

City Facilities Management Holdings Limited

**Annual report and consolidated
financial statements**

**Registered number SC199503
31 December 2025**

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Strategic Report

The directors present their strategic report for the year ended 31 December 2025.

Principal activities

The company acts as a holding company for the group whose principal activity is the provision of facilities management, cleaning and related project services. The group also continues with the supply, installation and maintenance of air conditioning, refrigeration and other equipment.

The group's objective is to work in long term partnerships and deliver best in class facilities management and project services to major blue chip clients.

Business review

The financial statements show a group profit after taxation of £7,983,000 (2024: Loss £2,683,000) for the year. Profit attributable to shareholders of the parent company was £5,354,000 (2024: Loss £5,309,000) and profit attributable to non-controlling interest was £2,629,000 (2024: £2,626,000).

Key performance indicators

The group's key financial and other performance indicators during the year were as follows:

	2025	2024
Turnover (£'000)	1,267,663	1,240,081
Operating profit (£'000)	20,150	6,788
Profit/(Loss) after tax (£'000)	7,983	(2,683)
Shareholders' funds (£'000)	41,330	42,583
Current assets as % of current liabilities ('quick ratio') (%)	100%	106%
Average number of employees (FTEs)	7,393	7,389

The group continues to expand services globally across a range of market sectors including retail and commercial. The retail markets in which the group operates remain very challenging and competitive. Given this backdrop we continue to invest in delivering service and value through various long-term partnerships and as such we also share the cost challenges facing the markets.

Revenues have grown 2% over the year with growth in the UK and Australia offsetting reductions in USA and across Asia. FM Revenue increased by 1% mainly through growth in the UK and Australia with Revenue from Project Services increasing by 7% with a higher ratio of projects to FM within USA in 2025 along with strong project delivery in the UK. As part of the group's growth strategy, we have invested significantly in developing innovative FM solutions and technology for both existing and new customers across all our territories and throughout 2025 we maintained work on a long term project aimed at continuing to provide world class FM solutions.

Turnover from Facilities Management and Cleaning Services increased to £1,007m (2024: £996m.) Turnover from Facilities Management in the United Kingdom and Europe increased by £24m mainly resulting from additional works provided to existing long-term clients. Turnover increased by £21m in Australia and New Zealand with additional income from the provision of increased and new services to existing customers along with securing a number of new customers. This result was despite the weaker Australian dollar having an exchange impact of £25m. Turnover from Facilities Management across Asia decreased by £12m mainly through reduced Capital project demand along with a client's divestment of retail stores in Singapore. Turnover from Facilities Management in the USA also fell by £22m with the reducing footprint of an existing client.

Project Services turnover including construction services and the installation of refrigeration, bakery, security, air conditioning and electrical equipment increased to £260m in 2025 (2024: £244m). Turnover in the UK & Europe increased by £6m from continued additional construction and engineering projects through new and existing clients. Project turnover in the USA increased in year by £10m with increased construction projects with existing clients.

Strategic Report *(continued)*

Business review *(continued)*

Key performance indicators (continued)

Operating Profit has increased by £13.4m to £20.2m (2024: £6.8m) partly due to a £8.2m drop in exceptional items in year along with stronger contract performance mainly from the UK. Forecasts for 2026 are showing further profit growth.

Operating Profit also included continued investment in new innovative solutions, systems and business development both in the United Kingdom and overseas as well as contributions to local and national charities of £1m.

Cash flow forecasts have been prepared based on expected profit levels in 2026 showing the business will continue to have sufficient funds to meet its liabilities as they fall due for that period.

Non-Financial and Sustainability Information Statement

The climate-related risks and opportunities of the group and its arrangements for managing them (including the related time periods and potential impacts on the group's business model and strategy), are discussed in pages 12 to 19.

Principal risks and uncertainties

The group recognises that effective risk management is fundamental to delivering a safe and successful service. The group's systems for risk management seek to identify opportunities and anticipate risks in order to improve business performance.

The projects business is contract based and as such the group has a structured Project Approval process to ensure that all operational, legal, compliance and financial risks are addressed prior to concluding contracts with our clients.

Operating in the facilities management and projects markets, the group also places significant importance on the continuous improvement of its safety systems and performance to ensure the delivery of health and safety to our colleagues, customers and stakeholders. The integration of health and safety into the conduct of our business is a primary focus and the Board is committed to ensuring continuous improvement is engendered via the professionalism and competence of our people working within structured management frameworks. Group companies operating in the United Kingdom are externally verified and hold a range of accreditation including OHSAS 18001 and ISO 9001 in addition to operational accreditations including Constructionline, Gas Safe, FETA and NICEIC. Group companies operating out with the United Kingdom hold and comply with all equivalent accreditations for each respective market.

The group's policy does not permit trading in any financial instruments. The group's principal financial instruments comprise cash, intercompany deposits and or borrowings, the main purpose of which is to provide finance for its normal trading operations.

The group has various other financial instruments such as trade debtors and creditors that arise directly from its trading operations.

The main risks arising from the group's financial instruments are credit risk, liquidity risk, price risk and ICT and Cybersecurity risk. The group has policies for managing each of these risks, as summarised below.

Credit risk

The risk of financial loss due to a counterparty's failure to honour its obligations arises principally in relation to transactions where the company provides goods and services on deferred credit terms.

Group policies are aimed at minimising such losses and require that deferred terms are granted only to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Individual exposures are monitored with customers subject to credit limits to ensure the group's exposure to bad debts is not significant.

Bank deposits are only placed with banks which have received a high credit rating.

Strategic Report *(continued)*

Principal risks and uncertainties *(continued)*

Liquidity risk

The group aims to mitigate liquidity risk by managing cash generation by its operations and applying cash collection targets. Investment is carefully controlled, with authorisation limits operating at different levels up to group level and with rates of return and cash payback periods applied as part of the investment appraisal process.

Price risk

Exposures to changes in raw materials prices are low, although management would consider hedging the cost of materials such as copper in the event that market prices were expected to become volatile. Ongoing price increases are limited through commercial negotiation and otherwise absorbed through contract structures.

ICT and Cybersecurity risk

ICT and cybersecurity risks are becoming ever more complex leading to increased threats to businesses. In response to this continually changing landscape the Group has put in place and continues to invest in a robust ICT infrastructure for its daily business operations, internal and external communications with customer and suppliers, controls and reporting. There is a constant threat of sophisticated cyber-attack including phishing, ransomware, malware and social engineering. Given its strategic importance to the organisation the Group is informed on cyber priorities and developments through regular reporting from our Information Technology team.

Future developments

Following a strategic review of our operations in North America the group accepted an offer from one of the largest FM service providers in North America to acquire the City business within the USA. This transaction completed on 31st March 2026. This allows our continued focus on growth across the UK & Europe, Australia and Asia.

The group continue to explore organic growth through new contracts alongside expanding service delivery with existing clients.

Strategic Report (continued)

Streamlined Energy and Carbon Reporting

Streamlined Energy and Carbon Reporting is presented in accordance with the 2019 UK Government Environmental Reporting Guidelines. Our base year for emission calculations remains as year ending 31 December 2019. Emissions data reported for the year ended 31 December 2025, represents all City Group UK operations. Our chosen intensity measurement is gross emissions per £1m UK Revenue.

	2025	2024
Energy consumption used to calculate emissions (kWh)	2,679,439	2,726,773
Scope 1 emissions in metric tonnes CO2e:		
Gas consumption	115	105
Leased transport	12,066	11,646
Lube oil and Ad Blue	73	69
Diesel used on site	2	2
Process emissions	85	139
Total Scope 1	12,341	11,961
Scope 2 emissions in metric tonnes CO2e:		
Emissions from purchased electricity (market based)	82	71
Scope 3 emissions in metric tonnes CO2e:		
Supply Chain - purchases of goods and services	149,499	96,066
Fuel & energy related emissions	3,050	2,962
Business Travel	1,322	1,251
Commuting	784	766
Waste and Water	10	8
Downstream Leased Assets	21	13
Total Scope 3	154,686	101,066
Total gross emissions in metric tonnes CO2e	167,109	113,098
Intensity Ratio tonnes CO2e / £1m turnover	288.6	205.7

Our consumption in 2025 reflects a reduction year on year of 47,334 kWh. This represents 9% increase in gas consumption offset against a 5% decrease in electricity consumption, year on year.

During 2025 we continued to extend our programme of conversion to renewable energy across our estate.

In 2025 we continued to review and fully evaluate all relevant Scope 3 categories of emissions, and this year included a full year of scope 3.13 - Downstream Leased Assets. This followed the introduction in June 2024 of our Property business which leases affordable homes in the community.

As at 31 December 2025, City's total carbon emissions increased by 48% (54,011 tCO2e) from the prior year, and carbon intensity has increased by 40% year on year. This increase in carbon can be attributed to our Scope 3 Category 1 – carbon associated with the upstream supply of goods and services, which accounts for 90% of our total carbon. A significant increase in the "GHG SIC Code conversion factor 46 – Wholesale trade services" from 2024 has directly impacted our increase in carbon emissions year on year by 73,748tCO2e. The impact of this increase is offset in part against a decrease in supply chain spending year on year, resulting in an overall increase in supply chain related carbon emissions of 53,434 tCO2e.

Strategic Report *(continued)*

Streamlined Energy and Carbon Reporting *(continued)*

In previous years we have applied a spend-based approach taking our expenditure and mapping to corresponding Standard Industrial Classification (SIC) codes for each supplier, as relevant.

To ensure the highest possible accuracy in accounting for our supply chain (Scope 3, Category 1: Purchased Goods and Services) emissions, from 2025 City has employed a hybrid data-collection approach. We have prioritised actual, supplier-specific data where available, utilising industry-average benchmarks where primary data is absent. For those suppliers who have not provided actual carbon data for 2025, we have continued to use our original spend-based approach. Emissions have been calculated in accordance with the GHG Protocol Corporate Value Chain (Scope 3) Standard, using the following methods based on data availability:

1. **Supplier-specific:** For targeted suppliers who responded to our 2026 Supplier ESG Survey, emissions were calculated using actual data provided directly by these businesses. This represented 13% of our total supplier spend related emissions in 2025. Where suppliers provided complete 2025 footprints (including Scopes 1, 2, and voluntary Scope 3), or 2025 Scope 1 and 2 footprints, City's share of emissions was determined using a revenue-allocation proxy (applying the ratio of City's annual spend to the supplier's total published turnover). We will continue to encourage all suppliers to measure their Scope 3, to improve reporting coverage and transparency in their emissions data.
2. **Extrapolated:** Where supplier-specific emissions data was provided by suppliers using 2024 data, a carbon intensity factor was calculated by dividing reported Scope 1 and Scope 2, and where possible, voluntary Scope 3 emissions, by the supplier's publicly reported turnover. This intensity factor was then applied to the City's 2025 expenditure with the supplier to estimate the emissions attributable to the City's procurement activity. This approach assumes that the supplier's carbon intensity remained broadly consistent between 2024 and 2025.
3. **Spend-based:** For suppliers who do not report their emissions, or did not respond to our 2026 survey, a spend-based approach was applied to calculate carbon emissions. City's 2025 financial expenditure with these entities was mapped to corresponding Standard Industrial Classification (SIC) codes. City remains committed to reducing the proportion of spend based estimations in future, by continuing to actively engage with our supply chain to improve data maturity and encourage transparent carbon reporting.

The following environmental management measures and projects have been completed or implemented as part of our SBTi commitment to reach Net Zero by 2040, with a near-term target to reduce absolute scope 1 and 2 GHG emissions by 49.7%, and absolute scope 3 GHG emissions by 46.2% from our 2019 base year:

- The installation of electrical sub-metering in our head office
- ISO 14001 ongoing certification
- Gaining PAS 2038 certification to enhance customer opportunities in implementation carbon reduction measures
- Restricting business travel
- The purchasing of electricity from renewable sources for our head office and other premises
- Wider data collection, improving our processes for measurement, analysis and reporting within all areas of the business, including our supply chain and other scope 3 emissions
- Developed data collation mechanism for commuting data across UK offices
- SBTi independent validation of carbon data and reduction targets for near-term by 2030 and Net Zero by 2040, completed.
- Removed the issue of all single use plastic water bottles and installation of further water filter machines across our Glasgow Head Office to encourage our colleagues to be mindful of the use of single use plastic.
- Utilisation of PV and HVO power generation on our construction sites

Strategic Report *(continued)*

Streamlined Energy and Carbon Reporting *(continued)*

- Implementation of our formal Green Fleet Strategy phased transition plan across our estate, designed to manage the effective transition of company vehicle and van fleet. This strategy has been carefully planned in order to maximise our reduction of carbon emissions across our leased transport categories, whilst also avoiding disruption to our service provision. Activity so far:
 - Introduction of salary sacrifice for leasing of EV grey fleet
 - Rollout of EV Commercial Vehicles across the business. Initial vehicles operating across the fleet.
 - Full transition to PHEV company cars within our vehicle fleet
 - Start of transition to EV company cars is underway
- Signed up & pledged commitment to the CLC Construct Zero initiative & Carbon Reduction Code
- Upskilling of our project management teams via the CITB Accredited Site Environmental Awareness Training Scheme (SEATS) course
- Implementation of paperless offices within our construction site set-ups
- Use of telematics to identify how best to maximise resource and reduce travel inefficiencies
- Proactive supply chain engagement to inform on the importance and impact of their carbon reduction activities with greater focus on encouraging transparent carbon data analysis and reporting, utilising actual emissions data
- Implementation of a Carbon Literacy programme for our senior leaders with influence over the built environment.

We are also continuing to work with independent advisors to develop and implement further carbon reduction measures, some of which are included below:

- Fully utilise our SBTi commitment to influence for better carbon management policies and processes, across all our business operations.
- Continual review of innovative practices, to find the most effective way to reduce our carbon emissions whilst providing an efficient and responsive service to our customers.
- The electrification of office based heating and hot water systems through formal gas asset replacement program
- Switching to 100% renewable electricity by 2027 for all our properties
- Further develop and implement other Green Fleet Strategy related activities in line with our phased transition plan across our estate. This will include:
 - Further rollout of EV Commercial Vehicles across the business.
 - Transition to EV Company Cars to be completed
 - Roll out of driver training programme to inform on the carbon impact of driving behaviours and use of in-cab technologies to support behavioural change.
- Targeted investment in improvements to our Building Energy Management System such as passive-infra red lighting sensors, LED lighting, integration of our AC systems and introduction of CO2 sensors to the fresh-air control.
- Review and investment in other specific Net Zero management initiatives which will further reduce operational-related emission burden, such as paperless technologies, alternative business travel arrangements and optimising the use of new conference/meeting management initiatives.
- Targeted campaign for the use of carbon reduction related benefits, such as Cycle to Work scheme and public transport savings opportunities.
- Gaining PAS 2038 certification

Strategic Report *(continued)*

Streamlined Energy and Carbon Reporting *(continued)*

- Expansion of Carbon Literacy and environmental awareness training programmes across the wider workforce to support behavioural change and operational carbon reductions. e.g. through the introduction of our online ESG training module for all colleagues.
- Adoption of circular economy principles to maximise reuse, refurbishment and recycling of materials
- City remains committed to reducing the proportion of spend-based estimations in future reporting cycles by continuing to actively engage with our supply chain to encourage transparent carbon analysis and reporting. This will see City's emissions figures move up the data collection hierarchy.

Strategic Report *(continued)*

Climate-related financial disclosures

Background

Effective for periods commencing on or after 6 April 2022, The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 place requirements on large private companies to incorporate TCFD aligned climate disclosures in their annual reports. Since the year ended 31 December 2023, City has met the relevant threshold of having more than 500 employees and a turnover of more than £500m.

Strategy

City's vision is to deliver safe, sustainable and ethical facilities management services that create long-term value for clients, colleagues and the local communities where we operate. As a large privately owned Facilities Management (FM) company, we are committed to the recommendations set out by the Task Force on Climate-related Financial Disclosures (TCFD) and strive to provide transparent and comprehensive reporting on our climate-related impact.

We assess climate-related matters across time periods being short-term (within 5 years), medium term (5-15 years), and long-term (>15-30+ years). The short term focuses on near-time operations and implementation of mitigation measures; the medium term informs more significant capital and technology decisions, and the long term supports scenario analysis and long-term strategic resilience.

This is the third year of our reporting under the TCFD framework. As our business provides services across diverse geographies, we recognise the importance of understanding and managing climate-related risks and opportunities. Our operations span the UK & Europe, Australia and Asia—regions increasingly exposed to physical climate risks and evolving regulatory landscapes.

We acknowledge the reality of climate change and the need to transition to a low-carbon economy. Through ongoing measuring, monitoring and evaluation of our greenhouse gas emissions, energy usage, and other relevant metrics, we are working to mitigate our environmental impact and enhance our resilience to the impact of climate-related risks. We are committed to intentionally explore innovative business solutions to address the impact of climate change for our own business and our clients.

By integrating climate considerations into our strategic planning and decision-making around risk management and operational design, we aim to remain a responsible and forward-thinking business, contributing to a more sustainable future for everyone. This TCFD statement reflects our commitment to transparency, accountability, and sustainability in all aspects of our operations.

The UK and Europe business formalised our commitment to reach Net Zero by 2040, through the Science Based Targets Initiative in 2022. The Science Based Targets initiative (SBTi) is a global body enabling businesses to set ambitious emissions reductions targets in line with the latest climate science. It is focused on accelerating companies across the world to reduce emissions by half, before 2030 and to achieve net-zero emissions before 2050. This initiative is a collaboration between the Climate Disclosure Project, the United Nations Global Compact, World Resources Institute, the World-Wide Fund for Nature (WWF) and the We Mean Business Coalition. Science-based targets are greenhouse gas emissions reduction targets that are in line with the level of decarbonisation required to meet the goals of the Paris Agreement, to limit global warming to 1.5°C. We have received independent SBTi validation and approval for both our Near-terms targets and Net Zero targets, across our Scope 1, Scope 2 and Scope 3 emissions. We will continue to comply with the Energy Savings Opportunity Scheme ('ESOS'), and the Streamlined Energy and Carbon Reporting ('SECR') initiative.

Governance

Governance Structures

The Board of Directors of City Facilities Management Holdings ('the Board') is responsible for overseeing all strategic matters including those which are climate related. The Group's governance framework supports consistent oversight of ESG and climate-related matters, including review and challenge of strategy, risk management and reporting. Our governance structure across all global entities is summarised below:

Strategic Report (continued)

Climate-related financial disclosures (continued)

City Global ESG Working Group		
Provides strategic guidance and ensures alignment of ESG initiatives across all global operations.		
City FM (UK and Europe)	City FM (APAC)	Board of Directors and Executive/Senior Leadership Teams
Director of ESG (UK and Europe)	Chief People Officer (APAC)	Executive/Senior Leadership Team Sponsors ¹
ESG Committee (UK and Europe) ²	ESG Steering Committee (APAC) ³	Committees with responsibilities for implementation of various ESG initiatives and coordination of ESG-related projects.

City Facilities Management Holdings' Climate-related Governance Structure

Governance of Climate Strategy and Targets

The Board approves climate-related objectives and monitors progress, informed by the existing escalation protocols mentioned above. Whilst climate-related objectives, targets, risks and opportunities are considered in Board-level reviews of strategic priorities, operational decisions and regulatory compliance, the Board has delegated responsibility in relation to climate-related matters (including identifying, assessing and managing climate-related risks and opportunities) to the City Senior Leadership Team (UK and Europe), and the Executive Leadership Team (APAC) for UK and Europe and APAC, respectively.

Roles and Responsibilities

Each respective Leadership Team has overall responsibility for implementing the Group's climate-related strategy, monitoring and reporting to the Board on at least a quarterly basis, covering progress against ESG and climate-related objectives and key developments, including the progress made to manage climate-related risks and realise climate-related opportunities in order to support integration of climate considerations into Board oversight and decision-making.

The individual Leadership Teams are chaired by the relevant CEO for UK and Europe, or APAC, as relevant. ESG oversight is supported by the ESG Committee (UK and Europe) and the ESG Steering Committee (APAC), both of which operate under a management-approved Terms of Reference and provide ESG related risks and opportunities updates to the respective Leadership Teams, when they meet on at least on a quarterly basis.

Our ESG Committee (UK) and our ESG Steering Committee (APAC) include functional representation across key areas including operations, finance, procurement/supply chain, people and culture and legal/compliance. Both committees regularly assess the risks associated with climate change, identifying those that may affect our business - both the physical risks which may impact our operations, our people and services to our customers, and also the risks that may impact our business in transitioning to a low-carbon economy.

Our Global ESG Working Group, established in 2023, meets on a quarterly basis, as a minimum. It is attended by the chair of the UK ESG Committee, and other representatives from each of the City global entities in UK and Europe and APAC. This group facilitates collaboration across the City Group, on how we approach ESG strategy and reporting, including analysis of climate-related risks and opportunities across our organisation, and is a mechanism used to share solutions which will minimise the impact of the climate-related risks we identify, and to innovate for low-carbon transition solutions. This Group also ensures that our progress against climate related targets is monitored on a consistent basis in accordance with applicable regulations, as relevant to the various regions where City operates.

¹ where applicable, supported by external consultants and auditors who offer independent technical expertise, validate ESG methodologies and disclosures in accordance with compliance standards, and challenge assumptions to ensure robust and consistent approach in line with best practice

² Focus Groups: Nature & biodiversity; Health & Safety & Wellbeing; Energy and FM Strategy for Net Zero; Supply Chain Management; People (incl. Diversity & Inclusion); ESG communications & Activity Planning; ESG Data and Reporting; Armed Forces/Veterans; Fleet & Business Travel

³ Climate Reporting Working Group; Modern Slavery Working Group; HSE Steering Committee; Diversity & Inclusion Working Group; Charity Committee

Strategic Report *(continued)*

Climate-related financial disclosures *(continued)*

Our Director of ESG (UK and Europe) is responsible for leading our ESG committee (UK and Europe) and in APAC, the ESG Steering Committee is led by the Chief People Officer, APAC. These committees assess new and emerging climate-related risks & opportunities, and any broader ESG-related risks and opportunities which may impact, or be impacted by, our operations or those of our customers and suppliers. This may include matters related to reaching SBTi Near Term and Net Zero targets, energy security and resources, extreme climate events, biodiversity, and our impact on natural resources. Any material risks and opportunities are analysed and considered in accordance with the relevant Risk Management Framework. These findings, including any proposed actions, are presented and discussed at our quarterly Audit and Risk Committee (UK and Europe). Where appropriate, these are then tabled for discussion by the relevant Senior Leadership Team, and ultimately the Board, to consider and approve actions to be taken.

Remuneration

At present, there is no remuneration linked to ESG or climate-related performance at City. Leadership and executive management are not financially incentivised for achieving ESG or climate targets.

Climate-related risks and opportunities arising

Climate change presents risks and opportunities across the Group's operations, for our clients and the broader value chain⁴. Physical risks (acute events and chronic trends) may disrupt service delivery, affect asset performance and interrupt supply chains, increasing costs and impacting service delivery performance. Transition risks (regulatory, energy market, green transition, client expectation changes) may affect procurement, investment priorities and service offerings, influencing pricing, demand on our services, client retention and financial performance. The Group also considers opportunities to reduce emissions and operating costs and develop sustainable service offerings.

In carrying out climate-related risks and opportunity assessments, City follows our Risk Policy and Risk Framework to record and apply risk scoring, following the methodologies applied to our broader risk assessment activities. This ensures consistency of measurement with other risks identified within the business that have the potential to significantly disrupt City's business activities and strategic goals.

The Group assessed where climate-related risks and opportunities are concentrated across operations, service delivery locations and the value chain. Concentrations include: service delivery (including the operating bases and travel to client sites), where fuel and electricity use drive carbon and cost exposure; (ii) client sites particularly those exposed to acute events (e.g. flooding, heatwaves) that may disrupt or impact the level of demand on our services; and (iii) upstream suppliers and subcontractors (materials, parts, maintenance services), where climate and transition pressures may affect availability, pricing and lead times.

Our latest analysis of the climate-related risks and opportunities are concentrated across our operations, service-delivery locations and supply chain. Location and asset specific exposure analysis will be refined over time as additional site-level information becomes available (for example, through ongoing client engagement, incident monitoring and improved supply chain data collection).

The risks and opportunities which could have a material impact on City, have been reflected in the table below. These climate-related risks and opportunities have been allocated according to a timeline and approximate £ impact, which the Risk Committee, and the Board, has agreed as most appropriate:

⁴ Value Chain – upstream, operations and downstream

Upstream	City Mainstream Operations	Downstream
- Suppliers- Parts & materials - Subcontractors - services	- Facilities management services delivery including energy management - Fleet and other business travel to client sites	- Client – other sustainability related requirements - Operational efficiency outcomes supported for clients - Property tenancy - Contract and service model impacts

Strategic Report (continued)
Climate-related financial disclosures (continued)

Ref	Climate Risk Description & Causes	Inherent Risk ⁵	Controls/mitigations and planned actions or opportunities	Financial implications	Timing ⁶
R1	Physical – extreme weather risks Extreme/chronic weather events (Flooding, storms, heatwaves, water shortages etc) leads to site-based safety hazards and asset damage, affecting operating conditions, and asset performance over time. Frequency and extent of significant weather events inhibit City's ability to resource work, as transport links and road closures are impacted. This includes logistics/service availability of subcontractors/parts from suppliers. Costs related to disruption of subcontractors/parts suppliers. Impact caused by inadequate adaptation, preparation/ protection against climate/ weather events in operational locations. Client service SLA levels cannot be maintained leading to reputational/contractual impact. City premises are closed or unexpected significant maintenance costs required to maintain buildings, used for City operations.	High	Business continuity planning, subcontractor/supplier emergency response review, customer escalation protocols, property maintenance standards, Insurance coverage, climate-related safety training. Site-level physical climate risk screening, environmental audits, operational climate impact analysis planning, with subsequent operational adjustments, supplier contingency planning reviews, nature-related risk assessment. Linkage to strategic priorities e.g. Capex, Opex, contract pricing, insurance, revenue opportunity, supply chain cost management.	Direct: City premises repair costs; KPI breach penalties; Productivity loss; Additional Insurance premiums. Indirect: Regulatory fines.	Short term
R2	Transition – market risks. City inability to adapt service offerings to meet increased demand for sustainable services including net zero management services leads existing and potential new	High	Detailed transition plan including reference to investment in low carbon solutions across estate, including low/zero carbon vehicle solutions.	Direct: Access to finance at appropriate rate, revenue and pricing model must reflect the costs/risks associated with fleet transition and new	Medium term

⁵ Risk Score – approximate £ Impact

Low: <£200k
Minor: £200k - £500k
Medium: £500k - £1 million
High: £1 million - £2 million
Critical: >£2 million

⁶ Time classification - definition

Short term: < 5 years
Medium term: 5-15 years
Long term: >15-30+ years

Ref	Climate Risk Description & Causes	Inherent Risk ⁵	Controls/mitigations and planned actions or opportunities	Financial implications	Timing ⁶
	customers to seek contractual arrangements outwith City. City low-carbon transition takes too long. The services of businesses that are not considered to be transitioning at expected pace and not meeting their own carbon reduction commitments are exposed and unable to retain or attract new business and are unable to access finance due to inability to transition and meet climate related targets. Delay in procuring electric vehicles, does not meet client expectations to enable them to meet their own Net Zero targets.		Subcontractors/suppliers must align with City climate-related priorities and service requirements.	low-carbon management services. Indirect: Penalties for contractual breaches relating to net zero services provision	
R3	Physical – long term climate impact risks Long term impact of weather events on client assets and logistical capabilities adds significant pressure on existing resources to meet increased demand on service provision has direct impact on mental wellbeing of colleagues. Unable to attract or retain appropriate knowledge and skills within the business to meet required customer services of a low-carbon economy. Lack of resources impact contractual obligations to clients. Increased need for mental health awareness and people management skills to support individuals impacted.	High	Emergency response programs to be enhanced, increased mental health and wellbeing training for managers and colleagues. Resource planning development. Green skills development/training investment programme	Direct: Loss of clients; Revenue impact; internal and external development costs. Indirect: Competitive disadvantage.	Long term
R4	Transition - Legal and regulatory risks New and evolving regulatory and reporting requirements (Net Zero mandates, carbon tax) may increase costs relating to compliance and legal exposure management. Customers cannot manage their climate related risks and meet their required targets, due to our instability in operational capacity. Lack of clear contractual governance over rights and obligations/liabilities for climate impacting events. Gaps in supplier/subcontractor compliance	Medium	Detailed sustainability risk analysis, including dashboards & audits; Legal compliance reviews; Policy monitoring; sustainability regulation awareness training for all field-based colleagues.	Direct: Compliance programme costs, carbon tax/offsetting costs to meet transition commitments. Costs of legal challenges, or costs associated with increased scrutiny as a result of legal challenges from customers or regulatory authorities Indirect: Regulatory fines; Penalties for contractual breaches.	Short term

Ref	Climate Risk Description & Causes	Inherent Risk ⁵	Controls/mitigations and planned actions or opportunities	Financial implications	Timing ⁶
	data impacts City's ability to manage risk exposure. Reputational, financial and/or legal impact. Additional costs impacting profitability, due to carbon tax impact which has not be adequately considered.				
R5	Transition – technology risks Energy security and associated inflationary costs volatility. Increased costs relating to low carbon solutions as demand for these increases. Poor energy efficiency or cost management of transition related activities. Capital expenditure on new technologies or adoption of new processes or practices becomes necessary.	Medium	Technology development plans, investment in low carbon solutions across estate, Colleague training to ensure technology to manage energy is exploited.	Direct: Capital expenditure to transition, Operational expenditure relating to transition implementation including training costs. Indirect: Opportunity costs, reputational damage and reduced competitiveness as late to transition.	Short term
R6	Physical - pollution & loss of biodiversity risks Harmful chemical or other particles in the air, land/water which may stem from hazardous waste management failures. Changes in climate and significant weather events lead to increased requirement for pest control, impacting biodiversity around site locations, particularly unprotected species.	Minor	Detailed hazardous waste risk analysis reviews, including dashboards & audits. Monitoring of pest related work and level of demand on services tracked to changes in climate and weather related events, to identify trending and improve predictability.	Direct: Additional costs not recoverable due to lack of planning and/or contractual agreement. Indirect: Regulatory fines, Penalties for contractual breaches	Medium term

Ref	Climate Opportunity - Description	Inherent Risk ⁵	Controls/mitigations and planned actions or opportunities	Financial implications	Timing ⁶
O1	Resource efficiency Opportunity to reduce energy, water and material use to lower costs and emissions	Medium	Energy efficiency initiatives, Water-saving technologies, Process optimisation.	Direct: Reduced operational costs, lower emissions, compliance with relevant sustainability standards & guidance.	Short term
O2	Products & services Opportunity to develop and deliver low-carbon or ESG-aligned services to meet evolving client requirements.	High	Sustainable service offerings, low-carbon building/retrofit services, low-carbon/ESG advisory to clients	Direct: New revenue streams, enhanced client retention Indirect: Reputational impact.	Short term

Strategic Report (continued)

Climate-related financial disclosures (continued)

Impact of climate-related opportunities

If low-carbon energy sources become more cost-effective and as the businesses drives more focus on the sustainable use of resources, City should benefit from a reduction in costs.

As a leading FM services provider, City may benefit from new opportunities to provide skills, knowledge, insight and management services, as our existing and potential customers transition to a low-carbon economy business model and associated solutions. This could be due to new customers looking to source our existing services available for energy management or it could be further development of our existing management solutions into new innovative solutions and technologies including green retrofit projects, energy efficiency services, and climate-resilient infrastructure design. There is a further opportunity to expand existing emissions measurement and reporting on behalf of our customers.

City may experience an increase in revenue or profitability for new products or services provided, as a result of improved market share and/or reputation for driving positive climate-related actions. Over the past two years City has significantly invested in the Residential Property Development sector, focusing on provision of a sustainable BTR housing model where target values are in line with mid-market rent and all units include an in house developed tailored energy and resource monitoring services.

Government intervention/regulations/funding may support the cost-effectiveness of certain lower carbon technology solutions that City develops.

A legal ruling or the introduction of new regulatory compliance which applies more stringent emissions reduction requirements on our client industries, may increase demand for our various management services related to low-carbon sustainable solutions.

Strategy

We continue to monitor the impact of the actual and potential climate-related threats on our business by continuing to develop our climate scenario analysis to assess the resilience of our business model, strategy and financial planning. In particular, we will focus on City's own operations, customer service delivery, supply chain, fleet, property portfolio, workforce, customer demand and low-carbon service opportunities, under a range of possible climate scenarios (see below), whilst considering the climate-related risks and opportunities as noted on pages 13-15.

Climate scenario	Short – term (<5 years)	Medium-term (5-15 years)	Long-term (>15-30+ years)
orderly 1.5°C transition	Increased demand for low-carbon FM services, energy management support projects (e.g. optimise energy efficiency through HVAC remote controls and smart building automation) and other energy-efficient retrofitting projects. Requirement to provide clients with regular risk assessment of estate based on predicted significant weather events such as heat impacting or flood risk. Increased short-term investment required in data skills and low-carbon service capability. Build low-carbon customer service propositions. Greater expectation for regular emission measurement and	Strict net-zero building codes become standard. Circular economy mandates require construction design/deconstruction services. Potential higher maintenance costs ref services of specialist green technicians. Continue to review against SBTi Net-Zero delivery plan (2040), including Scope 3 business travel and supply chain related emissions. Tighter control on supply chain Net Zero plans, modelling and monitoring of emissions to reach Net Zero 2040.	Net Zero operations. Conventional carbon-intensive building methods are completely obsolete. Prefabricated, carbon-negative modular construction dominates the market. All property and client sites are net-zero operational. Maintain strict, low-carbon operational baselines across all managed facilities to comply with net-zero laws.

Climate scenario	Short-term (<5 years)	Medium-term (5-15 years)	Long-term (>15-30+ years)
	reporting. Prioritise SBTi delivery plan. Accelerate EV and low-emission fleet transition. Increased focus on supply chain engagement and embed climate requirements into procurement/contract governance.		
delayed/disorderly transition	Experience low regulatory pressure for carbon reduction, leading to delays in clarity on compliance requirements. Regulatory uncertainty leads to fragmented planning. Minimal policy action required. Energy cost volatility. Requirement to monitor shifting geopolitical and UK regulatory signals to anticipate impact. Pricing contracts becomes highly speculative due to unpredictable material costs.	Emergency building regulations cause supply chain demand that is disordered and unsustainable. Requirement to manage compressed asset replacement timelines as clients require retrofit of systems simultaneously. Sudden implementation of carbon taxes causes operational expenditure to increase significantly for non-efficient buildings/assets. Sharp increase in the cost of high-embodied-carbon materials.	Navigate severe delays for parts and materials supplies related to retrofit, e.g. heat and insulation materials following global supply chain impact. Transition to stabilised green supply chain. More balanced operational costs after transitioning through a regulatory-based high-cost catch-up phase.
high-warming (3-4°C) physical-risk scenario	Experience an increase in localised flooding and heatwaves, driving up emergency reactive maintenance calls. Customer assets under increased stress increases demand on facilities management services to maintain client assets more regularly. Increased frequency of localised infrastructure damage (e.g., flash flooding). Requirement to monitor live weather updates used in FM asset planning to reflect higher peak summer temperatures and intense rainfall. Increase in cost of operations due to rising baseline utility costs driven by extreme seasonal cooling demands. Supply chain disruptions. Localised weather delays impact service delivery capabilities. Project delivery timelines slip due to a higher frequency of extreme heat days, which limits safe outdoor labour hours.	Supply chain vulnerabilities due to extreme heat and severe weather events, compromise BAU and YoY incremental/additional demand of facilities management service provision. HVAC maintenance schedules are required to be reviewed to combat increased degradation from prolonged cooling loads required. Manage water restrictions and supply chain delays for critical replacement parts during regional severe weather events. Accelerated degradation of building/ structural materials including roofs, facades and foundations due to chronic humidity and thermal stress/expansion. Manage accelerated weathering of roofs, facades, and foundations. Heat related illness of field based colleagues puts stress on resource-related capabilities.	Structural material failures. Widespread asset un-insurability in high-risk zones (coastal areas, floodplains). Primary focus shifts completely from sustainability to survival and climate adaptation. Traditional building designs fail under extreme weather loads and services demand from clients transitions to creating more defensive infrastructure and highly resilient structures. Severe chronic physical damage.

Climate scenario	Short – term (<5 years)	Medium-term (5-15 years)	Long-term (>15-30+ years)
	Increase in insurance premiums.	Financial impact/additional costs resulting from reduced productivity/ absenteeism due to extreme weather impact.	

Monitoring progress – Metrics and Targets

The metrics used to assess progress against our targets follow the GHG Protocol methodology, and we report tCO₂e. By using a widely acknowledged basis of measurement this provides an opportunity to compare to industry trends and benchmarks. Adopting consistent methodology internally at City also allows us to review trends within our business over a period of time and identifying how trends have been impacted by policy changes, new contracts and/or new business services introduced. By monitoring our data trends against our targets, we will have insight enabling us to be agile in response to those factors which may have an impact on climate-related risk outcomes and opportunities, and specifically our ability to maintain stability whilst transitioning effectively and reaching our climate targets.

GHG Emissions reduction targets

Our carbon emissions data (Scope 1, Scope 2 and Scope 3) is monitored against our targets. Our committed SBTi targets are ‘absolute’ targets, with a baseline of 2019, against which we can measure progress. Our Near-Term target sets out our commitment to meet a 49.7% reduction on Scope 1 and Scope 2 emissions, and a 46.2% reduction on Scope 3 emissions by 2030, with a long-term target to be Net Zero by 2040.

Transition roadmap aligned to 2030 and 2040 targets

Roadmap period	Strategic focus	Priority actions	Indicative metrics
2025–2030: Near-term target delivery	Deliver absolute emissions reduction target from the 2019 baseline in line with validated SBTi commitments.	Accelerate fleet decarbonisation; improve energy efficiency in City-controlled building; increase renewable electricity procurement; strengthen Scope 3 data quality by engaging priority suppliers and by integrating climate requirements into procurement; annual review of climate risk assessment.	Scope 1 and 2 tCO ₂ e; Scope 3 tCO ₂ e; tCO ₂ e per £m revenue; % low-emission fleet vs plan; % renewable electricity; % supplier spend covered by actual emissions data vs spend based GHG SIC Code sector-based proxy calculation.
2030 milestone	Assess delivery against the near-term target and reset operational priorities for the 2040 pathway.	Complete target performance review; identify residual emissions hotspots; update supplier and customer engagement plans; identify climate management related capex requirements.	% reduction from 2019 baseline; quantify residual emissions gap by source; % suppliers with science-based or equivalent targets
2030–2040: Net Zero pathway	Reduce residual emissions as far as practicable and achieve Net Zero by 2040.	Scale carbon reduction activities – including supplier-related decarbonisation; reduce operational emissions in service delivery; consider high-quality removals only for residual emissions consistent with SBTi expectations.	Residual Scope 1, 2 and 3 emissions; climate resilience risk position; climate transition and nature-positive project metrics.

In order to monitor progress of our climate-related strategy, we will review a range of targets. These targets may incorporate the following:

Strategic Report (continued)

Climate-related financial disclosures (continued)

Climate KPI and targets

Metric	Target	Other reporting	Target year
Scope 1 emissions (tCO ₂ e) – UK only	Aligned to SBTi pathway - Report annual movement	SECR and Carbon Reduction Plan	2030
Scope 2 emissions, market-based and location-based (tCO ₂ e) – UK only	Aligned to SBTi pathway - Report renewable electricity approach and energy efficiency actions	SECR and Carbon Reduction Plan	2030
Scope 3 emissions (tCO ₂ e) – UK only	Aligned to SBTi pathway - Including break down by material categories where available, including purchased goods and services, capital goods, fuel and energy-related activities, business travel, employee commuting and waste.	SECR and Carbon Reduction Plan	2030
Total emissions (tCO ₂ e) – UK only ⁷	46.2% absolute reduction - Show progress	SECR and Carbon Reduction Plan	2030
Net Zero target	Net Zero - include residual emissions approach and reliance on removals, if any.	SECR and Carbon Reduction Plan	2040
Carbon intensity – UK only Volume of carbon emissions in tons of carbon emissions (tCO ₂ e) per £million of revenue (£1m GBP).	Reduction over time	SECR and Carbon Reduction Plan	Annual
Waste management % diverted from landfill – UK only	Show metrics for reporting year	Carbon Reduction Plan	Annual
Fleet transition % vs planned transition, at each year end – UK only	Progressive transition to low-emission fleet in line with plan – include details on constraints such as vehicle availability, charging infrastructure and operational suitability.	Carbon Reduction Plan	Annual
Renewable electricity – UK only % of kWh usage on renewable electricity tariff.	Increase renewable electricity across City-controlled buildings	Carbon Reduction Plan	Annual
Supplier climate engagement - % of annual supplier spend where related actual emissions are provided by suppliers – UK only	Increase supplier ESG and climate screening coverage - identified through analysis performed by Procurement team, considering service criticality, carbon intensity and £value of spend	SECR and Carbon Reduction Plan	Annual
Climate-related disruption days – UK only	Reduce disruption or improve response capability Reduction in number of days of disruption as a result of climate related incidents – indicates better preparation and response activities.	SECR	Annual

⁷ As at the current reporting period, City FM APAC does not have a formal climate transition plan related target KPIs in place.

Strategic Report *(continued)*

Section 172 Statement

Statement by the Directors in performance of their statutory duties in accordance with section 172 of the Companies Act 2006

The Directors acknowledge and understand their duties and responsibilities, including that of section 172, of the Companies Act 2006. A Director of a company must act in the way he or she 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:

- 1) the likely consequences of any decision in the long term,
- 2) the interests of the company's employees,
- 3) the need to foster the company's business relationships with suppliers, customers and others,
- 4) the impact of the company's operations on the community and the environment,
- 5) the desirability of the company maintaining a reputation for high standards of business conduct, and
- 6) the need to act fairly as between members of the company

The board recognises that the long term success of the business is dependent on the way we interact with a large number of important stakeholders including our Colleagues, Clients and Shareholders. The Directors have had regard to the interests of our stakeholders while complying with their obligations to promote the ongoing success of the business in line with section 172 of the Companies Act.

Our colleagues are provided information on the group through the use of various mediums such as our website, internal newsletters, e-shots and our internal engagement platform.

The Company maintained strong relationships with customers and suppliers through regular communication and service reviews. Supplier performance and customer satisfaction were monitored throughout the year

The Directors also considered the environmental impact of operations and continued efforts to reduce waste and improve operational efficiency as identified earlier in the Strategic report.

Ahead of all board meetings the Directors are supplied with board papers that highlight relevant stakeholder considerations along with performance metrics and ongoing forecasts. The Directors are also in close contact with the senior management teams in each country that we operate in allowing good communication at a local level.

The board's decision making considers both risk and reward in the pursuit of delivering long term value to our stakeholders and acknowledging and understanding the current and potential risks to the business, both financial and non-financial, are fundamental to how we manage the business.

The Directors, both individually and collectively as a board, consider the decisions taken during the year ended 31 December 2025 were in conformance of their duty under section 172 of the Companies Act.

By order of the board



D Still
Secretary

Caledonia House
2 Lawmoor Street
Glasgow
G5 0US

10th September 2026

Directors' Report

The directors present their directors' report and financial statements for the year ended 31 December 2025.

Political and charitable contributions

The Group made charitable donations totalling £1,040,000 (2024: £1,395,000). The Group made no political donations during the year (2024: £nil) nor did they incur any political expenditure in the year (2024: £nil).

Dividends

An ordinary dividend of £5,054,000 (2024: £7,143,000) was paid to shareholders of the company during the year. In addition, minority interests were paid a dividend of £2,565,000 (2024: £4,772,000).

Directors

The directors who held office during the year and at the date of this report were as follows:

Lord Haughey Kt OBE

Lady Haughey CBE

C J Seggie

D A Still

S E Smith

Employees

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the group's policy, where practical, to provide continued employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

During the period, the policy of providing employees with information about the group has been continued through the group's various mediums such as our website, internal newsletters, E-shots and our internal engagement platform. Through these forums, employees are encouraged to provide their suggestions and views on the group's operations and performance.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Statement of Corporate Governance arrangements

As a privately owned company City Facilities Management Holdings Limited is not obliged to apply any corporate governance code. The directors do recognise the principles of good governance. An appropriately experienced board of directors is always maintained. The board meets regularly during the period. Authority for all aspects of the Group's activities rests with the Board.

Matters reserved specific to the Board include formulating, reviewing and approving the Group's strategy, budget, major items of capital expenditure, acquisitions and disposals. The board is also responsible for assessing the risks facing the Group and where possible developing a strategy to mitigate such risk. The board has an Audit Committee which meets regularly during the period to consider the suitability and monitor the internal control processes of the Group. Appointments to the board are made by the board as a whole and it is not considered necessary to create a Nominations Committee.

The board is satisfied that it has an effective and appropriate balance of skills and experience to deliver the strategy of the group for the benefit of the shareholders over the medium to long term

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial period have been included in the Strategic Report on pages 3 to 20.

Directors' Report *(continued)*

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed, and KPMG LLP will therefore continue in office.

By order of the board



D Still
Secretary

Caledonia House
2 Lawmoor Street
Glasgow
G5 0US

10th September 2026

Statement of directors' responsibilities in respect of the Annual Report and the Financial Statements

The directors are responsible for preparing the Annual Report and the Group and parent Company 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 they have elected to prepare the Group and parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.



KPMG LLP

319 St Vincent Street

Glasgow

G2 5AS

United Kingdom

Independent auditor's report to the members of City Facilities Management Holdings Limited

Opinion

We have audited the financial statements of City Facilities Management Holdings Limited ("the Company") for the year ended 31 December 2025 which comprise the Consolidated Profit and Loss account, the Consolidated Other Comprehensive Income, the Consolidated Balance sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as 31 December 2025 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to other entities of public interest. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

Independent auditor's report to the members of City Facilities Management Holdings Limited (*continued*)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue consists entirely of routine, non-complex transactions which are subject to systematic processing and do not require significant judgments. We did not identify any additional fraud risks.

We performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual revenue and cash or borrowings account code combinations, and journals containing key words which may indicate higher risk.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety and employment law, recognising the nature of the group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Independent auditor's report to the members of City Facilities Management Holdings Limited (*continued*)

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 23, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

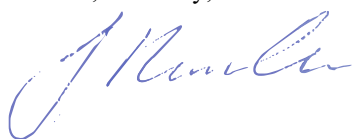
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Jennifer Hamilton (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
319 St Vincent Street,
Glasgow, G2 5AS

16 September 2026

**Consolidated Profit and Loss Account
for the year ended 31 December 2025**

	<i>Note</i>	2025 £000	2024 £000
Turnover	2	1,267,663	1,240,081
Cost of sales		(1,066,146)	(1,021,553)
Gross profit		201,517	218,528
Intangible assets and Goodwill amortisation	9	(1,466)	(1,805)
Administrative expenses- recurring		(174,169)	(196,036)
Administrative expenses- exceptional	3	(5,732)	(13,899)
Group operating profit	3	20,150	6,788
Other interest receivable and similar income	6	2,456	2,095
Interest payable and similar charges	7	(8,385)	(8,571)
Profit before taxation		14,221	312
Tax on profit	8	(6,238)	(2,995)
Profit/(loss) for the financial year		7,983	(2,683)
<i>Profit or loss attributable to</i>			
Shareholders of the parent company		5,354	(5,309)
Non-controlling interest		2,629	2,626
Total profit/(loss)		7,983	(2,683)

The notes on pages 36 to 52 form part of the financial statements.

All activities of the company are classed as continuing.

**Consolidated Other Comprehensive Income
for the year ended 31 December 2025**

	2025	2024
	£000	£000
Profit/(loss) for the year	7,983	(2,683)
Other comprehensive income		
Foreign exchange differences on translation of foreign operations	(1,754)	(217)
Total comprehensive income/ (loss) for the year	6,229	(2,900)
<i>Total comprehensive income/(loss) attributable to:</i>		
Shareholders of the parent company	3,801	(5,555)
Non-controlling interest	2,428	2,655
Total profit/(loss)	6,229	(2,900)

Notes on pages 36 to 52 form part of the financial statements.

All activities in 2025 are continuing.

Consolidated Balance Sheet
as at 31 December 2025

	Note	2025 £000	2025 £000	2024 £000	2024 £000
Fixed assets					
Intangible assets and goodwill	9	12,208		13,674	
			12,208		13,674
Investment Property	10	15,941		21,667	
Tangible assets	11	27,655		33,651	
			43,596		55,318
			55,804		68,992
Current assets					
Stocks	13	27,362		34,341	
Debtors	14	305,991		277,795	
Cash at bank and in hand	15	51,190		49,349	
Creditors: amounts falling due within one year	16	384,543 (383,713)		361,485 (340,767)	
Net current assets			830		20,718
Total assets less current liabilities			56,634		89,710
Creditors: amounts falling due after more than one year	17		(12,680)		(44,366)
Net assets			43,954		45,344
Capital and reserves					
Called up share capital	20		1,348		1,348
Share premium account			1,950		1,950
Capital redemption reserve			747		747
Profit and loss account			37,285		38,538
Equity attributable to the parent's shareholders			41,330		42,583
Non-controlling interest			2,624		2,761
Shareholders' funds			43,954		45,344

The notes on pages 36 to 52 form part of the financial statements.

These financial statements were approved by the board of directors on 10th September 2026 and were signed on its behalf by:



Lord Haughey Kt OBE
Director

Company registered number: SC199503

Company Balance Sheet
as at 31 December 2025

	<i>Note</i>	2025 £000	2025 £000	2024 £000	2024 £000
Fixed assets					
Investments	12		8,163		8,163
Current assets					
Debtors	14	9,895		10,070	
Cash at bank and in hand		926		958	
		<u>10,821</u>		<u>11,028</u>	
Creditors: amounts falling due within one year		(3,125)		-	
Net current assets			7,696		11,028
Net assets			15,859		19,191
Capital and reserves					
Called up share capital	20		1,348		1,348
Share premium account			1,950		1,950
Capital redemption reserve			747		747
Merger reserve			2,888		2,888
Profit and loss account			8,926		12,258
Equity shareholders' funds			15,859		19,191

The notes on pages 36 to 52 form part of the financial statements.

These financial statements were approved by the board of directors on 10th September 2026 and were signed on its behalf by:



Lord Haughey Kt OBE
Director

Company registered number: SC199503

Consolidated Statement of Changes in Equity

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total shareholders' equity £000	Non- controlling interest £000	Total Equity £000
Balance at 1 January 2024	1,348	1,950	747	51,236	55,281	4,878	60,159
Total comprehensive income for the period							
(Loss)/Profit for the financial year	-	-	-	(5,309)	(5,309)	2,626	(2,683)
Other comprehensive (loss)/income	-	-	-	(246)	(246)	29	(217)
Total comprehensive (loss)/income for the period	-	-	-	(5,555)	(5,555)	2,655	(2,900)
Transactions with owners, recorded directly in equity							
Dividends	-	-	-	(7,143)	(7,143)	(4,772)	(11,915)
Total contributions by and distributions to owners	-	-	-	(7,143)	(7,143)	(4,772)	(11,915)
Balance at 31 December 2024	1,348	1,950	747	38,538	42,583	2,761	45,344

Consolidated Statement of Changes in Equity (continued)

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total shareholders' equity £000	Non- controlling interest £000	Total Equity £000
Balance at 1 January 2025	1,348	1,950	747	38,538	42,583	2,761	45,344
Total comprehensive income for the period							
Profit for the financial year	-	-	-	5,354	5,354	2,629	7,983
Other comprehensive (loss)	-	-	-	(1,553)	(1,553)	(201)	(1,754)
Total comprehensive income for the period	-	-	-	3,801	3,801	2,428	6,229
Transactions with owners, recorded directly in equity							
Dividends	-	-	-	(5,054)	(5,054)	(2,565)	(7,619)
Total contributions by and distributions to owners	-	-	-	(5,054)	(5,054)	(2,565)	(7,619)
Balance at 31 December 2025	1,348	1,950	747	37,285	41,330	2,624	43,954

Company Statement of Changes in Equity

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Merger reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2024	1,348	1,950	747	2,888	10,626	17,559
Total comprehensive income for the period						
Profit for the financial year	-	-	-	-	8,775	8,775
Total comprehensive income for the period	-	-	-	-	8,775	8,775
Transactions with owners, recorded directly in equity						
Dividends	-	-	-	-	(7,143)	(7,143)
Total contributions to and distributions to owners	-	-	-	-	(7,143)	(7,143)
Balance at 31 December 2024	1,348	1,950	747	2,888	12,258	19,191

Company Statement of Changes in Equity (continued)

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Merger reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2025	1,348	1,950	747	2,888	12,258	19,191
Total comprehensive income for the period						
Profit for the financial year	-	-	-	-	1,722	1,722
Total comprehensive income for the period	-	-	-	-	1,722	1,722
Transactions with owners, recorded directly in equity						
Dividends	-	-	-	-	(5,054)	(5,054)
Total contributions to and distributions to owners	-	-	-	-	(5,054)	(5,054)
Balance at 31 December 2025	1,348	1,950	747	2,888	8,926	15,859

**Consolidated Cash Flow Statement
for the year ended 31 December 2025**

	<i>Note</i>	2025 £000	2024 £000
Cash flows from operating activities			
Group operating profit		20,150	6,788
<i>Adjustments for:</i>			
Depreciation and amortisation	9, 11	10,069	10,776
Fair Value adjustments to investment property	10	5,732	2,999
		35,951	20,563
(Increase)/Decrease in trade and other debtors	14	(28,057)	3,106
Decrease in stocks	13	6,979	18,482
(Decrease)/Increase in trade and other creditors		(11,683)	(28,198)
		3,190	13,953
Dividends paid		(7,619)	(11,915)
Interest paid	7	(8,385)	(8,571)
Tax paid		(6,109)	(6,270)
Net cash from operating activities		(18,923)	(12,803)
Cash flows from investing activities			
Interest received	6	2,456	2,095
Acquisition of tangible fixed assets	11	(3,616)	(6,696)
Acquisition of investment property	10	(6)	(5,442)
Disposal of tangible fixed assets	11	1,009	158
Net cash from investing activities		(157)	(9,885)
Cash flows from financing activities			
New loan		-	10,000
Net cash inflow from factoring agreements		20,921	19,573
Net cash from financing activities		20,921	29,573
Net increase in cash and cash equivalents		1,841	6,885
Cash and cash equivalents at 1 January		49,349	42,464
Cash and cash equivalents at 31 December	15	51,190	49,349

Notes (forming part of the financial statements)

1 Accounting policies

City Facilities Management Holdings Limited (the “Company”) is a private company, incorporated, domiciled and registered in Scotland in the UK. The Registered number is SC199503 and its registered address is Caledonia House, 2 Lawmoor Street, Glasgow G5 0US.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- Key Management Personnel compensation;
- No separate parent company Cash Flow Statement with related notes is included;
- Certain disclosures required by FRS 102.29 Income Tax in respect of Pillar Two Income Taxes: and
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

Judgements made by the directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are disclosed note 23.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis with the exception of investment properties which are shown at fair value.

1.2 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of severe but plausible downsides, the Group will have sufficient funds to meet its liabilities as they fall due for that period. The Group has adequate financial resources available, consisting of cash balances, a revolving credit facility and an overdraft facility as set out in notes 14 and 15. The Group refinanced its overdraft facility and revolving credit facility in July 2026 and August 2026, with the £20m revolving credit facility being for three years, expiring in August 2029. Whilst the Group’s overdraft facility is due to expire in June 2027, the directors have no reason to believe that this would not be renewed, given the longstanding relationship with the bank. In the instance where the overdraft facility is not renewed, the City Group is projected to have cash funds available to continue to support themselves without that facility.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December each year. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

Notes (continued)

1 Accounting policies (continued)

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Cash and cash equivalents

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

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- | | |
|-------------------------------|--|
| • Freehold land and buildings | 2% straight line |
| • Leasehold improvements | over the term of the lease |
| • Plant and machinery | 7%-50% straight line |
| • Motor vehicles | 25% reducing balance and 25% straight line |

No depreciation is provided for assets under construction. Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefit.

Notes (continued)

1 Accounting policies (continued)

1.6 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

FRS 102.35 grants certain exemptions from the full requirements of FRS 102 in the transition period. The Group elected not to restate business combinations that took place prior to 1 January 2014. In respect of acquisitions prior to 1 January 2014, goodwill is included on the basis of its deemed cost, which represents the amount recorded under old UK GAAP. Intangible assets previously included in goodwill, are not recognised separately.

1.7 Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Sports stadium naming rights - 25 years

Goodwill is amortised on a straight-line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be between 5 and 10 years.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

1.8 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost. Investment properties are remeasured to fair value at the reporting date. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise.

Notes (continued)

1 Accounting policies (continued)

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition as follows:

Raw materials, consumables and goods for resale	-	purchase cost
Work in progress	-	cost of direct materials and labour

1.10 Construction contract debtors

Construction contract debtors represent the gross unbilled amount for contract work performed to date. They are measured at cost plus profit recognised to date (see the revenue accounting policy) less a provision for foreseeable losses and less progress billings. Variations are included in contract revenue when they are reliably measurable and it is probable that the customer will approve the variation itself and the revenue arising from the variation. Claims are included in contract revenue only when they are reliably measurable and negotiations have reached an advanced stage such that it is probable that the customer will accept the claim. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the entity's contract activities based on normal operating capacity.

Construction contract debtors are presented as part of debtors in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as accruals and deferred income in the balance sheet.

1.11 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

1.12 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.13 Turnover

Turnover represents the value, net of value added tax, of goods and services supplied to customers during the year.

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods have passed to the buyer, usually on the despatch of the goods.

Notes (continued)

1 Accounting policies (continued)

1.13 Turnover (continued)

Rendering of services

Revenue from the supply, installation and maintenance of refrigeration, bakery, security, air conditioning and electrical equipment is recognised by reference to the stage of completion. Stage of completion is measured by reference to costs incurred to date as a percentage of total estimated costs for each contract. Where contract outcome cannot be measured reliably, revenue is only recognised to the extent of the expenses recognised that are recoverable. Revenue from the supply of facilities management services is recognised by reference to the work done in the period within specific terms of the supply contract.

1.14 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss account as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

Exceptional items

Exceptional items are items of income and expenditure that, in the judgement of the directors, should be disclosed separately on the basis that they are material, either by nature or size, in order to gain an understanding of the financial performance and in so doing not to significantly distort the comparability of financial performance between accounting periods

1.15 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

The Company, and City Facilities Management Holdings Limited Group companies, are within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in the United Kingdom, the jurisdiction in which the entity is incorporated, and came into effect as of 1 January 2025. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to FRS 102 Section 29 issued in July 2023

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference.

Notes (continued)

1 Accounting policies (continued)

1.15 Taxation (continued)

Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.16 Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account. The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

1.17 Dividends

Dividends are recognised at the time they are received or paid in accordance with accounting standards. Dividends declared and paid are not presented in the profit and loss account but instead included in the notes to the accounts and the reconciliation of reserves.

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

1.18 Amendments to FRS 102 not yet applied

The following amendments to FRS 102 have been issued but have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements, unless otherwise indicated:

- Amendments to Section 20 *Leases* (effective 1 January 2026). This removes the distinction between operating and finance leases for lessees; with more leases recognised with an asset and liability on-balance sheet. Recognition exemptions permit short-term leases and leases of low-value assets to remain off-balance sheet.
- Amendments to Section 23 *Revenue from Contracts with Customers* (effective 1 January 2026). This introduces a single comprehensive five-step model for revenue recognition for all contracts with customers, based on identifying the distinct goods or services promised to the customer and the amount of consideration to which the entity will be entitled in exchange

Notes (continued)

2 Turnover

	2025 £000	2024 £000
Facilities management	1,007,179	995,720
Project services	260,484	244,361
Total turnover	1,267,663	1,240,081
By geographical market		
United Kingdom	580,293	549,935
Australia and New Zealand	441,289	420,023
Asia	67,270	78,939
USA	178,811	191,184
Total turnover	1,267,663	1,240,081

3 Expenses and auditor's remuneration

Included in profit are the following:

	2025 £000	2024 £000
Depreciation of tangible fixed assets	8,603	8,971
Hire of plant and machinery under operating leases	14,759	16,183
Exceptional items	5,732	13,899
Amortisation of goodwill	1,466	1,805

Exceptional Costs

Exceptional costs for the year of £5,732,000 relate to a fair value adjustment of an investment property. The fair value adjustment was recognised following a revaluation of investment property held by the Group.

Auditor's Remuneration:

	2025 £000	2024 £000
Audit of these financial statements	38	38
<i>Disclosures below based on amounts receivable in respect of other services to the company and its subsidiaries</i>		
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	810	736
Other	7	13

Notes (continued)

4 Staff numbers and costs

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

	Number of employees	
	2025	2024
Administration	2,359	2,473
Engineers	2,787	2,852
Other operational	2,247	2,064
	<u>7,393</u>	<u>7,389</u>

The aggregate payroll costs of these persons were as follows:

	2025	2024
	£000	£000
Wages and salaries	341,747	335,258
Social security costs	30,568	27,065
Contributions to defined contribution plans	16,254	17,358
	<u>388,569</u>	<u>379,681</u>

5 Directors' remuneration

	2025	2024
	£000	£000
Directors' emoluments	2,192	2,099
Company contribution to defined contribution schemes	31	31
	<u>2,223</u>	<u>2,130</u>

Company pension contributions were made to a money purchase scheme on behalf of 3 (2024: 3) directors.

The aggregate remuneration and amounts receivable under long term incentive schemes of the highest paid director was £582,570 (2024: £575,069), and company pension contributions of £Nil (2024: £Nil) were made to a money purchase scheme on their behalf.

Key personnel are considered to be the Group Board, their salary information is given above.

6 Other interest receivable and similar income

	2025	2024
	£000	£000
Bank interest receivable	2,456	2,095
	<u>2,456</u>	<u>2,095</u>

Notes (continued)

7 Interest payable and similar charges

	2025	2024
	£000	£000
On overdraft and other loans	8,385	8,571

8 Taxation

Total tax expense recognised in the profit and loss account

	2025	2025	2024	2024
	£000	£000	£000	£000
<i>Current tax</i>				
Current tax on income for the period	-		(225)	
Other movements	-		(2)	
Current tax on income for the period		-		(227)
Foreign tax		7,850		6,368
Total current tax		7,850		6,141
<i>Deferred tax (see note 18)</i>				
Origination and reversal of timing differences	(1,606)		(3,146)	
Adjustments in respect of prior periods	(6)		-	
Total deferred tax		(1,612)		(3,146)
Total tax		6,238		2,995

Reconciliation of effective tax rate

	2025	2024
	£000	£000
Profit/(loss) for the year	7,983	(2,683)
Total tax expense	6,238	2,995
Profit excluding taxation	14,221	312
Tax using the UK corporation tax rate of 25% (2024: 25%)	3,555	78
Non-deductible expenses	2,934	1,328
Income not taxable	(5,688)	(6,025)
Difference in tax rates relating to foreign income	4,552	5,972
Future CIR reactivation	891	1,642
Adjustment to tax charge in respect of prior periods	(6)	-
Total tax expense included in profit	6,238	2,995

Notes (continued)

8 Taxation (continued)

Factors affecting the future current and total tax charges

In the 3 March 2021 Budget, it was announced that the UK tax rate would increase from 19% to 25% from 1 April 2023. This was substantively enacted on 10 June 2021 and the deferred tax liability as at 31 December 2024 and 31 December 2025 has been calculated based on this rate.

Global minimum top-up tax

The Group is subject to the global minimum top-up tax under Pillar Two tax legislation. The top-up tax relates to the Group's operations in Singapore, where the statutory tax rate is 17% although the effective tax rate for 2024 was 14.9%.

The Group recognised a current tax expense of £768 which is levied on the Company. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred (*see Note 1*).

9 Intangible assets and goodwill

Group

	Goodwill £000	Intangible Assets £000	Total £000
Cost			
Balance at 1 January and 31 December 2025	26,025	7,900	33,925
Amortisation and impairment			
Balance at 1 January 2025	19,803	448	20,251
Amortisation for the year	1,150	316	1,466
Balance at 31 December 2025	20,953	764	21,717
Net book value			
At 1 January 2025	6,222	7,452	13,674
At 31 December 2025	5,072	7,136	12,208

10 Investment property

Group

	2025 £000
Balance at 1 January 2025	21,667
Additions	6
Net (loss) from fair value adjustments	(5,732)
Balance at 31 December 2025	15,941

Notes (continued)

10 Investment property (continued)

The fair value adjustment of £5,732,000 was recognised to reflect the reduction in the valuation of an investment property following a revaluation completed on 16th March 2026 by an external independent valuer who had appropriate recognised professional qualifications and recent experience in the location and class of the property being valued.

If the investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2025 £000	2024 £000
Historic cost at beginning of year	24,666	19,224
Additions	6	5,442
Depreciation	(249)	-
As at 31 December	24,423	24,666

11 Tangible fixed assets

Group

	Freehold land and buildings £000	Plant and machinery £000	Leasehold land and buildings £000	Total £000
Cost				
Balance at 1 January 2025	12,664	68,454	6,635	87,753
Additions	-	3,576	40	3,616
Disposals	-	(2,349)	(1,142)	(3,491)
Balance at 31 December 2025	12,664	69,681	5,533	87,878
Depreciation and impairment				
Balance at 1 January 2025	4,279	47,543	2,280	54,102
Depreciation charge for the year	248	8,258	97	8,603
Disposals	-	(1,765)	(717)	(2,482)
Impairment	-	-	-	-
Balance at 31 December 2025	4,527	54,036	1,660	60,223
Net book value				
At 1 January 2025	8,385	20,911	4,355	33,651
At 31 December 2025	8,137	15,645	3,873	27,655

The net book amount of land and buildings includes £310,000 (2024: £310,000) in respect of freehold land on which no depreciation is charged.

Notes (continued)

12 Fixed asset investments

Company	Shares in group undertakings £000
<i>Cost and net book value</i>	
At beginning and end of year	8,163

The subsidiary undertakings listed below are exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act as this company has guaranteed each subsidiary company under Section 479C of the Act.

Edendale Limited	SC332498
City Air Conditioning Company (UK) Limited	SC127089
Stevens Property Development Co. Ltd	SC181581
The 1&7 Pub Company Limited	SC238106
City Energy Management Services Limited	SC404227
Lesprit Limited	08020588
Seckloe 280 Limited	05568404
City Facilities Management Holdings (Europe) Limited	04531641
Caledonia Holdings Limited	SC533689
Craighead Properties Limited	SC292254
City Premier Properties Limited	SC789651
City Facilities Management System Solutions Limited	SC593420
City Facilities Management (Northern Ireland) Limited	NI065640

The principal undertakings in which the Company had an interest at the year-end are as follows:

	Country of incorporation	Principal activity	Class and percentage of shares held
City Facilities Management Holdings (UK) Limited	Scotland	Intermediate holding company	Ordinary shares – 100%
City Facilities Management (UK) Limited	Scotland	Supply of facilities management and cleaning services	Ordinary shares – 100%
City Facilities Management (Northern Ireland) Limited	Northern Ireland	Supply of cleaning services	Ordinary shares – 100%
CBES Limited	Scotland	Installation of refrigeration, bakery, security, air conditioning and electrical equipment including the provision of construction services	Ordinary shares – 100%
City Facilities Management Limited	Scotland	Supply of facilities management services	Ordinary shares – 100%
City Facilities Management (Distribution) Limited	Scotland	Supply of facilities management services	Ordinary shares – 100%
City Energy Management Services Limited	Scotland	Provision of ancillary energy services	Ordinary shares – 100%
City Facilities Management System Solutions Limited	Scotland	Facilities management software	Ordinary shares – 100%
Edendale Limited	Scotland	Hospitality, construction and Property investment sectors.	Ordinary shares – 100%
City Air Conditioning Company (UK) Limited ⁸	Scotland	Provision of air conditioning Services	Ordinary shares – 100%
Stevens Property Development Co. Ltd ⁸	Scotland	Property investment services	Ordinary shares – 100%
The 1&7 Pub Company Limited ⁸	Scotland	Provision of hospitality services	Ordinary shares – 100%
Caledonia Holdings Ltd	Scotland	Property investment company	Ordinary shares – 100%
Craighead Properties Ltd ⁹	Scotland	Property investment company	Ordinary shares – 100%
City Premier Properties Limited ⁹	Scotland	Property investment company	Ordinary shares – 100%
City Facilities Management Holdings Singapore	Singapore	Intermediate holding company	Ordinary shares – 100%
City Facilities Management Singapore Limited ⁵	Singapore	Supply of facilities management	Ordinary shares – 100%

Notes (continued)

12 Fixed asset investments (continued)

City Holdings (AUS) Pty Limited	Australia	Intermediate holding company	Ordinary shares – 100%
City Facilities Management (Aus) Pty Limited ²	Australia	Supply of facilities management	Ordinary shares – 100%
City Facilities Management (QLD) Pty Ltd ²	Australia	Supply of facilities management	Ordinary shares – 100%
City Cleaning Services (Aus) Pty Limited ²	Australia	Supply of cleaning services	Ordinary shares – 100%
City Building Engineering Services (Aus) Pty Limited ²	Australia	Supply of engineering consultancy services	Ordinary shares – 100%
City Integrated Maintenance Services (QLD) Pty Limited ²	Australia	Supply of facilities management	Ordinary shares – 100%
City Integrated Maintenance Services Pty Ltd ²	Australia	Supply of facilities management	Ordinary shares – 100%
City Health Services (Aus) Pty Limited ²	Australia	Supply of facilities management	Ordinary shares – 100%
City Health Services (QLD) Pty Ltd ²	Australia	Supply of facilities management	Ordinary shares – 100%
City Facilities Management Holdings (NZ) Ltd	New Zealand	Intermediate holding company	Ordinary shares – 100%
City Facilities Management (NZ) Ltd ¹⁰	New Zealand	Supply of facilities management	Ordinary shares – 100%
City Holdings International Asia Sdn Bhd	Malaysia	Intermediate holding company	Ordinary shares – 100%
City Facilities Management Sdn Bhd ³	Malaysia	Supply of facilities management	Ordinary shares – 100%
City Integrated Management Services Sdn Bhd ³	Malaysia	Procurement of facilities management and cleaning products	Ordinary shares – 100%
City Technical Solutions Sdn Bhd ³	Malaysia	Provision of technical and energy related services	Ordinary shares – 55%
City Facilities Management Holdings (HKG) Limited	Hong Kong	Intermediate holding company	Ordinary shares – 100%
City Facilities Management (HKG) Ltd ⁷	Hong Kong	Provision of facilities management Services	Ordinary shares – 100%
City FM (Macau) Ltd ⁷	Macau	Provision of facilities management services	Ordinary shares – 99%
City Technical Services Inc	USA	Intermediate holding company	Ordinary shares – 100%
City Facilities Management (US) LLC ⁴	USA	Supply of facilities management	Ordinary shares – 100%
City Facilities Management (FL) LLC ⁴	USA	Supply of facilities management	Ordinary shares – 100%
City North East Facilities Management LLC ⁴	USA	Supply of facilities management	Ordinary shares – 100%
City BES LLC ⁴	USA	Supply of facilities management	Ordinary shares – 100%
City Facilities Management MA ⁴	USA	Supply of facilities management	Ordinary shares – 100%
Lesprit Limited ¹	England	Intermediate holding company	Ordinary shares – 100%
Seckloe 280 Limited ¹	England	Intermediate holding company	Ordinary shares – 100%
City Facilities Management Holdings (Europe) Limited ¹	England	Intermediate holding company	Ordinary shares – 100%
Atrium Maintenance France SAS ⁵	France	Provision of maintenance services	Ordinary shares – 100%
City Facilities Management Europe SAS ⁵	France	Provision of maintenance services	Ordinary shares – 100%

The shares in subsidiaries are held by City Facilities Management Holdings (UK) Limited (a wholly owned subsidiary of City Facilities Management Holdings Limited) whose registered office is at Caledonia House, Glasgow G5 0US, except those marked ¹ which are owned by City Facilities Management Limited (also registered at Caledonia House G5 0US), those marked ² which are owned by City Holdings (Aus) Pty Limited registered at 10 Nexus Ct, Mulgrave, VIC 3170, those marked ³ which are owned by City Holdings International Asia Sdn Bhd registered at Axiata Tower, 50470 Kuala Lumpur, those marked ⁴ which are owned by City Technical Services Inc. registered at Jacksonville FL 32256, and those marked ⁵ which are owned by City Facilities Management Holdings (Europe) Limited, registered at Unit 1b Lea Green Business Park St Helens, England WA9 4TR, and those marked ⁷ which are owned by City Facilities Management Holdings (HKG) Limited, registered 37/F AIA Kowloon Tower, Landmark East, 100 How Ming Street, Kwun Tong, Kowloon Hong Kong, and those marked ⁸ which are owned by Edendale Limited (also registered at Caledonia House, Glasgow G5 0US) and those marked ⁹ which are owned by Caledonia Holdings Limited (also registered at Caledonia House, Glasgow G5 0US) and those marked ¹⁰ which are owned by City Facilities Management Holdings (NZ) Ltd, registered at 188 Quay Street, Auckland 1010.

Notes (continued)

13 Stocks

	Group	
	2025	2024
	£000	£000
Raw materials and consumables	1,720	1,615
Work in progress	25,642	32,726
	27,362	34,341

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £240,580,000 (2024: £211,675,000). The write-down of stocks to net realisable value amounted to £Nil (2024: £Nil). The reversal of write-down amounted to £Nil (2024: £Nil). The write-down and reversal are included in cost of sales.

14 Debtors

	Group		Company	
	2025	2024	2025	2024
	£000	£000	£000	£000
Trade debtors	229,571	199,931	-	-
Amounts recoverable on contracts	15,405	25,868	-	-
Loan receivable	14,000	14,175	-	-
Amounts owed by group undertakings	-	-	-	1,897
Prepayments and accrued income	5,771	2,686	-	-
Other debtors	31,525	25,555	-	-
Corporation tax	-	1,473	-	-
Group relief	-	-	8,673	6,951
Deferred tax (note 18)	9,719	8,107	1,222	1,222
	305,991	277,795	9,895	10,070

Amounts owed by group undertakings are payable on demand.

Included within trade debtors is £109,229,384 (2024: £88,308,584) in relation to a debtor factoring agreement.

The Loan receivable is payable monthly over a term of 10 years with reasonable endeavours to repay in full after 3 years. The loan is linked to the company's Bank loan and if the Bank loan was not renewed the loan due would be repayable on demand.

15 Cash and cash equivalents

	2025	2024
	£000	£000
Group		
Cash at bank and in hand	51,190	49,349

Notes (continued)

16 Creditors: amounts falling due within one year

	Group		Company	
	2025	2024	2025	2024
	£000	£000	£000	£000
Trade creditors	73,184	83,834	-	-
Payments received on account	7,758	6,382	-	-
Taxation and social security	21,009	21,775	-	-
Accruals and deferred income	140,485	226,808	-	-
Debtor Factoring	109,229	-	-	-
Director's loan	1,780	1,968	-	-
Bank loan	30,000	-	-	-
Corporation tax	268	-	-	-
Amounts owed to group undertakings	-	-	3,125	-
	383,713	340,767	3,125	-

The debtor factoring agreement was included within accruals in 2024 at a value of £88,308,584.

The bank loan is a three year revolving credit facility that commenced on 1st August 2023. This facility was reduced by £10,000,000 to £20,000,000 in April 2026. This facility has been renewed for a further three years from 1st August 2026. The interest rate is 2.3% above SONIA

17 Creditors: amounts falling due after more than one year

	Group		Company	
	2025	2024	2025	2024
	£000	£000	£000	£000
Bank loans	-	30,000	-	-
Other creditors	1,180	366	-	-
Deferred consideration	11,500	14,000	-	-
	12,680	44,366	-	-

18 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets	Assets	Liabilities	Liabilities	Net	Net
	2025	2024	2025	2024	2025	2024
	£000	£000	£000	£000	£000	£000
Accelerated capital allowances	-	-	(829)	(1,391)	(829)	(1,391)
Short term timing differences	7,341	5,321	-	-	7,341	5,321
Tax losses	3,207	4,177	-	-	3,207	4,177
	10,548	9,498	(829)	(1,391)	9,719	8,107

Company deferred tax of £1,222,000 (2024: £1,222,000) relates to tax losses.

The deferred tax asset in the current year is included within debtors at note 14.

Notes *(continued)*

19 Employee benefits

Defined contribution plans

Group

The Group operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £16,254,000 (2024: £17,358,000).

20 Capital and reserves

Share capital

	2025 £000	2024 £000
<i>Allotted, called up and fully paid</i>		
1,347,778 ordinary shares of £1 each	1,348	1,348

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

21 Operating leases

Non-cancellable operating lease rentals are payable as follows:

Group	2025 £000	2024 £000
Less than one year	8,841	10,910
Between one and five years	12,847	20,730
Over five years	491	-
	22,179	31,640

During the year £14,759,000 was recognised as an expense in the profit and loss account in respect of operating leases (2024: £16,183,000).

Notes (continued)

22 Related parties

The group entered into transactions with Lord Haughey Kt OBE, Newton Holdings Limited and its subsidiary City Technical Services (UK) Limited. The son of Lord Haughey Kt OBE and Lady Haughey CBE owns Newton Holdings Limited Group. The transactions and balances as at the balance sheet date are shown below. All transactions occurred in the ordinary course of business and at arm's length prices.

	Sales		Purchases	
	2025 £000	2024 £000	2025 £000	2024 £000
Lord Haughey Kt OBE	154	191	-	-
Newton Holdings Limited	125	157	-	49
	Receivables outstanding		Creditors outstanding	
	2025 £000	2024 £000	2025 £000	2024 £000
Newton Holdings Limited	14	46	-	-
Lord Haughey Kt OBE	-	23	-	-

As at 31 December 2025 loans due to Lord Haughey Kt OBE and his family were £1,759,046 (2024: £2,007,122). The maximum amount due during the year was £3,080,271 (2024: £5,936,022). The loan is interest free and repayable on demand.

23 Accounting estimates and judgements

Key sources of estimation uncertainty

The group utilises estimates regarding values of work in progress, accruals, deferred income and cost of sales; based on each stage of project completion. Fair judgement is used, and we believe there are no areas of material uncertainty which affect the financial statements.

24 Subsequent events

In March 2026 the company sold its shareholding in City Technical Services Inc and its relevant subsidiaries, and the full financial impact of this transaction will be reflected in FY26 financial statements, as it currently cannot be estimated reliably.