City Facilities Management Holdings Limited

Annual report and consolidated financial statements

Registered number SC199503

31 December 2023

Contents

Strategic Report

The directors present their strategic report for the year ended 31 December 2023.

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 £14,193,000 *(2022: £23,850,000)* for the year. Profit attributable to shareholders of the parent company was £11,074,000 *(2022: £20,316,000)* and profit attributable to non-controlling interest was £3,119,000 *(2022: £3,534,000)*.

Key performance indicators

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

	2023	2022
Turnover (£'000)	**1,144,939**	1,511,465
Operating profit (£'000)	**23,691**	38,838
Profit after tax (£'000)	**14,193**	23,850
Shareholders' funds (£'000)	**55,281**	52,723
Current assets as % of current liabilities ('quick ratio') (%)	**107%**	103%
Average number of employees (FTEs)	**6,957**	8,176

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 particularly with the high inflation witnessed through 2022 and the early part of 2023. 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 and Profit have expectedly dropped from prior year mainly as a result of a one off contract transaction at the end of FY2022 within our USA Business with Revenue dropping 24% overall. Turnover from our FM business decreased by 30% although this was heavily impacted by the USA and FM revenues across all other countries increased by 6% in year. This was driven by strong client growth across the UK, Australia and Asia across new and existing markets. Projects Services turnover increased in year by 7% with a strong performance in the UK being the main driver of this growth. 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 2023 we maintained work on a long term project aimed at continuing to provide world class FM solutions.

Turnover from Facilities Management and Cleaning Services decreased to £901m *(2022: £1.3bn)*, with the main impact being a drop of £427m in North America. Turnover from Facilities Management in the United Kingdom and Europe increased by £22m as a result of new client awards. Turnover increased by £16m in Australia and New Zealand with additional income from the provision of new services to existing customers and the securing of new customers. Turnover from Facilities Management across Asia also increased by £6m through Energy FM projects and new client awards.

Project Services turnover including construction services and the installation of refrigeration, bakery, security, air conditioning and electrical equipment increased 7% to £244m in 2023 *(2022: £228m)*. Turnover in the UK & Europe increased by £34m mainly through additional construction and engineering projects through new and existing clients. Project turnover in the USA decreased in year by £17m with reduced construction and project management projects through existing clients.

Strategic Report *(continued)*

Business review *(continued)*

Key performance indicators (continued)

The overall group operating profit based on the above performance dropped to £23.7m from £38.8m in 2022. This reduction was largely driven by 2 key factors – firstly the reduction in USA revenues and secondly a c£7m investment in our IT infrastructure in the face of worldwide cyber risks. This investment in our IT infrastructure followed an incident within the group that was quickly contained with no non-compliance of any laws or regulations during this time. The investment was based on advice from internal and external specialists and was targeted at reviewing and upgrading our security environment in the face of the changing nature of cyber risk which included moving to fully cloud based systems.

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 £0.7m.

Cash flow forecasts have been prepared based on expected profit levels in 2024 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 8 to 14.

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)*

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

The group continue to explore organic growth through new contracts alongside expanding service delivery with existing clients. During 2023 the group continued to expand into residential property and in 2024 completed the build of 33 flats in Scotland offering highly energy efficient properties for an affordable rent.

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 2023, represents all City Group UK operations. Our chosen intensity measurement is gross emissions per £1m UK Revenue.

	2023	2022
Energy consumption used to calculate emissions (kWh)	2,733,354	3,314,478
Scope1 emissions in metric tonnes CO2e:		
Gas consumption	**162**	234
Leased transport	**9,791**	9,651
Diesel used on site	**30**	144
Process emissions	**129**	0
Total Scope 1	**10,112**	10,029
Scope 2 emissions in metric tonnes CO2e:		
Emissions from purchased electricity (market based)	**8**	42
Scope 3 emissions in metric tonnes CO2e:		
Supply Chain - purchases of goods and services	**61,993**	66,235
Fuel & energy related emissions	**2,541**	2,405
Business Travel	**1,010**	977
Commuting	**733**	637
Waste and Water	**1,512**	814
Total Scope 3	**67,789**	71,068
Total gross emissions in metric tonnes CO2e	**77,909**	81,140
Intensity Ratio tonnes CO2e / £1m turnover	**170.5**	202.3

Our consumption in 2023 reflects a reduction year on year of 581,124 kWh. This represents 31% reduction in gas consumption and 9% reduction in electricity consumption, year on year.
During 2023 we completed a significant exercise, to fully evaluate our Scope 3 emissions. Our Scope 3 emissions now include all relevant Scope 3 categories, in full. 2022 Scope 3 emissions have also be re-evaluated, and so we have restated our 2022 Scope 3 carbon emissions data to provide comparatives. New Scope 3 categories of emissions now include:

- **Supply Chain** – purchases of goods and services
- **Commuting** – emissions relating to the commuting activities of colleagues based at our Glasgow Head Office.
- **Fuel and energy emissions**- related to the production of fuels and energy purchased and consumed by the City in the reporting year that are not already included in scope 1 or scope 2. For example, this category includes well to tank diesel emissions, whilst tank to wheel diesel emissions are already included in Scope 1.

As at 31 December 2023, City's total carbon emissions decreased by 4% (3,231 tCO2e) from the prior year, with a 16% reduction in carbon intensity from the prior year.

Strategic Report *(continued)*

Streamlined Energy and Carbon Reporting *(continued)*

Our overall emissions reduced year on year largely due to the impact of a reduction in supply chain spend across our most carbon intensive *goods and services by 6%. We have reduced diesel used on site due to the introduction of PV and HVO, as alternative sources of fuel. We have also further extended our programme of conversion to renewable energy across our estate.

**as defined by GHG conversion rates*

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 reduction of 49.7% by 2030, from our 2019 base year:

- Significant improvement in our data collection, measurement, analysis and reporting around our supply chain and other scope 3 emissions.
- The installation of electrical sub-metering in our head office.
- We have committed and have now submitted our Near-term and Net Zero reduction targets to the SBTi for validation.
- Removed single use plastic water bottles and installed further water filter machines at our Glasgow Head Office to encourage our colleagues to use refillable bottles.
- Implementation of Smarter/Hybrid working practices to reduce business travel, where appropriate to do so and to consolidate and reduce our leased premises.
- ISO 14001 ongoing certification
- The purchasing of electricity from renewable sources for our head office and other premises

We are actively working to develop and then implement further measures to reach our near and long-term goals for carbon emission reductions. These measures include:

- Introducing Supply chain carbon reduction strategies. With our supply chain emissions representing 80% of our total emissions for 2023, we will be working closely with our supply chain to improve our data collection, measurement, analysis and reporting relating to our scope 3 emissions, to fully utilise the SBTi commitment to influence for better carbon management policies and processes working with our supply chain to introduce mechanisms and ways of working that will reduce our scope 3 emissions. We have already identified those areas of our supply chain that have the largest impact on our emissions, to date. This data will inform our supply chain carbon reduction strategy to ensure that we focus our efforts where we can have the greatest impact.
- Fully utilise our SBTi commitment to influence for better carbon management policies and processes, across all our business operations.
- The electrification of office based heating and hot water systems through formal gas asset replacement program
- Signing up to the RE100 initiative and continuing with our programme of switching to 100% renewable electricity for all our properties, by 2025
- Review our Environment Policy including company position on business travel
- Introduction of our Green Fleet Transition Strategy to adapt our use of fleet vehicles to ensure that we reduce our fleet related emissions as far as possible. We will use key data insights to ensure that our transition plan is effective in reducing our emissions, whilst avoiding disruption to our client services. This transition strategy will maximise the opportunity to transition company cars and vans to utilise both plug-in hybrids and fully electric vehicles, with the target of phasing out the carbon related to petrol and diesel vehicles by 2030.
- Further develop and implement other Green Fleet Strategy related activities, including 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.
- Continual review of new smarter/hybrid working practices, to find the most effective way to reduce our carbon emissions whilst providing and efficient and responsive service to our customers.
- 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.

Strategic Report *(continued)*

Streamlined Energy and Carbon Reporting *(continued)*

- 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.
- Continue to increase awareness of environmental and carbon efficiency programmes and ideas, informing our colleagues through our regular internal communications and our annual ESG Colleague Survey tools.
  We will continue to campaign for less carbon intensive travel, sharing benefits of Cycle to Work, car-sharing schemes and other less carbon intensive commuting activities for colleagues' consideration.

Climate-related financial disclosures

Background

Effective for periods commencing on or after 6 April 2022, The Climate-related Financial Disclosure Regulations 2024 of the Companies Act 2006 place requirements on large private companies to incorporate TCFD aligned climate disclosures in their annual reports. For the year ended 31 December 2023, City meets the relevant threshold of having more than 500 employees and a turnover of more than £500m.

Strategy

As a large privately owned Facilities Management company, we recognise the importance of addressing climate-related risks and opportunities. 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 acknowledge the reality of climate change and the need to transition to a low-carbon economy. Our Risk Committee regularly assesses the risks associated with climate change, identifying those that may affect our business - both the physical risks which may impact our operations and services to our customers, and also the risks that may impact our business in transitioning to a low-carbon economy. We want to ensure that our business is fully prepared and actively minimising the risks we identify, as well as identifying and capitalising on opportunities for sustainable growth.

Through ongoing 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 climate-related risks. We view climate change not only as a threat but also as an opportunity for innovation and positive change.

By integrating climate considerations into our strategic planning, risk management processes, and decision-making, we aim to remain a responsible and forward-thinking business that contributes to a more sustainable future. Our TCFD statement reflects our commitment to transparency, accountability, and sustainability in all aspects of our operations.

Governance structure and alignment with our climate strategy

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 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), the Executive Leadership Team (AsiaPac) and the Executive Leadership Team (USA) for UK and Europe, AsiaPac and USA, respectively.

Each respective Leadership Team has overall responsibility for implementing the Group's climate-related strategy, monitoring the climate-related performance and reporting to the Board on the progress made to manage climate-related risks and realise climate-related opportunities. The individual Leadership Teams, chaired by the relevant CEO for UK and Europe, AsiaPac and USA, as relevant, meet on a quarterly basis. Whilst climate-related risks and opportunities are discussed at each meeting, ESG including climate-related matters are discussed in detail, at least once annually.

Strategic Report *(continued)*

Climate-related financial disclosures *(continued)*

A Global ESG Governance Group has been established since the year end. This group 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, APAC and USA. 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. 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.

Our Director of ESG (UK and Europe) is responsible for leading our ESG committee (UK and Europe), which assesses new and emerging climate-related risks & opportunities, and any broader ESG-related risks and opportunities which may impact, or be impacted by, our UK and European operations or those of our UK and European customers and suppliers. This may include matters related to reaching our 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 by the ESG Committee, our Head of Risk and Governance, relevant business stakeholders and subject matter experts. 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.

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 and 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. Our business is also recognised as part of the Business Ambition for 1.5°C and the Race to Zero campaigns. We have completed our scoping exercise and have calculated our emissions, across scopes 1,2 and 3, in full. We have received confirmation of independent SBTi validation and approval for both our Near-terms targets and Net Zero targets.

We will continue to comply with the Energy Savings Opportunity Scheme ('ESOS'), and the Streamlined Energy and Carbon Reporting ('SECR') initiative.

Climate-related risks and opportunities arising

In carrying out climate-related risk 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 results of our risk assessment work to specifically identify climate-related risks and opportunities, which could have a material impact on City, has been included in the table below. These climate-related risks have been allocated according to a timeline and approximate £ impact, which the Risk Committee, and the Board, has agreed as most appropriate:

Strategic Report *(continued)*

Climate-related financial disclosures *(continued)*

Climate Risk Ref	Climate Risk theme	Causes	Consequences	Risk Score*	Time classifications**
1	Extreme weather events (Flooding, hotter summer temperatures, natural disasters etc) - physical risk	• Catastrophic global weather events • Increased levels of C02 emissions • FM services to client buildings situated on flood plains • Inadequate protection against certain weather events in operational locations	• Services cannot be maintained for customers leading to failure of contractual obligations. Reputational and legal impact. • City premises are closed or inadequate cost management to maintain buildings used for City operations leads to profit erosion.	High	Short term
2	Legal or reputational-related transition risks	• Customers cannot manage their climate targets and risk, due to our instability in operational capacity • Lack of clear contractual governance over rights and obligations/liabilities for climate impacting events to client operational capacity on sites	• Direct costs of legal challenges, or costs associated with increased scrutiny as a result of legal challenges from customers or regulatory authorities. • Reputational, financial and/or legal impact.	Medium	Medium term
3	Pollution & loss of biodiversity	• Harmful chemical or other particles in the air, water or food, which may stem from energy generation, waste management failures, natural disasters, unprotected species.	• Increased requirement for pest control, impacting biodiversity around site locations. Additional costs not recoverable due to lack of planning and/or contractual agreement. • Reputational, financial and/or legal impact.	High	Medium term
4	Climate change impacts access to resources	• Frequency and extent of weather events inhibits City's ability to resource work, transport links, Road closures impacted by weather. • Long term impact of weather events and pressure on existing resources to meet demand 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	• Not delivering contractual obligation • Increased need for mental health awareness and people management skills to support individuals impacted. • Reputational, financial and/or legal impact.	High	Long term

Climate Risk Ref	Climate Risk theme	Causes	Consequences	Risk Score*	Time classifications**
5	City low-carbon transition takes too long	• Public exposure of companies which are considered not to be transitioning fast enough, not meeting their own commitments or if activities across the Group are not aligned. • Frequency of climate-related incidents affecting FM industry increases scrutiny of City operations and environmental impacts • No supply chain contingency plans in place to source parts from alternative sources from those at risk of impact from climate impact • 3rd parties/suppliers or customers not aligning with City climate-related priorities • Delay in procuring electric vehicles	• Reputational impact in the market leads to inability to win new contracts • Inability to attract and retain talent • Regulatory penalties/impact on financing arrangements from not meeting climate targets • Lack of supply chain resilience management results in City being unable to meet contractual requirements and both City & customer climate related priorities	Critical	Short term
6	Cost to transition to low-carbon solutions has not been properly budgeted	• Energy security and associated costs volatility • Inflationary increases • Poor energy efficiency or cost management of transition related activities • Increased costs relating to low carbon solutions • research and development of new solutions • capital expenditure on new technologies or adoption of new processes or practices.	• Negative impact on profitability	Critical	Short term
7	Unsustainable Business Model	• Lack of strategic planning and/or knowledge of market opportunity • Inability to transition existing services, through lack of innovation and knowledge of low-carbon technology • Access to finance is limited due to inability to transition and meet climate related targets.	• Unable to adapt to win new work or meet customer demand for net zero management services leads existing and potential customers to seek out new contractual arrangements outwith City.	Critical	Long term

Climate Risk Ref	Climate Risk theme	Causes	Consequences	Risk Score*	Time classifications**
		• No investment in development of policy, technology, data management, AI and marketability to enable transition of City's services to meet market demand.			

***Risk Score – approximate £ impact**

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

****Time classification - definition**

Short term: < 5 years
Medium term: 5-10 years
Long term: >10 years

Strategic Report *(continued)*

Climate-related financial disclosures *(continued)*

Impact of climate-related opportunities

City could benefit from lower costs, as a lower-carbon energy source becomes more cost-effective or sustainable use of resources, lead to 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 for energy management or it could include further development of our existing energy management solutions into new innovative solutions and technologies, to address the broader complexity of risks posed by climate change. There is a further opportunity to expand existing services in emissions measurement and reporting on behalf of our customers.

City might expect an increase in revenue or profitability for new products or services, as a result of improved market share and/or reputation for driving positive climate-related actions. This year has seen City significantly invest 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 tailored energy and resource monitoring services.

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

A legal ruling or introduction of new regulatory compliance applies more stringent emissions reduction requirements on our client industries, increasing demand for our various management services of lower-carbon sustainable solutions.

Monitoring progress – defining KPI measures

The metrics used to assess progress against our targets follow the GHG Protocol methodology, and we will report tCO_2e. By using a widely acknowledged basis of measurement this provides an opportunity to compare to industry trends and benchmarks. This consistent methodology will also allow us to review internal trends over a period of time, identifying how trends have been impacted by policy changes, by new contracts and/or new business services. 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 46.2% reduction by 2030, with a target to be Net Zero by 2040.

In order to monitor progress of our climate-related strategy, we will monitor a range of targets, for over the course of 2024. These targets may incorporate the following areas of risk and opportunities:

Transition risks

Reducing a percentage of services exposed to transition risks by 2030 relative to a 2019 baseline.

Physical risks

Reduction in number of days of disruption as a result of climate related incidents – indicating better preparation and response activities.

Climate related opportunities

Transition to renewable energy on all buildings owned by City by a particular date.

Strategic Report *(continued)*

Climate-related financial disclosures *(continued)*

Carbon economy investment

% increase annual investment into Research and Development of policy, technology, data management, AI and marketability to enable transition of City's services to meet low carbon economy market demand.

Total carbon emissions

The absolute greenhouse gas emissions associated with a portfolio, expressed in tons CO2e (tCO2e)

Carbon intensity metric

Volume of carbon emissions in tons of carbon emissions (tCO2e) per £million of revenue (£1m GBP). This provides the business with insight into the carbon efficiency of a project, contract or portfolio of contracts, and can be used to identify those services or contracts which would benefit from further focussed innovation to reduce overall impact. As the business transitions to a low-carbon business model we will be able to track progress by reviewing the rate at which our carbon intensity ratio decreases over time.

Net Revenue goal

£m revenue for services designed and provided to customers to facilitate a low-carbon economy e.g. through energy management services.

Extreme weather risk to service delivery

Proportion of own offices and property/infrastructure subject to a) flooding/high baseline water, b) extreme heat stress, or other extreme weather events.

Proportion of customer services delivered in an area subject to:

a) flooding/high baseline water
b) extreme heat stress, or other extreme weather events

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 and our in house information app.

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 2023 were in conformance of their duty under section 172 of the Companies Act.

By order of the board

Charles Hawkins

C Hawkins
Secretary

Caledonia House
2 Lawmoor Street
Glasgow
G5 0US

30th September 2024

Directors' Report

The directors present their directors' report and financial statements for the year ended 31 December 2023.

Political and charitable contributions

The Group made charitable donations totalling £716,000 *(2022: £1,294,000)*. The Group made no political donations during the year *(2022: £nil)* nor did they incur any political expenditure in the year *(2022: £nil)*.

Dividends

An ordinary dividend of £7,144,000 (*2022: £7,143,000)* was paid to shareholders of the company during the year. In addition, minority interests were paid a dividend of £1,184,000 *(2022: £2,985,000)*.

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
Professor Dame Joan Stringer
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 internal newsletters. In this publication, employees are encouraged to present 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 maintained at all times. 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 14.

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

Charles Hawkins

C Hawkins
Secretary

Caledonia House
2 Lawmoor Street
Glasgow
G5 0US

30th September 2024

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, the Directors' 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 2023 which comprise the Consolidated Profit or 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 at 31 December 2023 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 Company or to cease their operations, and as they have concluded that the Group's 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").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources and metrics relevant to debt covenants over this period was the impact of competitive trading conditions on sales.

We also considered less predictable but realistic second order impacts, such as the erosion of customer or supplier confidence, which could result in a rapid reduction of available financial resources.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the directors' sensitivities over the level of available financial resources and covenant thresholds indicated by the Group's financial forecasts taking account of severe, but plausible adverse effects that could arise from these risks individually and collectively.

We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the directors' assessment of going concern.

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's or Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 1 to be acceptable.

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 judgements. We did not identify any additional fraud risks.

We performed procedures including identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

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 statement 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, data protection laws, anti-bribery 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 evidence 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITY FACILITIES MANAGEMENT HOLDINGS LIMITED (continued)

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.

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 18, 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.

Hugh Harvie (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St Vincent Street,
Glasgow, G2 5AS
02 October 2024

Consolidated Profit and Loss Account
for the year ended 31 December 2023

	Note	**2023**	2022
		£000	£000
Turnover	*2*	**1,144,939**	1,511,465
Cost of sales		**(931,752)**	(1,239,859)
Gross profit		**213,187**	271,606
Intangible assets and Goodwill amortisation	*9*	**(1,741)**	(1,625)
Administrative expenses- recurring		**(187,755)**	(225,387)
Administrative expenses- exceptional		**-**	(5,756)
Group operating profit	*3*	**23,691**	38,838
Other interest receivable and similar income	*6*	**1,695**	675
Interest payable and similar charges	*7*	**(5,442)**	(2,504)
Profit before taxation		**19,944**	37,009
Tax on profit	*8*	**(5,751)**	(13,159)
Profit for the financial year		**14,193**	23,850
Profit or loss attributable to			
Shareholders of the parent company		**11,074**	20,316
Non-controlling interest		**3,119**	3,534
Total profit		**14,193**	23,850

The notes on pages 31 to 47 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 2023

	2023	2022
	£000	£000
Profit for the year	**14,192**	23,850
Other comprehensive income		
Foreign exchange differences on translation of foreign operations	**(1,548)**	1,821
Total comprehensive income for the year	**12,644**	25,671
Total comprehensive income attributable to:		
Shareholders of the parent company	**9,702**	21,858
Non-controlling interest	**2,942**	3,813
Total profit	**12,644**	25,671

Notes on pages 31 to 47 form part of the financial statements.

All activities in 2023 are continuing.

Consolidated Balance Sheet
as at 31 December 2023

	Note	2023 £000	2023 £000	2022 £000	2022 £000
Fixed assets					
Intangible assets and goodwill	*9*	15,479		9,320	
			15,479		9,320
Investment Property	*10*	19,224		12,932	
Tangible assets	*10*	36,084		34,157	
			55,308		47,089
			70,787		56,409
Current assets					
Stocks	*12*	52,823		72,606	
Debtors	*13*	277,626		269,326	
Cash at bank and in hand	*14*	42,464		96,533	
		372,913		438,465	
Creditors: amounts falling due within one year	*15*	(349,266)		(425,031)	
Net current assets			23,647		13,434
Total assets less current liabilities			94,434		69,843
Creditors: amounts falling due after more than one year	*16*		(34,275)		(14,000)
Net assets			60,159		55,843
Capital and reserves					
Called up share capital	*19*		1,348		1,348
Share premium account			1,950		1,950
Capital redemption reserve			747		747
Profit and loss account			51,236		48,678
Equity attributable to the parent's shareholders			55,281		52,723
Non-controlling interest			4,878		3,120
Shareholders' funds			60,159		55,843

The notes on pages 31 to 47 form part of the financial statements.

These financial statements were approved by the board of directors on 30th September 2024 and were signed on its behalf by:

W. Haughey

Lord Haughey Kt OBE
Director

Company registered number: SC199503

Company Balance Sheet
as at 31 December 2023

	Note	**2023** **£000**	**2023** **£000**	2022 £000	2022 £000
Fixed assets					
Investments	*11*		**8,163**		8,163
Current assets					
Debtors	*13*	**8,890**		4,975	
Cash at bank and in hand		**506**		553	
		9,396		5,528	
Creditors: amounts falling due within one year	*15*	**-**		(1,411)	
Net current assets			**9,396**		4,117
Net assets			**17,559**		12,280
Capital and reserves					
Called up share capital	*19*		**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			**10,626**		5,347
Equity shareholders' funds			**17,559**		12,280

The notes on pages 31 to 47 form part of the financial statements.

These financial statements were approved by the board of directors on 30th September 2023 and were signed on its behalf by:

N. Haughey

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 2022	1,348	1,950	747	33,963	38,008	2,292	40,300
Total comprehensive income for the period							
Profit for the financial year	-	-	-	20,316	20,316	3,534	**23,850**
Other comprehensive income	-	-	-	1,542	1,542	279	**1,821**
Total comprehensive income for the period	-	-	-	21,858	21,858	3,813	**25,671**
Transactions with owners, recorded directly in equity							
Dividends	-	-	-	(7,143)	(7,143)	(2,985)	**(10,128)**
Total contributions by and distributions to owners	-	-	-	(7,143)	(7,143)	(2,985)	**(10,128)**
Balance at 31 December 2022	**1,348**	**1,950**	747	**48,678**	**52,723**	**3,120**	**55,843**

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 2023	1,348	1,950	747	48,678	52,723	3,120	55,843
Total comprehensive income for the period							
Profit for the financial year	-	-	-	11,074	11,074	3,119	14,193
Other comprehensive income	-	-	-	(1,372)	(1,372)	(177)	(1,549)
Total comprehensive income for the period	-	-	-	9,702	9,702	2,942	12,644
Transactions with owners, recorded directly in equity							
Dividends	-	-	-	(7,144)	(7,144)	(1,184)	(8,328)
Total contributions by and distributions to owners	-	-	-	(7,144)	(7,144)	(1,184)	(8,328)
Balance at 31 December 2023	**1,348**	**1,950**	747	**51,236**	**55,281**	**4,878**	**60,159**

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 2022	1,348	1,950	747	2,888	2,232	9,165
Total comprehensive income for the period						
Profit for the financial year	-	-	-	-	10,258	10,258
Total comprehensive income for the period	-	-	-	-	10,258	10,258
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 2022	**1,348**	**1,950**	**747**	**2,888**	**5,347**	**12,280**

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 2023	1,348	1,950	747	2,888	5,347	12,280
Total comprehensive income for the period						
Profit for the financial year	-	-	-	-	12,423	12,423
Total comprehensive income for the period	-	-	-	-	12,423	12,423
Transactions with owners, recorded directly in equity						
Dividends	-	-	-	-	(7,144)	(7,144)
Total contributions to and distributions to owners	-	-	-	-	(7,144)	(7,144)
Balance at 31 December 2023	**1,348**	**1,950**	**747**	**2,888**	**10,626**	**17,559**

Consolidated Cash Flow Statement
for the year ended 31 December 2023

	Note	2023 £000	2022 £000
Cash flows from operating activities			
Group operating profit		**23,691**	38,838
Adjustments for:			
Depreciation, amortisation and impairment	*9,10*	**7,914**	10,842
		31,605	49,680
(Increase)/Decrease in trade and other debtors	*13*	**(6,303)**	11,300
Decrease in stocks	*12*	**19,783**	6,737
(Decrease)/Increase in trade and other creditors		**(56,313)**	10,192
		(11,228)	77,909
Dividends paid		**(8,328)**	(10,128)
Interest paid	*7*	**(5,442)**	(2,504)
Tax paid		**(18,474)**	(9,763)
Net cash from operating activities		**(43,472)**	55,514
Interest received	*6*	**1,695**	675
Acquisition of tangible fixed assets	*10*	**(15,141)**	(21,252)
Acquisition of intangible fixed asset	*9*	**(7,900)**	-
Ediston RES Ltd disposal		**-**	584
Disposal of tangible fixed assets	*10*	**749**	494
Net cash from investing activities		**(20,597)**	(19,499)
Cash flows from financing activities			
New loan		**20,000**	-
(Repayment) of borrowings		**(10,000)**	(2,100)
Net cash from financing activities		**10,000**	(2,100)
Net (decrease)/increase in cash and cash equivalents		**(54,069)**	33,915
Cash and cash equivalents at 1 January		**96,533**	62,618
Cash and cash equivalents at 31 December	*14*	**42,464**	96,533

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; 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 24.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

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 company will have sufficient funds through its credit facilities to meet its liabilities as they fall due for that period. The group monitor cash flow on a weekly basis and are confident that there is sufficient headroom within the agreed bank facilities (including the factoring facilities) to ensure that liabilities can be settled when due for the foreseeable future. While the Group's overdraft facility is due to expire in May 2025, the bank has evidenced their intent to renew this and the directors have no reason to believe otherwise given the longstanding relationship. In the instance where the overdraft is not renewed, the City Group is projected 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.

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. 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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.15 Taxation (continued)

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.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it 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.

2 Turnover

	2023 **£000**	2022 £000
Facilities management	**900,531**	1,283,885
Project services	**244,408**	227,580
Total turnover	**1,144,939**	1,511,465
By geographical market		
United Kingdom	**457,475**	400,880
Overseas	**687,464**	1,110,585
	1,144,939	1,511,465

Notes *(continued)*

3 Expenses and auditor's remuneration

Included in profit are the following:

	2023 £000	2022 £000
Depreciation of tangible fixed assets	**6,173**	9,217
Hire of plant and machinery under operating leases	**14,156**	12,566
Impairment loss on loan receivable	**-**	5,756
Amortisation of goodwill	**1,741**	1,625

Auditors remuneration:

	2023 £000	2022 £000
Audit of these financial statements	**30**	30
Disclosures below based on amounts receivable in respect of other services to the company and its subsidiaries		
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	**755**	704
Other	**3**	8

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 2023	2022
Administration	**2,281**	2,073
Engineers	**2,764**	4,180
Other operational	**1,912**	1,923
	6,957	8,176

The aggregate payroll costs of these persons were as follows:

	2023 £000	2022 £000
Wages and salaries	**305,132**	379,979
Social security costs	**23,566**	27,993
Contributions to defined contribution plans	**15,720**	16,703
	344,418	424,675

Notes *(continued)*

5 Directors' remuneration

	2023 £000	2022 £000
Directors' emoluments	**2,138**	2,021
Company contribution to defined contribution schemes	**30**	30
	2,168	2,051

The aggregate remuneration and amounts receivable under long term incentive schemes of the highest paid director was £564,144 *(2022: £557,004)*, and company pension contributions of £Nil *(2022: £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

	2023 £000	2022 £000
Bank interest receivable	**1,695**	675

7 Interest payable and similar charges

	2023 £000	2022 £000
On overdraft and other loans	**5,442**	2,504

Notes *(continued)*

8 Taxation

Total tax expense recognised in the profit and loss account

	2023 £000	2023 £000	2022 £000	2022 £000
Current tax				
Current tax on income for the period	(215)		342	
Adjustments in respect of prior periods	(538)		581	
Double tax relief	-		-	
Current tax on income for the period		(753)		923
Foreign tax		7,156		17,885
Total current tax		6,403		18,808
Deferred tax (see note 17)				
Origination and reversal of timing differences	(210)		(5,712)	
Adjustments in respect of prior periods	(421)		160	
Effects of change in tax rates	(21)		(97)	
Total deferred tax		(652)		(5,649)
Total tax		5,751		13,159

Reconciliation of effective tax rate

	2023 £000	2022 £000
Profit for the year	14,193	23,850
Total tax expense	5,751	13,159
Profit excluding taxation	19,944	37,009
Tax using the UK corporation tax rate of 23.52%% *(2022: 19%)*	4,691	7,032
Non-deductible expenses	102	1,905
Income not taxable	(6,930)	(6,541)
Difference in tax rates relating to foreign income	7,714	10,074
Adjustment to tax charge in respect of prior periods	288	741
Transfer pricing adjustments	(958)	-
Other movements	844	(52)
Total tax expense included in profit	5,751	13,159

Factors affecting the future current and total tax charges

A UK corporation tax rate of 19% (effective from 1 April 2020) was substantively enacted on 17 March 2020. The Finance Act 2021, which was substantively enacted on 10 June 2021, increased the rate of corporation tax from 19% to 25% from 1 April 2023. The average prevailing rate of UK corporation tax for the year was therefore 23.52%. The future enacted tax rate of 25% has been used in the calculation of UK deferred tax assets and liabilities, as the rate of corporation tax that is expected to apply when those deferred tax balances reverse.

9 Intangible assets and goodwill

Group

	Goodwill £000	Intangible Assets £000	Total £000
Cost			
Balance at 1 January 2023	26,025	-	**26,025**
Additions	-	7,900	**7,900**
Balance at 31 December 2023	26,025	7,900	**33,925**
Amortisation and impairment			
Balance at 1 January 2023	16,705	-	**16,705**
Amortisation for the year	1,609	132	**1,741**
Balance at 31 December 2023	18,314	132	**18,446**
Net book value			
At 1 January 2023	9,320	-	**9,320**
At 31 December 2023	7,711	7,768	15,479

Notes *(continued)*

10 Tangible fixed assets

Group **Cost**	**Freehold land and buildings £000**	**Plant and machinery £000**	**Leasehold land and buildings £000**	**Sub Total £000**	**Investment Property £000**	**Total £000**
Balance at 1 January 2023	12,664	55,493	6,233	74,390	12,932	87,322
Additions	-	8,337	512	8,849	6,292	15,141
Disposals	-	(1,581)	(13)	(1,594)	-	(1,594)
Balance at 31 December 2023	12,664	62,249	6,732	81,645	19,224	100,869
Depreciation and impairment						
Balance at 1 January 2023	3,775	34,574	1,884	40,233	-	40,233
Depreciation charge for the year	253	5,696	224	6,173	-	6,173
Disposals	-	(845)	-	(845)	-	(845)
Balance at 31 December 2023	4,028	39,425	2,108	45,561	-	45,561
Net book value						
At 1 January 2023	8,889	20,919	4,349	34,157	12,932	47,089
At 31 December 2023	**8,636**	**22,824**	**4,624**	**36,084**	**19,224**	**55,308**

The net book amount of land and buildings includes £310,000 *(2022: £310,000)* in respect of freehold land on which no depreciation is charged.

11 Fixed asset investments

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

Notes *(continued)*

11 Fixed asset investments *(continued)*

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
City Air Conditioning Company (UK) Limited
Stevens Property Development Company Limited
The 1&7 Pub Company Limited
City Energy Management Services Limited
Lesprit Limited
Seckloe 280 Limited
City Facilities Management Holdings (Europe) Limited
Caledonia Holdings Limited
Craighead Properties Limited
City Facilities Management Systems Solutions Limited

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 Ltd	Scotland	Provision of ancillary energy services	Ordinary shares – 100%
City Facilities Management Systems 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 Limited [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 [9]	Scotland	Property investment company	Ordinary shares – 100%
Craighead Properties Ltd [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%
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	Provision of installation and project services	Ordinary shares – 100%
City Integrated Maintenance Services (QLD)Pty Limited [2]	Australia	Provision of maintenance services	Ordinary shares – 100%
City Integrated Maintenance Services Pty Ltd	Australia	Provision of maintenance services	Ordinary shares – 100%
City Facilities Management Holdings (NZ) Ltd	New Zealand	Intermediate holding company	Ordinary shares – 100%
City Facilities Management (NZ) Ltd	New Zealand	Supply of facilities management	Ordinary shares – 100%

Notes *(continued)*

11 Fixed asset investments *(continued)*

	Country of incorporation	Principal activity	Class and percentage of shares held
City Holdings International Asia Sdn Bhd [3]	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 [7]	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 Wellington Road, 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 Apollo House, 6 Bramley Rd, Mount Farm, Milton Keynes, MK1 1PT, 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 [9] which are owned by Caledonia Holdings Limited (also registered at Caledonia House, Glasgow G5 0US).

12 Stocks

	Group	
	2023	2022
	£000	£000
Raw materials and consumables	**1,038**	900
Work in progress	**51,785**	71,706
	52,823	72,606

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £194,885,000 *(2022: £158,917,000)*. The write-down of stocks to net realisable value amounted to £Nil *(2022: £Nil)*. The reversal of write-down amounted to £Nil *(2022: £Nil)*. The write-down and reversal are included in cost of sales.

Notes *(continued)*

13 Debtors

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Trade debtors	**213,051**	209,643	**-**	-
Amounts recoverable on contracts	**34,048**	21,884	**-**	-
Loan receivable	**14,175**	14,175	**-**	-
Amounts owed by group undertakings	**-**	-	**2,492**	-
Prepayments and accrued income	**1,778**	3,893	**-**	-
Other debtors	**8,269**	15,423	**-**	-
Corporation tax	**1,345**	-	**-**	-
Group relief	**-**	-	**5,855**	4,975
Deferred tax *(note 17)*	**4,960**	4,308	**543**	-
	277,626	269,326	**8,890**	4,975

Amounts owed by group undertakings are payable on demand.

Included within trade debtors is £52,605,025 (*2022: £48,090,236*) in relation to a debtor factoring agreement.

14 Cash and cash equivalents

	2023	2022
	£000	£000
Group		
Cash at bank and in hand	**42,464**	96,533

15 Creditors: amounts falling due within one year

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Trade creditors	**75,540**	102,479	**-**	-
Payments received on account	**11,196**	8,353	**-**	-
Amounts owed to group undertakings	**-**	-	**-**	1,411
Taxation and social security	**19,050**	17,468	**-**	-
Accruals and deferred income	**242,353**	274,420	**-**	-
Corporation tax	**-**	10,726	**-**	-
Director's loan	**1,127**	1,585	**-**	-
Bank loan	**-**	10,000	**-**	-
	349,266	425,031	**-**	1,411

Included within accruals is £52,605,025 (*2022: £48,090,236*) in relation to a debtor factoring agreement.

Notes *(continued)*

16 Creditors: amounts falling due after more than one year

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Bank loans	**20,000**	-	-	-
Other creditors	**275**	-	-	-
Deferred consideration	**14,000**	14,000	-	-
	34,275	14,000	-	-

17 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	**Assets 2023 £000**	Assets 2022 £000	**Liabilities 2023 £000**	Liabilities 2022 £000	**Net 2023 £000**	Net 2022 £000
Accelerated capital allowances	-	398	**(971)**	(1,146)	**(971)**	(748)
Short term timing differences	**5,339**	5,494	-	(61)	**5,339**	5,433
Capital gain	**592**	-	-	(377)	**592**	(377)
Deferred tax assets/(liabilities)	**5,931**	5,892	**(971)**	(1,584)	**4,960**	4,308

The deferred tax asset in the current year in included within debtors at note 13.

18 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 £15,720,000 *(2022: £16,703,000)*.

19 Capital and reserves

Share capital

	2023 £000	2022 £000
Allotted, called up and fully paid		
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.

Notes *(continued)*

20 Operating leases

Non-cancellable operating lease rentals are payable as follows:

Group	2023 £000	2022 £000
Less than one year	**7,766**	9,502
Between one and five years	**13,656**	14,287
	21,422	23,789

During the year £14,156,000 was recognised as an expense in the profit and loss account in respect of operating leases *(2022: £12,399,000)*.

21 Commitments

Capital commitments

There were £Nil capital commitments at the year-end for the group or company *(2022: £Nil)*.

22 Contingencies

The company has given its bankers cross guarantees secured by a bond and floating charge in respect of overdrafts and loans arising in City Facilities Management Holdings (UK) Limited, City Facilities Management (UK) Limited, City Facilities Management (Northern Ireland) Limited, CBES Limited, City Refrigeration (UK) Limited and City Facilities Management (Distribution) Limited.

At 31 December 2023 the company had a net contingent liability of £Nil *(2022: £Nil)* in respect of these obligations.

23 Related parties

The group entered into transactions with Lord Haughey Kt OBE, Go Radio Limited, Newton Holdings Limited and its subsidiary City Technical Services (UK) Limited. His son owns Go Radio Limited and 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	
	2023 £000	2022 £000	**2023 £000**	2022 £000
Lord Haughey Kt OBE	**163**	204	**-**	-
Newton Holdings Limited group	**146**	121	**46**	-

	Receivables outstanding		Creditors outstanding	
	2023 £000	2022 £000	**2023 £000**	2022 £000
Newton Holdings Limited group	**46**	45	**-**	-

As at 31 December 2023 loans due to Lord Haughey Kt OBE and his family were £1,104,075 *(2022: £1,585,148)*. The maximum amount due during the year was £3,775,337 *(2022: £4,447,691)*.

Notes *(continued)*

24 Accounting estimates and judgements

Key sources of estimation uncertainty

The group utilises estimates in regard to 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.

25 Subsequent events

There were no subsequent events post the balance sheet date and prior to the signing of these accounts that would have a material impact on the results reported or financial position of the company.