does not currently have an unconditional right to a refund.

The weighted average duration of the benefit obligation at 31 December 2023 was 13 years (2022 -13 years).

Sensitivity analysis

A 0.5% decrease in the discount rate increases the gross defined benefit liability by £10,960,000, a 0.5% increase in RPI and CPI inflation increases the gross defined benefit liability by £7,711,000 and a one year increase in life expectancy increases the gross defined benefit liability by £5,763,000.

The sensitivity analysis is based on reasonably possible changes to the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant, although it is unlikely that changes in assumptions would occur in isolation due to their interdependencies.

OCS Group Transfer of Undertakings Pension Scheme

No lump sum contributions were paid to The OCS Group Transfer of Undertakings Pension Scheme during the year (2022 - £nil). At 31 December 2023, this scheme had a surplus of £3,640,000 (2022 - £4,398,000) and no lump sum contributions are payable as agreed with the scheme trustee in January 2022.

The weighted average duration of the benefit obligation at 31 December 2023 was 13 years (2022 - 13 years).

Sensitivity analysis

A 0.5% decrease in the discount rate increases the gross defined benefit liability by £1,029,000, a 0.5% increase in RPI and CPI inflation increases the gross defined benefit liability by £817,000 and a one year increase in life expectancy increases the gross defined benefit liability by £424,000.

The sensitivity analysis is based on reasonably possible changes to the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant, although it is unlikely that changes in assumptions would occur in isolation due to their interdependencies.

Combined disclosures relating to both the OCS Group Staff Pension and Assurance Scheme and the OCS Group Transfer of Undertakings Pension Scheme are as follows:

Assumptions	2023	2022
Inflation - RPI	3.00% p.a.	3.10% p.a.
Inflation - CPI	2.40% p.a.	2.40% p.a.
Rate of increase in salaries	2.40% p.a.	2.40% p.a.
Rate of increase in pensions:		
- accrued before 1 April 1992	2.60% p.a.	2.50% p.a.
- accrued after 31 March 1992	2.85% p.a.	2.80% p.a.
Rate of discount for liabilities	4.50% p.a.	4.75% p.a.

The mortality assumption at 31 December 2023 is based on 100% of S3PFA CMI 2022 1.25% LTR.

NOTES TO THE FINANCIAL STATEMENTS (continued)

28. RETIREMENT BENEFIT SCHEMES (continued)

	2023	2022
	£'000	£'000
Fair values of assets and present values of liabilities		
Equities	9,078	30,860
Bonds	203,337	188,284
Derivative instruments	(6,427)	(11,751)
Cash	6,059	1,375
Fair value of pension scheme assets	212,047	208,768
Present value of pension scheme liabilities	(183,629)	(178,196)
Net surplus on pension schemes	28,418	30,572
Asset ceiling adjustment	(24,778)	(26,174)
Net surplus recognised	3,640	4,398
Related deferred tax liability	(907)	(1,539)
Net retirement benefit assets	2,733	2,859
	2023	2022
	£'000	£'000
Analysis of amounts (charged)/credited in the year/period:		
Current service cost	(27)	(6)
Net interest income	2	17
Recognised in the profit and loss account	(25)	11
Return on plan assets (excluding amounts included in net interest expense)	(1,122)	(12,304)
Actuarial gains and losses arising from changes in demographic assumptions	2,550	(4)
Actuarial gains and losses arising from changes in financial assumptions	(240)	11,045
Actuarial gains and losses arising from experience adjustments	(4,847)	(342)
Changes in asset ceiling adjustment (excluding amounts in net interest expense)	2,926	1,557
Recognised in other comprehensive income	(733)	(48)
Total charge relating to defined benefit schemes	(758)	(37)

The current service cost is included within cost of sales.

NOTES TO THE FINANCIAL STATEMENTS (continued)

28. RETIREMENT BENEFIT SCHEMES (continued)

	ASSETS £'000	LIABILITIES £'000	TOTAL £'000
Analysis of the movements in assets and liabilities			
Acquisition of subsidiaries	193,711	(189,282)	4,429
Current service cost	-	(6)	(6)
Interest income/(expense)	444	(427)	17
Actuarial gains/(losses)	(12,304)	10,699	(1,605)
Asset ceiling adjustment	(13,693)	-	(13,693)
Benefits paid	(820)	820	-
Employer contributions	15,256	-	15,256
At 31 December 2022	182,594	(178,196)	4,398
Current service cost	-	(27)	(27)
Interest income/(expense)	8,190	(8,188)	2
Actuarial gains/(losses)	(1,122)	(8,821)	(9,943)
Asset ceiling adjustment	2,926	-	2,926
Benefits paid	(11,608)	11,608	-
Employer contributions	6,284	-	6,284
Member contributions	5	(5)	-
At 31 December 2023	187,269	(183,629)	3,640

The Schemes' Liability Driven Investment (LDI) investment strategies aim to keep the size of the Schemes' assets relative to the Schemes' liabilities stable, regardless of changes in interest rates or inflation. Government bonds, swaps and other derivatives are typically used for this purpose.

Servest Group Limited Final Salary Retirement Benefits Scheme

At 31 December 2023, this scheme had an accounting surplus of £2,170,00. The Group has determined that, in accordance with the terms and conditions of the defined benefit plan, and with statutory requirements (including minimum funding requirements) for the plan, the present value of refunds or reductions in future contributions is higher than the balance of the total fair value of the plan assets less the total present value of the obligations. As such no defined benefit asset has been recognised at 31 December 2023.

The weighted average duration of the benefit obligation at 31 December 2023 was 15 years.

Sensitivity analysis

A 0.5% decrease in the discount rate increases the gross defined benefit liability by £124,000, a 0.5% increase in RPI and CPI inflation increases the gross defined benefit liability by £106,000 and a one year increase in life expectancy increases the gross defined benefit liability by £35,000.

The sensitivity analysis is based on reasonably possible changes to the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant, although it is unlikely that changes in assumptions would occur in isolation due to their interdependencies

Disclosures relating to the scheme are as follows:

Assumptions	2023
Inflation - RPI	3.00% p.a.
Inflation - CPI	3.00% p.a.
Rate of increase in salaries	3.00% p.a.
Rate of increase in pensions:	3.00% p.a.
Rate of discount for liabilities	4.50% p.a.

The mortality assumption at 31 December 2023 is based on 100% of S3PXA CMI_2022_M/F 1.00% LTR.

NOTES TO THE FINANCIAL STATEMENTS (continued)

28. RETIREMENT BENEFIT SCHEMES (continued)

	2023
Fair values of assets and present values of liabilities	£'000
Equities	198
Property and other assets	1,972
<hr/>	
Fair value of pension scheme assets	2,170
Present value of pension scheme liabilities	(1,769)
<hr/>	
Net surplus on pension schemes	401
Asset ceiling adjustment	(401)
<hr/>	
Net surplus recognised	-
Related deferred tax liability	-
<hr/>	
Net retirement benefit assets	-

	2023
Analysis of amounts (charged)/credited in the year:	£'000
Current service cost	(20)
Net interest income	20
<hr/>	
Recognised in the profit and loss account	-
<hr/>	
Return on plan assets (excluding amounts included in net interest expense)	(43)
Actuarial gains and losses arising from changes in demographic assumptions	(59)
Actuarial gains and losses arising from changes in financial assumptions	106
Actuarial gains and losses arising from experience adjustments	(1)
Changes in asset ceiling adjustment (excluding amounts in net interest expense)	(3)
<hr/>	
Recognised in other comprehensive income	-
<hr/>	
Total charge relating to defined benefit schemes	-

The current service cost is included within cost of sales.

	ASSETS	LIABILITIES	TOTAL
	£'000	£'000	£'000
Analysis of the movements in assets and liabilities			
Acquisition of subsidiaries (note 15)	1,654	(1,654)	-
Current service cost	(48)	(54)	(102)
Interest income/(expense)	96	(76)	20
Actuarial losses	(43)	(60)	(103)
Asset ceiling adjustment	(3)	-	(3)
Benefits paid	(79)	79	-
Employer contributions	188	-	188
Member contributions	4	(4)	-
<hr/>			
At 31 December 2023	1,769	(1,769)	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

28. RETIREMENT BENEFIT SCHEMES (continued)

Defined benefit schemes - overseas

The Group has a number of overseas defined benefit pension arrangements in Thailand and Indonesia.

Thailand

The Group has an unfunded defined benefit plan in relation to employee benefits obligations for past employment benefits due upon retirement in accordance with the Labor Protection Act. The financial statements include a prior period restatement in relation to the classification of these unfunded retirement benefit obligations in Thailand. In 2022, £12,613,000 was presented under provisions rather than as a defined benefit pension plan as per the definitions under IAS 19. The restatement reclassifies £12,613,000 from provisions (note 26) to retirement benefit schemes. No restatement of deferred tax balances in the prior period is required and the restatement does not impact on the consolidated statement of profit or loss account or consolidated statement of comprehensive income. At 31 December 2023, the scheme had net pension liabilities of £12,143,000 (2022 - restated from provisions note 26 - £12,613,000).

The weighted average duration of the benefit obligation at 31 December 2023 was 6.52 years and 3.71 years for staff and workers respectively.

Sensitivity analysis

A 1% decrease in the discount rate increases the gross defined benefit liability by £514,000, a 1% increase in the rate of increase in salaries increases the gross defined benefit liability by £534,000 and 1% decrease in staff turnover increases the gross defined benefit liability by £582,000.

The sensitivity analysis is based on reasonably possible changes to the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant, although it is unlikely that changes in assumptions would occur in isolation due to their interdependencies.

Assumptions	Staff		Workers	
	2023	2022	2023	2022
Rate of increase in salaries	3%- 5% p.a.	0%-1.5% p.a.	0%- 5% p.a.	0%- 1.5% p.a.
Discount rate	2.69% p.a.	2.19% p.a.	2.98% p.a.	2.70% p.a.
Turnover rate				
Below 31 years	29%	28%	56%	56%
31 - 40 years	19%	18%	47%	45%
41 - 50 years	13%	12%	36%	33%
51 - 55 years	8%	8%	21%	20%
56 - 58 years	4%	3%	12%	12%
Below 58 years	1%	1%	4%	4%

NOTES TO THE FINANCIAL STATEMENTS (continued)

28. RETIREMENT BENEFIT SCHEMES (continued)

	£'000
Movements in the defined benefit obligation are as follows:	
Acquisition of subsidiaries	(12,607)
Current service cost	(17)
Net interest cost	(20)
Recognised in the profit and loss account	(37)
Actuarial gains and losses arising from changes in demographic assumptions	13
Actuarial gains and losses arising from changes in financial assumptions	(62)
Actuarial gains and losses arising from experience adjustments	49
Recognised in other comprehensive income	-
Employer contributions	101
Currency adjustments	(70)
At 31 December 2022 - restated	(12,613)
Current service cost	(2,037)
Net interest cost	(281)
Recognised in the profit and loss account	(2,318)
Actuarial gains and losses arising from changes in demographic assumptions	280
Actuarial gains and losses arising from changes in financial assumptions	(929)
Actuarial gains and losses arising from experience adjustments	1,024
Recognised in other comprehensive income	375
Employer contributions	1,877
Currency adjustments	536
At 31 December 2023	(12,143)

Indonesia

The Group acquired a number of Indonesian defined benefit retirement pension plans with net pension liabilities of £282,000 when it acquired Atalian in February 2023 (refer to note 15). At 31 December 2023, the schemes had net pension liabilities of £531,000 a loss of £122,000 was recognised in other comprehensive income during the year and employer contributions of £36,000 were made.

Company

The Company had no defined benefit schemes at 31 December 2023 and 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS (continued)

29. FINANCIAL INSTRUMENTS

(A) FINANCIAL ASSETS

The carrying values of the Group's financial instruments at amortised cost are as follows:

	Note	2023 £'000	2022 £'000
Derivatives not designated as hedging instruments			
Interest rate swaps		2,079	-
Total financial assets at fair value		2,079	-
Financial assets at amortised cost			
Trade receivables	20	152,363	83,786
Amounts owed by joint ventures	20	672	661
Other receivables	20	69,237	2,973
Cash and cash equivalents	31	107,736	91,005
Total financial assets		332,087	178,425
Total current		329,254	178,425
Total non-current		2,833	-

Derivatives not designated as hedging instruments reflect the positive change in fair value of interest rate swap contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of interest rate exposure on the Group's borrowings.

(B) FINANCIAL LIABILITIES

	Note	2023 £'000	2022 £'000
Current borrowings at amortised cost			
Revolving credit facility	22	10,033	-
Bank loans - interest accrued on term loans	22	11,058	-
Other bank loans	22	95	7,956
Bank overdraft	22	77,135	11,486
Lease liabilities	25	17,222	7,471
Preference shares	24	-	384,600
		115,543	411,513
Other current financial liabilities at amortised cost			
Trade payables	21	81,479	44,264
Amounts owed to joint ventures	21	141	256
Other payables	21	46,101	14,695
Accruals	21	134,043	103,365
		261,764	162,580
Total current financial liabilities at amortised cost		377,307	574,093

NOTES TO THE FINANCIAL STATEMENTS (continued)

29. FINANCIAL INSTRUMENTS (continued)

(B) FINANCIAL LIABILITIES (continued)

	Note	2023 £'000	2022 £'000
Non-current borrowings at amortised cost			
Bank loans - term loans	22	489,704	-
Bank loans - delayed draw term loan	22	16,350	-
Other bank loans	22	886	-
Lease liabilities	25	38,706	13,937
Preference shares	24	572,059	-
Deferred purchase consideration	23	119,428	64,484
Total non-current financial liabilities at amortised cost		1,237,133	78,421

Fair value approximates to book value for all of the above financial assets and financial liabilities.

Financial risk management

The Group's financial risks are primarily market risk, credit risk and liquidity risk. Within market risk, the Group has interest rate hedging in place for 80% of its principal term debt which is based on variable rates pegged to SONIA and EURIBOR. Operational currency risk is limited as the business operates a model that has local costs for local revenues with limited cross-currency trade. At this point in the investment cycle the majority of local cash generated is reinvested into growth

Management of the Group's financial risks is further discussed in the Strategic Report on pages 10 to 11.

Currency risk

The Group trades in many countries and is exposed to foreign exchange risk related to dividend income from overseas subsidiaries and the translation into sterling of the reported results and net carrying value of overseas investments. A policy of regular cash repatriation is in place to ensure that excess funds do not accumulate overseas. Within each country treasury is reasonably self-contained and there is minimal operating activity denominated in non-domestic currencies and very limited intercompany trading.

At 31 December 2023, net assets of £242,565,000 and a loss after tax of £1,778,000 are included in the Consolidated Statement of Financial Position and the Consolidated Statement of Profit or Loss respectively relating to overseas subsidiary undertakings and joint ventures. Accordingly, a 1% change in exchange rates verses pounds sterling would impact net assets by £2,402,000 and loss after tax by £18,000.

Interest rate risk

The Group was not exposed to any significant interest rate risk in the period. The Group has GBP and EUR interest rate swaps in place based on principal amounts of £280m and €138m respectively to mitigate exposure to interest rate movements. Interest is received at floating rates based on SONIA and EURIBOR and paid at fixed rates of 4.115% for the GBP interest rate swap and 3.153% for the EUR interest rate swap. The interest rate swaps both have a maturity date of 28 February 2026. The fair value of the swaps was £2,079,000 at 31 December 2023 and a gain of £2,079,000 was recognised in the profit and loss account during the year.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables which are stated net of provisions for doubtful debts. The Group credit risk exposure is spread over many clients, sectors and countries. Potential new clients are assessed for creditworthiness and credit limits are regularly reviewed. The credit risk on liquid funds is minimal as the Group uses a mixture of established banks with good credit ratings in the territories in which it operates. At 31 December 2023, the Group held net funds of £9,238,000 in the UK with HSBC Bank plc.

NOTES TO THE FINANCIAL STATEMENTS (continued)

29. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

The Group's maximum exposure to credit risk is as follows:

	Note	2023 £'000	2022 £'000
Financial assets			
Trade receivables	20	152,363	83,786
Amounts owed by joint ventures	20	672	661
Other receivables	20	69,237	2,973
Cash and cash equivalents	31	107,736	91,005
		330,008	178,425

Liquidity risk

During the year the Group held sufficient cash to enable it to meet its liabilities as they fall due.

Contractual maturity analysis for financial liabilities is as follows:

	2023				TOTAL £'000
	WITHIN THREE MONTHS	THREE MONTHS TO ONE YEAR	ONE TO FIVE YEARS	AFTER FIVE YEARS	
	£'000	£'000	£'000	£'000	
Trade payables	81,479	-	-	-	81,479
Other payables	39,787	6,314	-	-	46,101
Borrowings	88,193	10,128	-	506,940	605,261
Lease liabilities	4,987	12,235	32,664	6,042	55,928
Preference shares	11,347	-	560,712	-	572,059
Deferred purchase consideration	-	-	119,428	-	119,428
	225,793	28,677	712,804	512,982	1,480,256

	2022				TOTAL £'000
	WITHIN THREE MONTHS	THREE MONTHS TO ONE YEAR	ONE TO FIVE YEARS	AFTER FIVE YEARS	
	£'000	£'000	£'000	£'000	
Trade payables	44,264	-	-	-	44,264
Other payables	10,415	4,280	-	-	14,695
Borrowings	19,442	-	-	-	19,442
Lease liabilities	2,029	5,442	12,905	1,032	21,408
Preference shares	78,461	306,139	-	-	384,600
Deferred purchase consideration	-	-	64,484	-	64,484
	154,611	315,861	77,389	1,032	548,893

Capital risk management

During the year the Group's capital structure consisted of cash and cash equivalents (note 31), borrowings (note 22), preference shares (note 24) and equity (note 30).

The Group manages its capital to ensure that liabilities can be paid as they fall due while maximising the return to shareholders. These objectives are achieved via daily cash flow reporting, short-term cash forecasts, annual budgets and reforecasts and longer term business plans.

NOTES TO THE FINANCIAL STATEMENTS (continued)

30. EQUITY

	2023 No.	2023 £'000	2022 No.	2022 £'000
(A) Called up share capital				
Allotted and fully paid:				
Ordinary share of £nil (2022 - €0.01 each)	-	-	1	-
A ordinary shares of £0.8823 each (2022 - €1.00 each)	22,106,285	19,504	1,857,171	1,601
B ordinary shares of £0.8823 each	347,513	307	-	-
C ordinary shares of £0.8823 each	3,040,153	2,682	-	-
D shares of £0.8823 each	292,782	258	-	-
Sub-total ordinary shares	25,786,733	22,751	1,857,172	1,601
B preference shares of £0.8823 each	2,060,075	1,818	-	-
Sub-total preference shares	2,060,075	1,818	-	-
	27,846,808	24,569	1,857,172	1,601

The holders of the A and B ordinary shares have full voting rights and are entitled to receive dividends as declared by the Company from time to time. The holders of the C and D ordinary shares do not have any voting or dividend rights but could receive a distribution in certain circumstances in accordance with terms set out in the Company's Articles of Association.

Movements in share capital were as follows:

	No.	£'000
Ordinary share on incorporation	1	-
Issue of A ordinary shares	1,857,171	1,601
At 31 December 2022	1,857,172	1,601
Redenomination of ordinary shares from € to £	-	37
Redesignation of redeemable preference shares to A ordinary shares (note 24)	7,101,337	6,266
Issue of A ordinary shares	3,679,236	3,246
Redesignation of ordinary share to senior preference share (note 24)	(1)	-
Redesignation of A preference shares to A ordinary shares (note 24)	9,468,541	8,354
Redesignation of A preference shares to B ordinary shares (note 24)	143,221	126
Issue of B ordinary shares	204,292	180
Issue of C ordinary shares	3,040,153	2,682
Issue of D shares	292,782	259
Sub-total ordinary shares	25,786,733	22,751
B preference shares held by EBT reclassified to equity (note 24)	849,021	749
Issue of further B preference shares to EBT (note 24)	1,211,054	1,069
Sub-total preference shares	2,060,075	1,818
At 31 December 2023	27,846,808	24,569

NOTES TO THE FINANCIAL STATEMENTS (continued)

30. EQUITY (continued)

(A) Called up share capital (continued)

The following share transactions took place during February 2023 to assist with the funding and completion of the Group's February 2023 acquisition of the Atalian businesses:

- the issuance of 3,611,193 A preference shares of €1.00 on 15 February 2023 for £3,182,905.91 (note 24)
- the redenomination of each issued share class of the Company from EUR to GBP on 24 February 2023 as follows:
 - €0.01 per ordinary share to £0.008823 per ordinary share;
 - €1.00 per A ordinary share to £0.8823 per A ordinary share;
 - €1.00 per redeemable preference share to £0.8823 per redeemable preference share (note 24); and
 - €1.00 per A preference share to £0.8823 per A preference share (note 24).
- the redesignation of the entire issued amount of 355,066,843 redeemable preference shares of £0.8823 each on 24 February 2023 as follows:
 - 347,965,506 redeemable preference shares into 347,965,506 A preference shares of £0.8823 each (note 24); and
 - 7,101,337 redeemable preference shares into 7,101,337 A ordinary shares of £0.8823 each (note 24).
- the issuance of 3,679,236 A ordinary shares of £0.8823 each for £3,679,236 and 180,282,564 A preference shares of £0.8823 each for £180,282,564 (note 24) on 28 February 2023, satisfied by the assignment by the Company's immediate parent CD&R Madison S.à r.l. of an interest-free loan receivable from OCS Parco Limited of €209,000,000. This loan was then assigned by the Company to OCS Holdco 1 Limited on the same day in exchange for the acquisition of 1 ordinary share of £0.008823 in OCS Holdco 1 Limited.

Additionally, on 19 December 2023, the Company undertook several share redesignations, subdivisions and new issuances in preparation for the implementation of a management incentive plan (MIP) for the Group as follows:

- the redesignation of:
 - 1 ordinary share of £0.008823 to 1 senior preference share of £0.008823 (note 24);
 - 3,947,512 A preference shares to 3,947,512 B preference shares of £0.8823 (note 24);
 - 9,468,541 A preference shares to 9,468,541 A ordinary shares (note 24); and
 - 143,221 A Preference Shares to 143,221 B Ordinary Shares of £0.8823 (note 24).
- the subdivision of the one existing senior preference share of £0.008823 into 8,575,000 senior preference shares of £0.0000000010289 each (note 24).
- the issue of:
 - 5,630,779 B preference shares of £0.8823 each (note 24);
 - 204,292 B ordinary shares of £0.8823 each;
 - 3,040,153 C ordinary shares of £0.8823 each; and
 - 292,782 D shares.

Further disclosures relating to the preference shares can be found in note 24.

NOTES TO THE FINANCIAL STATEMENTS (continued)

30. EQUITY (continued)

(B) Reserves

The following describes the nature and purpose of each reserve within equity:

Share premium

Share premium includes any premiums received on the issue of share capital and is a non-distributable reserve. It represents the difference between the par value of shares issued and the subscription or issue price.

Movements in share premium were as follows:

	2023	2023
	No.	£'000
At 31 December 2022	-	-
Issue of A ordinary shares of £0.8823 each for £1.00 each	3,679,236	433
Issue of B ordinary shares of £0.8823 each for £0.89837 each	204,292	3
Issue of C ordinary shares of £0.8823 each for £1.00 each	3,040,153	358
Issue of D shares of £0.8823 each for £1.00 each	292,782	34
B preference shares of £0.8823 for £1.00 each held by EBT reclassified to equity	246,216	30
Issue of further B preference shares of £0.8823 each to EBT for £0.89837 each	1,211,054	19
At 31 December 2023	8,673,733	877

The EBT purchased 849,021 B preference shares directly from its immediate parent CD&R Madison S.à r.l. These B preference shares have been reclassified to equity. 246,216 of these shares had previously been issued at a premium of £30,000 as shown above.

Treasury shares

This reserve relates to shares held by the EBT as treasury shares. The shares are held by the EBT in order to satisfy potential awards under the Company's management incentive plan. The Company issued 43,939 B ordinary shares, 653,869 C ordinary shares, 62,971 D shares and 1,211,054 B preference shares to the EBT during the year and the EBT acquired a further 30,805 B ordinary shares and 849,021 B preference shares directly from its immediate parent CD&R Madison S.à r.l.

Foreign exchange translation reserve

The foreign exchange translation reserve represents exchange differences on translating the net assets of foreign operations.

Retained losses

This reserve represents the Group's cumulative profits or losses and actuarial gains and losses on retirement benefit schemes, net of distributions. The reserve also includes equity-settled share-based payment awards and amounts recognised for future financial obligations on the senior preference shares.

(C) EBT

The Group has an Employee Benefit Trust (EBT), The OCS Group Employee Benefit Trust, which was set up on 19 December 2023 for the purpose of facilitating the holding of shares in the Company for the benefit of employees of the Group. These shares are available for allocation to participants under the Group's Management Incentive Plan (MIP) at a future date.

The EBT is consolidated on the basis that the Company has control and the assets and liabilities of the EBT are included on the Group Balance Sheet and shares held by the EBT in the Company are presented as a deduction from equity. The cash received by the EBT is defined as restricted cash as the Company has no access, recourse or direction of that cash. At 31 December 2023, the EBT held a minimal cash balance of £10.00.

NOTES TO THE FINANCIAL STATEMENTS (continued)

30. EQUITY (continued)

(C) EBT (continued)

Shares held by the EBT at 31 December 2023 include B ordinary and B preference shares purchased from existing shares held by its immediate parent CD&R Madison S.à r.l. on 19 December 2023 for £791,000. The balance of shares held by the EBT relate to newly issued shares by the Company on 19 December 2023.

	2023	2023
	No.	£'000
B ordinary shares of £0.8823 each	74,744	67
C ordinary shares of £0.8823 each	653,869	654
D shares of £0.8823 each	62,971	63
B Preference Shares of £0.8823	2,060,075	1,851
	2,851,659	2,635

In addition, MIP participants were invited to invest in B, C and D ordinary shares and B preference shares in the Company. The share purchases were transacted on 19 December 2023 and shares were purchased directly from CD&R Madison S.à r.l. and from newly issued shares by the Company.

Under the plan, the shares legally vest upon change of control of the Group, such as through a listing or sale, with management's estimate of the vesting period being four years. The B,C and D ordinary shares are assessed as equity-settled share-based payments and the B preference shares are assessed as cash-settled employee benefit liabilities.

An amount of £60,000 was recognised in 2023 in relation to the equity-settled share-based payment awards (note 11), based on the fair value of the shares which is spread on a straight-line basis over the expected vesting period of the awards. The fair value of the shares was measured using the Black Scholes valuation methodology.

The cost of the B preference shares has been assessed as a reasonable proxy for fair value. The fair value is measured initially and at each reporting date up to and including the expected settlement date with changes in fair value recognised as an employee benefits expense. An amount of £14,000 was recognised in 2023 (note 11 and note 24).

The Company has recognised an additional liability of £2,450,000 in respect of leaver provisions based on the amount payable should a participant leave the Group before the shares vest. There is no recognition of this provision in the Group as it is offset by loans due by participants to a subsidiary entity.

31. NOTES TO THE CASH FLOW STATEMENT

Cash and cash equivalents

	Note	2023	2022
Group		£'000	£'000
Cash at bank and in hand		104,738	86,382
Short-term bank deposits		2,998	4,623
Cash and cash equivalents per balance sheet		107,736	91,005
Bank overdraft	22	(77,135)	(11,486)
Cash and cash equivalents per cash flow statement		30,601	79,519

Cash and cash equivalents included within current assets on the balance sheet comprise cash and bank balances including short-term bank deposits with an original maturity of three months or less. For the purposes of the cash flow statement, cash and cash equivalents are shown net of bank overdrafts.

The cash received by the EBT is defined as restricted cash as the Company has no access, recourse or direction of that cash. At 31 December 2023, the EBT held a minimal cash balance of £10.00.

NOTES TO THE FINANCIAL STATEMENTS (continued)

31. NOTES TO THE CASH FLOW STATEMENT (continued)

Cash and cash equivalents (continued)

Non-cash transactions

Additions to right of use assets acquired under leases are disclosed in note 17. Loan notes issued as deferred purchase consideration on the 2022 and 2023 acquisitions of the OCS and Atalian businesses are disclosed in note 23. Other short-term deferred consideration on the 2023 acquisitions of Accuro and Profile are disclosed in note 21.

Changes in liabilities arising from financing activities

Liabilities arising from financing activities are those for which cash flows are, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

Group	AT BEGINNING OF YEAR	ACQUISITION OF SUBSIDIARIES	CASH FLOW	OTHER NON- CASH CHANGES	CURRENCY TRANSLATION	AT END OF YEAR
At 31 December 2023	£'000	£'000	£'000	£'000	£'000	£'000
Revolving credit facility	-	-	10,000	33	-	10,033
Other bank loans	7,956	-	(6,972)	-	(3)	981
Bank loans - term loans	-	-	475,426	25,222	-	500,648
Bank loans - intragroup settlement*	-	221,483	(221,483)	-	-	-
Bank loans - delayed draw term loan	-	-	16,350	114	-	16,464
Vendor loan notes	64,484	47,660	-	7,284	-	119,428
Lease liabilities	21,408	25,347	(22,657)	32,532	(702)	55,928
Preference shares	384,600	-	172,306	15,153	-	572,059
Ordinary shares	1,601	-	23,845	-	-	25,446
Treasury shares	-	-	(791)	(1,844)	-	(2,635)
	480,049	294,490	446,024	78,494	(705)	1,298,352

* settled upon completion of Atalian acquisition

Group	AT BEGINNING OF YEAR	ACQUISITION OF SUBSIDIARIES	CASH FLOW	OTHER NON- CASH CHANGES	CURRENCY TRANSLATION	AT END OF YEAR
At 31 December 2022	£'000	£'000	£'000	£'000	£'000	£'000
Other bank loans	-	7,332	624	-	-	7,956
Vendor loan notes	-	64,103	-	381	-	64,484
Lease liabilities	-	21,602	(962)	665	103	21,408
Preference shares	-	-	384,600	-	-	384,600
Ordinary shares	-	-	1,601	-	-	1,601
	-	93,037	385,863	1,046	103	480,049

NOTES TO THE FINANCIAL STATEMENTS (continued)

32. CAPITAL COMMITMENTS

	2023	2022
	£'000	£'000
Future capital expenditure		
Property, plant and equipment	2,899	844
Software	-	196
Contracted for but not provided	2,899	1,040

33. CONTINGENT LIABILITIES

As at 31 December 2023, a number of subsidiaries of the Group have provided cross guarantees in respect of the facilities under the Group's Senior Facilities Agreement. Details of the Group's borrowings under this agreement can be found in note 22.

Guarantees have been provided by the Group in respect of bank facilities of certain subsidiary undertakings and joint ventures to a maximum of £26,458,000 as at 31 December 2023 (2022 - £26,301,000).

Unlimited guarantees, performance bonds and guarantees in connection with work performed by certain of the Group's subsidiary undertakings amounting to £11,594,000 as at 31 December 2023 (2022 - £404,000) have also been provided.

The Directors consider it to be highly unlikely that any amounts will be payable under these guarantees.

34. RELATED PARTY TRANSACTIONS

The Group's ultimate controlling party, CD&R XI, L.P., has incurred costs which have been recharged to the Group from a fellow subsidiary of CD&R XI, L.P..

35. PARENT COMPANIES AND CONTROLLING PARTY

The immediate controlling party and immediate parent company is CD&R Madison S.à r.l., a company incorporated in Luxembourg.

The ultimate controlling party is CD&R XI, L.P. and the ultimate parent company is CD&R Investment Associates XI Ltd, a company incorporated in the Cayman Islands.

OCS Group Topco Limited is the parent undertaking of the largest group for which consolidated financial statements are prepared. Copies of these financial statements can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

36. POST-BALANCE SHEET EVENTS

On 28 March 2024, the Group acquired 100% of Abate Pest Management Services (Abate), a leading independent provider of pest control solutions in Norfolk, Sussex and Kent in the UK for an initial consideration of £2.7m, deferred consideration of £0.2m and contingent consideration of up to £0.4m. Abate serves customers in various sectors, including commercial and residential housing, food manufacturing and high-value cold storage.

NOTES TO THE FINANCIAL STATEMENTS (continued)

37. SUBSIDIARY UNDERTAKINGS AND JOINT VENTURES

The Group's subsidiary undertakings and joint ventures held at 31 December 2023 are listed below. Only OCS Holdco 1 Limited was directly owned by the Company.

SUBSIDIARY UNDERTAKING & COMPANY NUMBER	COUNTRY OF INCORPORATION	ACTIVITY	ORDINARY SHARES HELD %	REGISTERED OFFICE ADDRESS (KEY)
1st Maintenance Limited (1265298)	New Zealand	Facilities Services	100	28
1st Mechanical Limited (1128854)	New Zealand	Facilities Services	100	28
Able Services, Inc. (CS094000611 CE008549)	Philippines	Facilities Services	60	29
Accuro FM Limited (03070774)	Great Britain	Facilities Services	100	10
Accuro Group Holdings Limited (12877541)	Great Britain	Facilities Services	100	10
Accuro Support Services Group Limited (07905107)	Great Britain	Facilities Services	100	10
Ace Environmental Engineering Limited** (01782534)	Great Britain	Dormant	100	11
Air Conditioning Economics (Holdings) Limited** (05572867)	Great Britain	Dormant	100	11
Aktrion Belgium (BE0763313091)	Belgium	Quality control	100	3
Aktrion CZ S.R.O. (27 52 53 25)	Czech Republic	Quality control	100	7
Aktrion France SAS (499 599 256)	France	Quality control	100	15
Aktrion Gasser UK Limited* (08595889)	Great Britain	Quality control	100	8
Aktrion GMBH (HRB 133987)	Germany	Quality control	100	17
Aktrion Group Limited* (03936590)	Great Britain	Quality control	100	8
Aktrion Holdings Limited* (05246035)	Great Britain	Quality control	100	8
Aktrion Hungary KFT (13-09-113228)	Hungary	Quality control	100	19
Aktrion Iberia SL (B97134846)	Spain	Quality control	100	40
Aktrion Manufacturing Support Services Limited* (03458202)	Great Britain	Quality control	100	8
Aktrion Poland SP.ZO.O (0000301002 (KRS))	Poland	Quality control	100	31

NOTES TO THE FINANCIAL STATEMENTS (continued)

37. SUBSIDIARY UNDERTAKINGS AND JOINT VENTURES (continued)

SUBSIDIARY UNDERTAKING & COMPANY NUMBER	COUNTRY OF INCORPORATION	ACTIVITY	ORDINARY SHARES HELD %	REGISTERED OFFICE ADDRESS (KEY)
Aktrion Portugal, Unipessoal LDA (513361286)	Portugal	Quality control	100	32
Aktrion Romania S.R.L. (27438160)	Romania	Quality control	100	33
Aktrion s.r.o. (36566616)	Slovakia	Quality control	100	39
Alpha Facilities Management Limited* (05472405)	Great Britain	Dormant	100	12
Atalian Global Services Philippines, Inc. (31495)	Philippines	Facilities Services	100	30
Atalian Holding (Thailand) Co., Ltd. (105557007741)	Thailand	Facilities Services	49	41
Atalian Holding Philippines, Inc. (CS201622491)	Philippines	Facilities Services	100	30
Atalian Servest Ireland Limited (613862)	Ireland	Facilities Services	100	24
Atlas (UK) Security Services Limited (05383752)	Great Britain	Facilities Services	100	10
Cannon Hygiene (Ireland) Limited (164056)	Ireland	Facilities Services	100	25
Control Room Services Limited** (06913363)	Great Britain	Dormant	100	13
Distribution and Wholesalers Limited (1500596)	New Zealand	Facilities Services	100	28
EnSCO 1194 Limited** (10348670)	Great Britain	Dormant	100	9
Facilities Resource Management Limited (08340624)	Great Britain	Facilities Services	100	10
Fire and Air Services Limited (06473866)	Great Britain	Facilities Services	100	10
FWG Limited (1009380 (NZBN 9429037395391))	New Zealand	Facilities Services	100	28
Health & Safety Services NZ Limited (819088)	New Zealand	Facilities Services	100	28
Incentive Consultancy Limited** (08579138)	Great Britain	Facilities Services	100	11
Incentive Facilities Management Limited (04324546)	Great Britain	Facilities Services	100	10
Incentive FM Group Limited (06757544)	Great Britain	Facilities Services	100	10
Incentive Lynx Security Limited** (01719390)	Great Britain	Dormant	100	11
Incentive QAS Limited** (02477944)	Great Britain	Non-trading	100	11

NOTES TO THE FINANCIAL STATEMENTS (continued)

37. SUBSIDIARY UNDERTAKINGS AND JOINT VENTURES (continued)

SUBSIDIARY UNDERTAKING & COMPANY NUMBER	COUNTRY OF INCORPORATION	ACTIVITY	ORDINARY SHARES HELD %	REGISTERED OFFICE ADDRESS (KEY)
Incentive TEC Fire & Security Systems Limited (10210337)	Great Britain	Dormant	100	11
Incentive TEC Limited (01838293)	Great Britain	Dormant	100	11
INDAGS Facilities Private Limited (CIN: U74999DL2019PTC350048)	India	Dormant	100	20
Integrated Premises Services Pty Limited (118 711 078)	Australia	Dormant	100	1
IPS Cleaning Australia Pty Limited (055 015 748)	Australia	Dormant	100	1
Management Security Guard Co., Ltd. (105552072927)	Thailand	Facilities Services	100	42
Oakwood Air Conditioning Limited** (01288124)	Great Britain	Dormant	100	9
Oakwood Technology Group Limited (02400512)	Great Britain	Facilities Services	100	10
OCS APAC Holdings Pte. Ltd. (202039627Z)	Singapore	Facilities Services	100	36
OCS Building Maintenance Pty Ltd (120 524 905)	Australia	Facilities Services	100	1
OCS Facilities Services Philippines Inc (2023120128470-28)	Philippines	Dormant	100	30
OCS Food Co Limited (02569158)	Great Britain	Facilities Services	100	10
OCS Global Services Sdn. Bhd. (v20150100544 (1126876-K))	Malaysia	Facilities Services	100	46
OCS Group (India) Private Limited (CIN: U74999MH2011FTC262738)	India	Facilities Services	100	21
OCS Group (Ireland) Limited ((Eire) 22966)	Ireland	Facilities Services	100	25
OCS Group (S) Facility Services Pte. Ltd. (199704294C)	Singapore	Facilities Services	100	37
OCS Group (S) Landscaping Services Pte. Ltd. (1999900188Z)	Singapore	Facilities Services	100	37
OCS Group (S) Parco Pte. Ltd. (201707510H)	Singapore	Facilities Services	100	36
OCS Group (S) Pest Solutions Pte. Ltd. (200508164C)	Singapore	Facilities Services	100	37
OCS Group Australia Pty Limited (100 515 106)	Australia	Facilities Services	100	1
OCS Group Holdings Limited* (14112592)	Great Britain	Facilities Services	100	14
OCS Group International Limited* (02946849)	Great Britain	Facilities Services	100	14

NOTES TO THE FINANCIAL STATEMENTS (continued)

37. SUBSIDIARY UNDERTAKINGS AND JOINT VENTURES (continued)

SUBSIDIARY UNDERTAKING & COMPANY NUMBER	COUNTRY OF INCORPORATION	ACTIVITY	ORDINARY SHARES HELD %	REGISTERED OFFICE ADDRESS (KEY)
OCS Group Investments Limited* (14112680)	Great Britain	Facilities Services	100	14
OCS Group NZ Limited (1276974 (NZBN 942903612260))	New Zealand	Facilities Services	100	28
OCS Group Pension Trustees Limited (06316303)	Great Britain	Dormant	100	14
OCS Group Singapore Pte Limited (201118111N)	Singapore	Facilities Services	100	38
OCS Group UK Limited (03056469)	Great Britain	Facilities Services	100	10
OCS Group UK&I Limited* (09022198)	Great Britain	Facilities Services	100	10
OCS Holdco 1 Limited* (14111992)	Great Britain	Facilities Services	100	14
OCS Holdco 2 Limited* (14112166)	Great Britain	Facilities Services	100	14
OCS Holdco 3 Limited* (14112262)	Great Britain	Facilities Services	100	14
OCS Holdco 4 Limited* (14112368)	Great Britain	Facilities Services	100	14
OCS Holding (HK) Limited (1965420)	Hong Kong	Facilities Services	100	18
OCS Integrated Solutions Limited (SC142990)	Great Britain	Facilities Services	100	35
OCS Limited (75525 (NZBN 9429040615226))	New Zealand	Facilities Services	100	28
OCS M&E Services Limited (SC033489)	Great Britain	Facilities Services	100	35
OCS Managed Services Limited (05261471)	Great Britain	Dormant	100	10
OCS Management Services Limited (251225)	Ireland	Facilities Services	100	26
OCS Management Services Malaysia Sdn Bhd (200401018656 (657159-K))	Malaysia	Facilities Services	100	46
OCS One Complete Solution Limited (IRE) ((IRE) 31351)	Ireland	Facilities Services	100	25
OCS Parco Limited (14112511)	Great Britain	Facilities Services	100	14
OCS Parco Malaysia Sdn Bhd (201401031612 (1107696-U))	Malaysia	Facilities Services	100	46
OCS Pest Control Limited (04010488)	Great Britain	Facilities Services	100	10
OCS ROH Limited (105554042235)	Thailand	Facilities Services	100	42
OCS Security Limited (04376463)	Great Britain	Facilities Services	100	10

NOTES TO THE FINANCIAL STATEMENTS (continued)

37. SUBSIDIARY UNDERTAKINGS AND JOINT VENTURES (continued)

SUBSIDIARY UNDERTAKING & COMPANY NUMBER	COUNTRY OF INCORPORATION	ACTIVITY	ORDINARY SHARES HELD %	REGISTERED OFFICE ADDRESS (KEY)
OCS Services Pty Ltd (100520296)	Australia	Facilities Services	100	1
OCS UK&I Group Holdings Limited* (formerly named Atalian Servest Group Holdings Limited) (03786009)	Great Britain	Facilities Services	100	10
OCS UK&I Holdings Limited* (formerly named Atalian Servest Holdings Limited) (11278510)	Great Britain	Facilities Services	100	10
OCS UK&I Limited (06355228)	Great Britain	Facilities Services	100	10
OFM (Cambodia) Co.,Ltd (formerly named Atalian Facilities Management (Cambodia) Co. Ltd.) (34706)	Cambodia	Facilities Services	100	4
One Complete Solution (Cambodia) Co. Ltd (formerly named Atalian Global Services (Cambodia) Co., Ltd.) (1277)	Cambodia	Facilities Services	80	5
One Complete Solution (M) Sdn Bhd (198501011543 - 143995-A)	Malaysia	Facilities Services	100	27
P.S.S. Cleaning and Service Co., Ltd. (125558005369)	Thailand	Facilities Services	100	42
PCS Engineering Solutions Limited (105554067556)	Thailand	Facilities Services	100	42
PCS Security and Facility Services Limited (105537104520)	Thailand	Facilities Services	99	42
PPP Security and Facility Service (Thailand) Co., Ltd. (formerly named Atalian Security Guard (Thailand) Co., Ltd.) (105549048557)	Thailand	Facilities Services	100	42
PPP Facility Management Co., Ltd. (formerly named Atalian Facility Management Co., Ltd.) (115547001898)	Thailand	Facilities Services	100	42
PPP Global Services (Thailand) Co., Ltd. (formerly named Atalian Global Services (Thailand) Co., Ltd.) (105536086528)	Thailand	Facilities Services	100	42
PPP Security Guard (Thailand) Co. Ltd. (835556001050)	Thailand	Facilities Services	100	42
Profile Consultants Limited (04379108)	Great Britain	Facilities Services	100	10
Profile Security Group Limited (03974254)	Great Britain	Facilities Services	100	10
Profile Security Services Limited (02371997)	Great Britain	Facilities Services	100	10

NOTES TO THE FINANCIAL STATEMENTS (continued)

37. SUBSIDIARY UNDERTAKINGS AND JOINT VENTURES (continued)

SUBSIDIARY UNDERTAKING & COMPANY NUMBER	COUNTRY OF INCORPORATION	ACTIVITY	ORDINARY SHARES HELD %	REGISTERED OFFICE ADDRESS (KEY)
Property Care Services (Malaysia) Sdn.Bhd. (199301025233 (279971- T))	Malaysia	Dormant	100	27
PT OCS Central Java (NIB: 8120201872484)	Indonesia	Facilities Services	100	22
PT OCS Facility Management (NIB: 8120112010946)	Indonesia	Facilities Services	100	23
PT OCS Parco Indonesia (NIB: 8120005872431)	Indonesia	Facilities Services	100	23
PT OCS Pest Management (NIB: 9120307790335)	Indonesia	Facilities Services	100	23
PT. OCS Global Services (NIB: 8120010000354)	Indonesia	Facilities Services	100	23
PT. Rafindo Anugrah Sukses (NIB: 8120114050313)	Indonesia	Facilities Services	65	23
PWB (M) Sdn Bhd (178378-T)	Malaysia	Facilities Services	100	27
Sanitaire NZ Limited (1671156)	New Zealand	Dormant	100	28
Security Guard Arm Protection Co., Ltd. (105554082261)	Thailand	Facilities Services	100	42
Servest Aktrion Limited* (11168582)	Great Britain	Quality control	100	10
Specialist Window Cleaning Limited (07710927)	Great Britain	Facilities Services	100	10
Supanarin Company Limited (105537104520)	Thailand	Facilities Services	49	42
Thermotech Fire Protection Limited (02787244)	Great Britain	Facilities Services	100	10
Thermotech Mechanical Services Limited (07702566)	Great Britain	Facilities Services	100	10
Thermotech Solutions Limited (08596374)	Great Britain	Facilities Services	100	10
Trigon Limited (04989824)	Great Britain	Facilities Services	100	13
Wes (Holdings) Limited (10203608)	Great Britain	Dormant	100	10

* The Company has guaranteed the liabilities of these subsidiaries in order that they qualify for the exemption from audit under Section 479A of the Companies Act 2006 in respect of the year ended 31 December 2023.

** Dissolved in 2024.

NOTES TO THE FINANCIAL STATEMENTS (continued)

37. SUBSIDIARY UNDERTAKINGS AND JOINT VENTURES (continued)

JOINT VENTURES & COMPANY NUMBER	COUNTRY OF INCORPORATION	ACTIVITY	ORDINARY SHARES HELD %	REGISTERED OFFICE ADDRESS (KEY)
AAS Aviation and Airport Services GmbH (HRB157004)	Germany	Facilities Services	40	16
Botega Investo SARL (B215744)	Luxembourg	Facilities Services	27	44
Cannon Pest Management (Bangladesh) Private Limited (C-113915)	Bangladesh	Facilities Services	25	2
Foodhouse Catering Services Company Limited (1015551025534)	Thailand	Facilities Services	50	42
OCS Arabia LLC (4030219408)	Saudi Arabia	Facilities Services	49	34
OCS United Service Emirates LLC (1028867)	United Arab Emirates	Facilities Services	49	43
Property Care Services (Cambodia) Co., Limited (5906)	Cambodia	Facilities Services	50	6
Property Care Services Bangladesh (Private) Limited (44551-1089)/2001)	Bangladesh	Facilities Services	50	2
Tecnicas Logisticas Sistemas E Ingeneria S.L. (B98310964)	Spain	Quality control	35	45

REGISTERED OFFICE ADDRESS KEY

- 1 183 Great Eastern Highway, Belmont, WA 6104, Australia
- 2 134 New Easkaton Road, Dhaka, PO 1000, Bangladesh
- 3 Industriepark-West 42/h, Sint niklaas, 9100, Belgium
- 4 #1159, National Road2, Phum Preaek Ta Nu Chak Angrae Leu, Mean Chey, Phnom Penh, 12354, Cambodia
- 5 Room F3A, 3rd Floor, Building 2, No. 1159 (Factory Phnom Penh), National Road No. 2, Sangkat Chak Angre Leu, Khan Mean Chey, Phnom Penh, Cambodia
- 6 No. 8B, Down Town Road 7, Sangkat Choam Choa, Khan Pursenchey, Phnom Penh, Cambodia
- 7 Smetanova 1912/5, 737 01 Český Těšín, Czech Republic
- 8 1 Hawksworth Road, Central Park, Telford, TF2 9TU, England
- 9 Servest House, Heath Farm Business Centre, Tut Hill, Fornham All Saints, Suffolk, Bury St Edmunds, IP28 6LG, England
- 10 New Century House, The Havens, Ipswich, Suffolk, IP3 9SJ, England
- 11 Vicon House, 2 Western Way, Bury St Edmunds, Suffolk, IP33 3SP, England
- 12 Pemberton House, Stafford Court, Stafford Park 1, Telford, Shropshire, TF3 3BD, England
- 13 Stable Yard, Walk House Farm, Barrow upon Humber, North Lincolnshire, DN19 7DZ, England & Wales, United Kingdom
- 14 Second Floor, 81 Gracechurch Street, London, EC3V 0AU, England
- 15 4, place Louis Armand, Paris, 75012, France
- 16 Paul-Robeson-Strasse 37, 10439 Berlin, Germany
- 17 Sitz, Niederlassing, Zweigniederlassungen, Munich, Germany
- 18 Suites 5801, 5804-06, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong
- 19 21122 Veresegyhas Kakukkfut Utaat, Hungary
- 20 23, Bhai Veer Singh Marg Gole Market NEW DELHI Central Delhi, DL110001, India

NOTES TO THE FINANCIAL STATEMENTS (continued)

37. SUBSIDIARY UNDERTAKINGS AND JOINT VENTURES (continued)

REGISTERED OFFICE ADDRESS KEY (continued)

- 21 A-502, Thane One, DIL Complex, Opposite Tatvagyan Vidyapeeth, Ghodbunder Road, Thane West Thane MH 400610, India
- 22 Jl. Sudarsan RT/RW 03/06, Maguwohardjo, Kec. Depok, Kab. Sleman, DI Yogyakarta Province, Indonesia
- 23 CIBIS PARK LOT 411, Jl. TB. Simatupang No.2 RT., 13/RW.5 Cilandak Timur, Pasar Minggu, Jaksel DKI Jakarta, 12560, Indonesia
- 24 88 Harcourt Street, Dublin, D02 DK18, Ireland
- 25 Unit 38 Airways Industrial Estate, Dublin 17, Ireland
- 26 Unit 12 Northlink Business Park, Mallow Road, Blackpool, Cork, Ireland
- 27 10-1, 10th Floor, Tower 2A, UOA Business Park, No 1, Jalan Pengaturcara U1/51A, 40150 Shah Alam, Selangor, Malaysia
- 28 Level 4, 26 Virginia Avenue, Eden Terrace, Auckland 1021, New Zealand
- 29 88, Woolbright Drive Beverly Hills, Lahug, Cebu City., Philippines
- 30 Unit 1001-1003 10th Floor, The Mega Tower, EDSA corner Julia Vargas Avenue, Wack-Wack Greenhills, City of Mandaluyong, Second District, National Capital Region (NCR), 1550, Philippines
- 31 ul. Gazownicza 5, 43-300 Bielsko -Biała, Poland
- 32 Rua Frei Joaquim de Santa Rosa de Viterbo, Lote 95, Loja A, r/c, Dtº Jogueiros, Viseu, Portugal
- 33 Bucureşti, Dumitru Zosimma Street, no. 38, sector 1, Postal cod 011536, Romania
- 34 Jeddah, K5 Old Makkah Road, PO Box 1588, Postal 21441, Saudi Arabia
- 35 42 Dryden Road, Bilston Ind Estate, Loanhead, Midlothian, EH20 9LZ, Scotland
- 36 133, Cecil Street, #15-02 Keck Seng Tower, Singapore (069535), Singapore
- 37 750 Chai Chee Road, #03-01 ESR Bizpark @ Chai Chee, Singapore (469000), Singapore
- 38 65 Chulia Street, #38-02/03, OCBC Centre, 049513, Singapore
- 39 Piaristicka 2, 949 01 Nitra, Slovakia
- 40 C/Montanyana, 6, P.I. Juan Carlos I, Valencia, Almussafes, 46440, Spain
- 41 170/42, Ocean Tower 1 Building 14th Floor, New Ratchadapisek Road, Klongtoey, Bangkok, 10110, Thailand
- 42 234 Soi Sukhumvit 101 (Punnavithi) Sukhumvit Road, Bangchak, Prakhnong District, Bangkok 10260, Thailand
- 43 Office 308, Al Fahim HQ Building, Musaffah M-4, Abu Dhabi, United Arab Emirates
- 44 18, rue Robert Stumper, Luxembourg L - 2557
- 45 Tenor García Romero, 2 - Bajo 46015 Valencia, Spain
- 46 Suite 13.02, 13th Floor, Menara Tan & Tan, 207 Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia