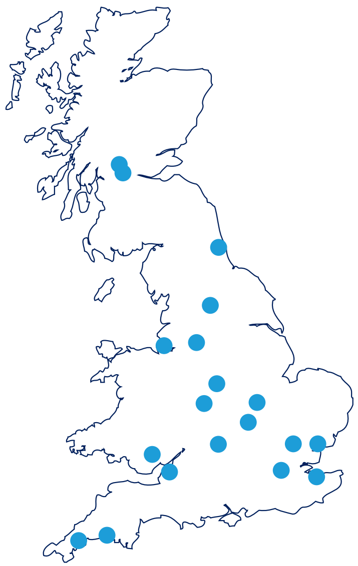
TClarke

Annual Report and Financial Statements **2023**

135 YEARS

Who we are



TClarke remains at the forefront of the Building Services industry. Our innovation and expertise are employed in the design, installation, integration and maintenance of the mechanical and electrical systems and technologies that a 21st century building needs for control, performance and sustainability. We currently operate from nineteen locations serving the whole of the UK.

We are a proud employer of local people in the towns and cities that we serve. Our reputation for high quality and the successful application of new technologies has been built over 135 years.

Strategic Report

Governance

Financial Statements

Additional

This interactive PDF allows you to find information and navigate around this document easily.

Return to Contents
Simply click on the arrow to return to the Contents page.

Links
Dynamic links within the text are indicated when the user rolls over hyperlinks and the mouse cursor changes to a pointed hand.

2023 Highlights

Strong operating performance

£491.0m
Group Revenue
2022: £426.0m

£9.4m
Operating Profit
2022: £11.5m

1.9%
Operating Margin
2022: 2.7%

£943m
Forward Order Book
2022: £555m

Financial strength and shareholder returns

£19.3m
Net Cash
2022: £7.5m

-£0.6m
Average month end net cash
2022: £2.6m

13.75p
Earnings per share
2022: 19.60p

5.9p
Dividends per share
2022: 5.35p

Social and environmental value

247
Apprentices
2022: 210

4.4
Emissions (tC02e) per £m revenue
2022: 4.8

0.33
Lost time incident rate as a result of accidents
2022: 0.32

54
Average supplier payment days
2022: 58

For further information and for a definition of dividend per share, see page 11 of the Group Financial Review. See page 12 for definition and calculation of net cash. KPI performance is described within the Strategic Report.

Chairman's Statement

2023 has been another year of significant achievement for TClarke. In a very challenging marketplace revenue increased by 15% to £491m (2022: £426m). The composition of this revenue number and order book reflects the successful implementation and delivery of our strategy in our chosen markets.

Our strategy is to pursue organic growth by focusing on our five core market sectors as set out on page 10, whilst building our market presence in data centres, large projects outside of London, smart buildings and healthcare. Whilst revenues from these areas reduced to £189m in 2023 (2022: £220m) they form a substantial part of our Forward Order Book. With data centres alone accounting for £346m.

Our forward order book now stands at £943m, an increase of 70% (2022: £555m) which again demonstrates the successful implementation and delivery of our strategic development plans.

In common with the wider market, we have faced significant economic and political upheavals and uncertainties throughout 2023, and this has perhaps been particularly the case in our Engineering Services sector. Despite this, we have achieved an operating profit of £9.4m in 2023 (2022: £11.5m), which is a very creditable result given the uncontrollable external pressures we have had to manage this year. This performance results not just from the successful implementation of our strategy, but also from the effective and continuous strategic and operational management and focus on delivery and performance.

During the year we completed a successful share placing which raised additional net proceeds of £10.1m. The rationale behind the placing was to increase our working capital levels to support our increased levels of activity and the changing nature of our working capital requirements given the increased size and complexity of current and future projects. The placing was oversubscribed, and new shares were taken up by both existing major shareholders and several new institutional investors. The support and increased investment by both existing and new shareholders through this placing is further evidence of the recognised success of our chosen strategies and investor confidence in our forward growth and performance.

We remain committed to a progressive dividend policy while at the same time balancing the interest and needs of all stakeholders. We are proposing a 2023 final dividend of 4.525p per share (2022:4.1p) which together with the interim dividend of 1.375p paid in October 2023 brings the full 2023 dividend to 5.9p per share (2022: 5.35p), an increase of 10%.

We have continued to invest in our responsible business activities, and I'm extremely proud of the enormous amount of work and innovation by our teams in enabling us to address climate change and deliver social value to the communities where we work.

Our manufacturing facilities in Stansted and Coatbridge have enabled TClarke to significantly reduce its carbon footprint. In addition, investment has been made into our carbon calculator for calculating Scope 3 emissions; information from which has been used on several tenders.

During the year our offices switched to 100% renewable energy, and we have introduced our first wave of electric vans within the Group's fleet.

Our teams have continued to build partnerships with schools, charities, and social organisations to provide work and training opportunities for local communities and introduce young people to careers in construction. This will help promote diversity while building a talent pipeline for the industry. We have been decarbonising schools, making them more energy efficient.

We continue to be the leading provider of apprenticeships in our sector, with 247 apprentices currently in place across the Group. This represents 18% of the total workforce (2022: 16%) - significantly more than the industry norm of 5%. This is a positive and substantial investment made with our confidence in TClarke and the future.

As we look forward to 2024 and beyond it seems unlikely that the current significant external economic and national and geopolitical challenges will lessen. Despite this, I look to the future with confidence for TClarke. We have a significant and growing order book at record levels. Our strategy is delivering and the successful share placing in 2023 demonstrates the confidence and support of the investment community in our performance and prospects. Our management, delivery focus and capabilities give TClarke the ability to continue to grow and prosper.

As ever, however, it is the collective and outstanding effort and output of our people which delivers the distinctive TClarke brand - a brand which is very strong, built upon our reputation for high quality engineering, reliability and on time delivery. It is our people and our brand that enable us to grow and perform and to face the future and its challenges with confidence.

Iain McCusker
Chairman
26th March 2024

Purpose, Strategy and Values

Our purpose is inspiring talent to deliver excellence in our chosen markets

Our strategy is to pursue organic growth by focusing on our five-core market sectors; Engineering Services, Technology, Infrastructure, Residential & Hotels and Facilities Management.

Our core values drive our culture

We believe we can make a difference

- Recruiting people with diverse perspectives, who are passionate about what they do
- Delivering projects of exceptional quality
- Pursuing our strategy to reach net zero carbon emissions by 2026
- Adding value to the communities where we work by procuring locally, providing job and training opportunities, and supporting local charities
- Being guided by our Core Values in everything we do
- Pursuing our target of having women taking 25% of our apprenticeships and training positions by 2028

Our strategic priorities

The following priorities are essential to achieving our purpose and strategy:

Increase our quality of earnings
Through project selectivity, operational efficiency and investment

Maintain a strong balance sheet and significant levels of available funds at all times

Secure long-term workstreams
Through customer and partner relationships, generating repeat business

Being a responsible business

- Protecting people
- Developing people
- Improving the environment
- Working together with our supply chain
- Enhancing communities

Excel in project delivery for our customers

The customer comes first

Talented people are key to our success

We must adopt new technology and drive change

Consistent achievement is key to our future

Chief Executive's Report

An effective model and a fresh target for growth
In March 2021, we began a journey to double our revenues. As we approach and pass this goal, the Company will continue to deliver organic growth, delivered with our consistent commitment to strong engineering with good values - and achieved without the costs or risks of acquisition.

We are able to increase our growth target significantly only because we can rely on the steadfast support we receive from our partners, customers, shareholders, and most importantly, our dedicated TClarke team, even amidst ongoing market challenges. I extend my heartfelt thanks to each of you for your invaluable contribution to our ongoing achievements.

This business model outputs sustainable growth
The challenges of inflation and supply that persisted throughout the year appear likely to persist further due to conflicts around the world. These factors continue to affect our markets, yet our robust business model and risk management practices enable us to mitigate risks, minimise disruptions, and capitalise on opportunities to keep on track with growth.

Once again in 2023, this business has succeeded in winning high-quality work, delivering it to our clients' satisfaction, and building our resource of people, skills, and capabilities to enable further headroom for growth.

Organic growth of this kind is sustainable. It allows us to broaden our client base, diversifying our risks and increasing both the scope and scale of opportunities available to us. This growth increases our resilience, while also increasing the value delivered to our stakeholders.

Together we operate a consistent and straightforward strategy
We operate in competitive, commercially driven markets, delivering complex engineering services. But our strategy is simple, fully understood by our people, and executed with precision across our business.

We maintain a disciplined and selective approach to tendering. We do not tender for projects where the margin is unacceptable.

We focus on workstream opportunities within five market sectors which we understand well, where our brand is known, where opportunities for growth exists and where we have market-leading expertise and skills.

We build and invest in our resource to maximise operational flexibility, adopting and pioneering new services like MMC (Modern Methods of Construction) which significantly expand our resource capabilities. We also balance and flex our growth across and between these sectors to take advantage of market opportunities and cycles and manage our risks effectively.

This approach has been followed consistently and fine-tuned, year by year. Our investments in systems, processes and skills have been focused on improving our ability to deliver this strategy.

Our goal in each of our five core markets is to be 'contractor of choice' in the marketplace, recognised for the quality and value of our work.

Every team in the business understands the strategy and what it requires from us. I am very proud of the performance levels which our people have achieved throughout the year. We can always do better - but their focus has been excellent and should be recognised.

Delivering record revenues
2023's record revenues of £491m are headlined by our performance in the Engineering Services market sector, but fully supported by strong revenues across all markets.

Large projects outside London achieved notable growth from £37m in 2022 to £88m in 2023. This reflected a step change across our regional operations - for example, during the year we were able to report the doubling of the average Engineering Services tender size in Scotland and a total of 19 projects of £5m + being delivered across our regions.

Delivering record forward orders
Our success in 2023 can be measured in the exceptional growth in our forward order book. In competitive markets, clients have actively sought to lock in TClarke teams to deliver their projects. Our order book has grown 70% in the last year, from £555m in 2022 to £943m in 2023. This delivers a major strategic advantage - allowing us to manage efficiently, invest for value and select future projects from a position of greater strength.

Although 2023's order book growth has been led by Technologies, which has more than trebled from 2022, that should not mask the exceptional growth enjoyed in Engineering Services and Infrastructure.

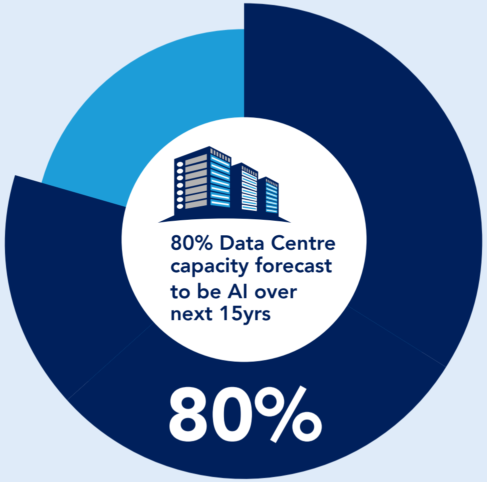
The Infrastructure order book has grown 47% compared to last year to £178m - reflecting both our long-term play in the healthcare sector and pleasing growth in other sectors including defence.

Engineering Services orders are up 39% - reflecting both our ongoing strength in major London markets and our growing presence and relationships across the country.

The order book growth for Technologies of 223% is in large part due to our growing reputation and leadership in the data centres market. Appetite and demand for TClarke teams and services, matched by our expanding resource base and skills, make this a strong area for our business. As the data centre industry approaches an

Chief Executive's Report continued

'iPhone moment', with the adoption of AI accelerating demand and need for data centre services, we see substantial opportunities in the years ahead.



Delivering the same unique brand experience
We are now entering our 135th Anniversary year.

In 1889, it was TClarke's 'wires encased in fire-proof materials' that enabled electrification for Royal Palaces including Windsor Castle and St James' Palace. Modern Methods of Construction (MMC), Smart Buildings and Alternative Energy Solutions are just three of the technologies where our leadership is enabling progress today. Our brand reputation has been built one project at a time during this year, just as it has every year since 1889. Today it operates as a significant commercial asset alongside our financial strength - allowing people to place their trust in TClarke.

I am very pleased to report that in 2023 our ability to retain clients remains central to our success. During the year, 92% of projects have been with repeat clients and/or principal contractors. At the same time, particularly in the field of data centres, we are also building a broad new portfolio of long-term partners, operating frequently as the General Contractor (GC) in these projects, where the building services dominate.

The continued strength of our business is due in no small part to the long-term relationships we enjoy - with major developers in London, housebuilders in Scotland and the NHS and defence sectors nationwide to name just a few. Our retention rate and the depth and length of relationships we build with our clients and supply chain is testament to the strong culture at all levels within our business.

Everything starts with our Resource
Culture depends on people. Once again, this year we have invested in excess of £6m in our apprentices across the UK and had 247 apprentices within the business (compared with 210 in 2022). Moreover, in 2023 we also reported a record 900 applications for our apprenticeships. This substantial commitment and interest creates a pipeline of future talent, designed to deliver both skilled operatives and future leaders in the volume and quality we require to meet our needs for growth. It also means that TClarke has deep roots in our local communities.

Offsite manufacture allows us to prefabricate major components of a building's engineering services in safe, factory conditions - and vastly improve efficiency and onsite logistics and environmental performance. During 2023 our two prefabrication facilities in Stansted, Essex and Coatbridge, Central Scotland completed a number of successful projects for our clients. Our confidence in resetting growth targets is only possible because of this exceptional resource of people, skills and facilities in-house. We keep investing and innovating to create further headroom for growth. Our competitors, whose models are overly dependent upon the use of sub-contractors, cannot achieve this level of confidence.

Our people build and retain Engineering Expertise
In 2023 our Bankside Yards project delivered a new industry benchmark for integrated offsite manufacture, helping achieve the UK's first fossil-fuel free major mixed-use development. This was one of several major London Engineering Services projects in 2023 where TClarke teams advanced the industry standard - in everything from smart buildings to upgraded energy performance. During 2023, TClarke London was also highly successful in quietly delivering some extremely complex major projects - including our largest Engineering Services project ever. These performance highlights in London were fully matched nationwide by the delivery of high profile, complex projects ranging from laboratory suites at Sawston Unity Campus in Cambridge, to numerous scanning facilities for hospitals across Britain to The Bristol Beacon - the year's largest arts project outside London.

Within the world of data centre engineering, TClarke progressed at pace in 2023, not only delivering £100m of revenue but securing a pipeline of £346m. These project wins are far more than figures in a financial report - they directly reflect the fact that we have made ourselves acknowledged leaders in the engineering of data centres. Our engineering expertise - in particular the scale and number of high-quality in-house teams we can offer - has been the single most important factor in driving the growth of our data centre business.

Overall, our depth of engineering experience and talent, our passion and pride to complete projects successfully for our partners and track record of complex landmark projects is one that no other team in the market can match. Crucially, due to our commitment to in-house careers, our engineering expertise stays within our business and builds over time. This body of knowledge has grown yet again in 2023, allowing us to hand pick the right team for our clients' project needs - from our own people.

Chief Executive's Report continued

A Responsible and progressive business
As well as being a high-quality engineering services business, TClarke has played a progressive role in society throughout 2023, in directly tangible ways that impact our local communities.

Our nationwide apprenticeship scheme sets the industry Gold Standard for quality - measured by its scale within our business and our consistently high percentages of successful completions. We need it because of our longstanding belief in high quality in-house careers, career development and employment for our people. During 2023 our directly employed workforce increased by 9%. Our number of training days also increased by 62%. The significant investments we make every year in local people are at the heart of our difference and the substantial social value which TClarke delivers to our communities. We work hard to offer our teams the best environments to collaborate, share knowl-edge, work safely and build careers. We are also proud to support many local community projects, charities and sporting teams for boys and girls of all ages nationwide.

At the start of 2023, we launched 25 by 28 - our five-year plan to fill 25% of our apprenticeship and training positions with women by 2028. During our 2023 apprenticeship intake we took our first small steps to make that a reality. Over the next five years we will continue to work at what is a deliberately ambitious target.

We have set the bar at this level because a fully diverse workforce, fit for the future, accessing the greatest range of talent, is a prize we want to win.

By collaborating with partners across our industry and taking the lead on such a major issue, we also recognise that what we achieve here will create far wider value and our successes will help reset everyone's standards and expectations.

Most importantly of all, TClarke is committed first and last to the safety and wellbeing of all our people and those with whom we work. During 2023 these commitments were expressed in a wide-ranging series of safety events, training, services and metrics for our staff to improve safety performance in every way we can. The increase in usage of our You Say You See reporting tool of 45% has been one of many highlights achieved during the year.

Outlook
The strength of our £943m forward order book is matched by a robust pipeline of current opportunities and a strong balance sheet with net assets of £53.4m. We have clarity in our strategy, balance across our sectors and a depth of available resource and capabilities across our business for further growth.

These strengths have allowed the board to approve our next medium term growth target of £650m. Within that medium term outlook, we see that our Technologies businesses have continued strong prospects, fueled by the emergence of AI, driving ongoing growth in data centre markets. At the same time, the advance towards Net Zero is driving the adoption of new alternative energy and smart buildings technologies, transforming needs across our Engineering Services markets. Our continued leadership in London engineering services and our growth in infrastructure and large regional projects adds further confidence.

While we expect and plan for challenges on every scale, we are looking forward to continued growth for all our stakeholders, achieving optimum revenues and margins. We are also focused on doing things the right way - the TClarke Way.

Our brand has been around for one hundred and thirty-five years; right now, our leadership in critical new engineering services technologies is more assured than ever.

That fact is not determined by our board but by the customers who choose and the TClarke teams who deliver. It is a matter of great pride that we have been able to immediately revise our target upward. There is great optimism in our business - based on the ongoing potential for organic growth we see in the immediate years ahead.

Mark Lawrence
Group Chief Executive Officer
26th March 2024

Business Model

Our strategic advantages give us market leadership. Our service mix allows us to deliver value at each stage of the project. Our delivery is underpinned by our core values, known as **The TClarke Way**.

Our strategic advantages

Our People
- We directly employ professional engineering staff and operatives and run industry leading apprenticeship and future leader schemes to sustain our talent pipeline.

Market Opportunities
- The UK Government has published a pipeline of £650bn infrastructure projects focusing on schools, hospitals, power networks, roads and railways. TClarke has a strong market presence in a number of these market sectors.
- Net Zero - We offer a wide range of energy efficient smart building solutions.
- Data Centres – significant number of data centres are being built in the UK and Europe over the next five years.

Integrated Services and Technology
- We offer a broad range of engineering services. We are a high-technology business and leaders in the delivery of complex installations utilising Modern Methods of Construction (MMC) that deploy prefabrication, pre-assembly, design standardisation and the use digital technologies.

Nationwide Coverage
- We cover the whole of the UK with 19 offices.

Reputation
- Our performance maintains our brand reputation for total reliability, safety, delivery and quality.

What we do

The value we create for our stakeholders

Shareholders
- Shareholder returns – we aim to generate long-term sustainable shareholder returns through the execution of our strategy.
- Dividend – we have a progressive dividend policy increasing dividends by 34% over the last five years.

Clients
- We aim to deliver projects safely on time and to budget using our workforce, design and project management skills. We adopt a collaborative and open approach to work which maximises value, efficiency and productivity.
- ESG activities support our customers on their path to achieving net zero emissions.

Our People
- Industry leading career paths and project work to take pride in. Currently 46 participants in Future Leaders Programme and 247 apprentices in training.

Supply Chain Partners
- We work to build strong, collaborative relationships with our suppliers including co-operative design and development activities.
- We support our suppliers to meet high standards of compliance expected by us and our customers.

Environmental
- Support our customers through implementing energy efficient smart building solutions.
- Building of solar farms and installation of heat pumps for customers.
- Type 1 and type 2 emissions per £1m of turnover have dropped to 4.4 tco_2e/£m.

Key Performance indicators

Delivering our strategic priorities

Strategic priorities	Key performance indicators	Performance	Medium-term targets	Performance commentary	Priorities going forward
Grow the business	**Deliver £500m annual revenues by end 2023**	23 £491m 22 £426m 21 £327m	£500m annual revenues now reset to be £650m	£491m annual revenues achieved for the first time in 2023. Particularly strong growth in Data Centres, Healthcare, and large projects outside of London when compared with 2021 levels. Data Centre revenue fell as expected as next batch are starting in 2024	TClarke to remain on a growth strategy with short and medium-term growth being delivered by the London operational team. 2024 revenue target £600m; 2025 revenue target £650m. Data Centre orders have trebled to £346m
	Deliver growth through expanding: **Data Centres**	23 £100m 22 £129m 21 £39m	£200m additional revenue in total from 2021 levels for these four markets		
	Healthcare projects	23 £46m 22 £47m 21 £31m			
	Large projects outside London	23 £88m* 22 £37m 21 £31m			
	Smart buildings	23 £4m 22 £7m 21 £4m			
Secure sufficient workload to support growth strategy	**Workload secured**	23 £943m 22 £555m 21 £534m	Order book to be maintained at £100m or more in excess of annual turnover	Order book has doubled in the year and supports the medium-term growth plan. Data Centre orders have trebled to £346m	Replenish the order book

* includes £49m Healthcare and Data Centres

Key Performance indicators continued

Strategic priorities	Key performance indicators	Performance	Medium-term targets	Performance commentary	Priorities going forward
Achieve quality of earnings	**Deliver a 3% operating margin**	23 1.9% 22 2.7% 21 2.7%	3% operating margin	Margin reduced due to inflation pressures and replacing supply chain on a major project	Increase London turnover so as to enhance margin through economies of scale
Maintain and grow financial strength	**Year-end net cash**	23 £19.3m 22 £7.5m 21 £5.3m	Maintain £15m net cash	Year-end target achieved	Ensure always have sufficient working capital to support rapidly growing business
	Average month-end net cash	23 £-0.6m 22 £2.6m 21 £-2.9m	Average month-end cash to be positive	Reflects working capital requirement of large projects	Remain within our bank facilities
	Total net assets	23 £53.4m 22 £38.7m 21 £26.5m	Grow net assets by £5 - £10m per year	Target achieved	Maintain growth
Provide a dependable dividend to shareholders	**Dividends paid each year**	23 5.90p 22 5.35p 21 4.85p	Maintain or increase dividends each year	In line with strategy	Progressive dividend policy
Protecting people	**Lost time incident rate** (see page 18 for definition)	23 0.33 22 0.32 21 0.31	Lost time incident rate to be 0.3 to 0.35	Target achieved	Reduce number of accidents when no work task being undertaken. Currently accounts for one third of accidents
	'You See, You Say' reports	23 10,730 22 7,382 21 6,632	''You See, You Say' reports increasing each year as we see this as key to accident prevention	Target achieved	

Key Performance indicators continued

Strategic priorities	Key performance indicators	Performance	Medium-term targets	Performance commentary	Priorities going forward
Developing people	**Number of apprentices**	23 247 22 210 21 195	Maintain Gold Standard Apprenticeship Scheme attracting large number of applicants	18% of workforce apprentices	Aim to increase % of women apprentices over 5 years to 25%
	Number of training days	23 34,391 22 21,206 21 19,645			
	Increasing % of women in apprenticeships and training	23 6% 22 2%	5 year target of 25%	Several school visits undertaken aiming to increase proportion of women entering industry	
Improving the environment	**Reduction in scope 1 and scope 2 emissions**	23 2,176 $tco_{2}e$ 22 2,062 $tco_{2}e$ 21 1,892 $tco_{2}e$	Carbon neutral by end 2026	Driven by van usage. Behind plan in converting to electric	Incorporate Scope 3 emissions into carbon reduction plan
	Reduction in carbon intensity	23 4.4 tco_2e/£m 22 4.8 tco_2e/£m 21 5.8 tco_2e/£m	Carbon neutral by end 2026	All offices now on renewable energy	Decarbonisation of fleet currently not practicable
Working with a supply chain	**Average supplier payment days**	23 54 days 22 58 days 21 60 days	Pay all suppliers within terms. Current terms normally 60 days	Target achieved	Achieve medium-term target
Enhancing Communities	**Directly employ people locally**	23 1,412 22 1,294 21 1,236			
	Provide local apprenticeships	23 247 22 210 21 195	15% of workforce	2023 18%	15% of workforce

Market Sectors

Our order book has increased rapidly, particularly in technologies and now totals £943m (2022: £555m)

Engineering Services

£313m
Forward order book
2022: £225m

	No. of 2023 Projects	Projects in Order Book
Commercial Offices	62	39
Leisure	11	5
Retail	8	1
Other	20	16
Totals	**101**	**61**

Technologies

£359m
Forward order book
2022: £111m

	No. of 2023 Projects	Projects in Order Book
Manufacturing and Prefabrication	6	3
Data Centres	13	12
Smart Buildings	28	12
Other	10	13
Totals	**57**	**40**

Infrastructure

£178m
Forward order book
2022: £121m

	No. of 2023 Projects	Projects in Order Book
Defence	11	9
Education	90	61
Healthcare	74	52
Prisons	9	7
Other Government	7	5
Totals	**191**	**134**

Residential & Hotels

£66m
Forward order book
2022: £73m

	No. of 2023 Projects	Projects in Order Book
Hotels	4	5
New Build	129	60
Refurbishment	7	4
Totals	**140**	**69**

Facilities Management

£27m
Forward order book
2022: £25m

	2023 Revenue	Order Book
Long Term Frameworks	£9m	£4m
Planned and Reactive Maintenance	£28m	£23m
Totals	**£37m**	**£27m**

Group Financial Review

Key Highlights

Progress against strategic objectives:

Strategic Objective:	Progress
Deliver £500m revenue by end 2023	• 2023 Revenue: £491m • Increase of £65m
Grow organically	• Order book £943m • Technology orders £359m • Major project wins across the UK
Sustain a 3% operating margin	• 2023: 1.9% margin achieved
Maintain premium position in core markets	• Order book replenished and increased • Technology now 38% of Order book • 92% of turnover from repeat clients

The Group has continued to grow strongly recording revenues of £491m (2022 £426m). 2023 marks the end of the 3 year growth plan to grow revenues organically from £300m pa to £500m pa. This plan has substantially been achieved. In addition through the opportunities and orders TClarke has generated we are confident that our growth will continue throughout the next period. Our order book has grown to £943m (2022 £555m) as shown below:

Market Sector	2023 Forward Order Book £m	2022 Forward Order Book £m
Engineering	313	225
Technologies	359	111
Infrastructure	178	121
Residential	66	73
FM	27	25
Grand Total	**943**	**555**

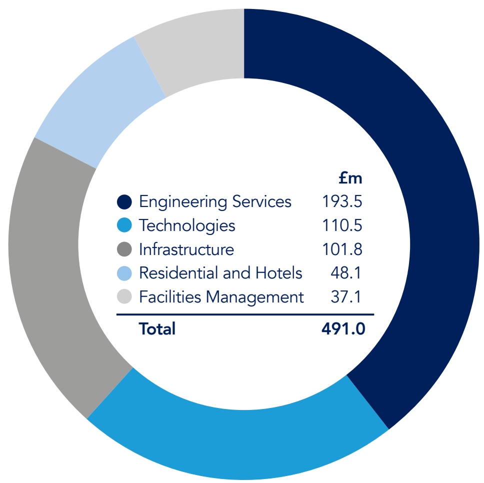
We have seen revenue growth across all of our market sectors in 2023, with the exception of Technologies, where the phasing of our data centre work has seen a number of large projects complete during the year, with the next batch of large projects featuring heavily in our secured work for 2024.

Summary of Financial Performance

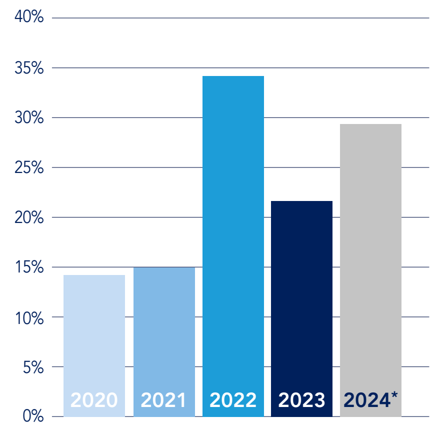
	2023 £m	2022 £m
Revenue	**491.0**	426.0
Operating profit	**9.4**	11.5
Net finance costs	**(1.8)**	(1.2)
Profit before tax	**7.6**	10.3
Taxation	**(1.1)**	(1.9)
Profit after tax	**6.5**	8.4
Earnings per share - basic	**13.75p**	19.60p
Dividend per share	**5.90p**	5.35p
Net assets	**53.4**	38.7

Dividend per share represents the interim and final dividend proposed or paid for the year in question.

2023 Revenue by Business Sector



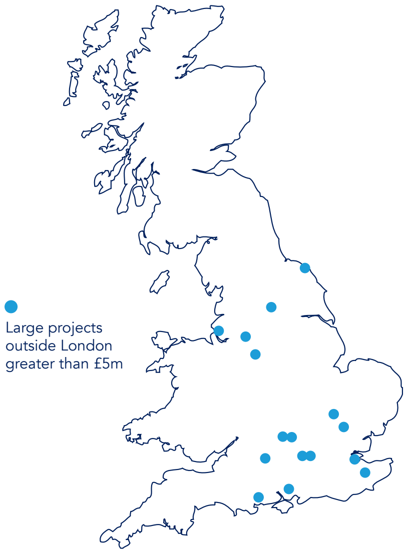
Technologies as percentage of total revenue (2020 - 2023)



* 2024 reflects the percentage of secured work for 2024 in the forward Order Book relating to technologies

Group Financial Review continued

In line with our strategic objective of targeting large jobs outside London, 2023 revenue for the year for such jobs (project size >£5m and based outside the M25) is now £88.2m (2022: £37m). We have also seen continued strong performance in our healthcare and smart buildings offerings.



Operating profit for 2023 was £9.4m (2022: £11.5m). Earnings per share were 13.75p for the year (2022: 19.60p) on an operating margin of 1.9% (2022: 2.7%). This was below our 3% target, reflecting several strategic decisions taken by management to preserve the business's strong market and financial position in view of the construction sector's turbulent trading conditions. These decisions have included early settlement of final contract amounts and the changing of some supply chain partners mid-contract to protect project completion dates. On one large contract in particular it was necessary to replace a key part of our supply chain and re-procure the work across a number of smaller packages. It is anticipated that these projects will continue to be delivered to their project programmes albeit at reduced margin.

The Group took a number of actions during the year to strengthen its balance sheet, including the raising of net proceeds of £10.1m by way of an oversubscribed placing of new ordinary shares in the Company. The issue price was 122p per share representing a 14% discount to the closing price of 141.5p on 5 July 2023. The placing was for 8,749,337 ordinary shares with a nominal value of 10p. The proceeds provide additional resources with which to capture and deliver attractive contract opportunities in the London business and in doing so drive further growth and margin expansion. The placing attracted a number of new institutional investors and in doing so has broadened our shareholder base.

Our growth has not been driven by acquisitions and this will remain our policy going forward. TClarke remains financially secure, ending the year with net cash of £19.3m (2022: £7.5m) with £30m of bank facilities at its disposal. Despite the tough prevailing market conditions and the high level of insolvencies amongst our supply chain, competitors, and potential customers, we are pleased to report that our robust credit control processes have limited our bad debt expense for the year to £0.3m (against total revenue of £491.0m), and in line with our historical average.

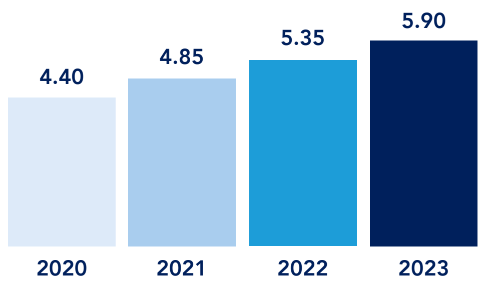
Net finance costs were £1.8m (2022: £1.2m), comprising: a £0.4m increase in bank interest and facility fees to £1.0m (2022: £0.6m); the Group's defined benefit pension scheme interest charge of £0.6m (2022: £0.4m) and an interest charge of £0.3m arising from leases (2022: £0.2m), offset by £0.1m of interest received on cash balances.

The tax charge for the year was £1.1m (2022: £1.9m). TClarke maintains an open and collaborative working relationship in all interactions with HMRC, and there are no uncertain tax positions at present.

The Group paid its 2022 final dividend in full in June 2023 and an increased interim dividend in September 2023 of 1.375p (2022: 1.25p). The Board is proposing a final dividend of 4.525p (2022: 4.1p). The total proposed dividend therefore rises to 5.9p (2022: 5.35p), an increase of 10%. The dividend is covered two times by earnings. TClarke recognises that many of its shareholders invest for dividends.

Progressive Dividend Policy

2020-2023 (pence per share)



Cash Flow and Funding

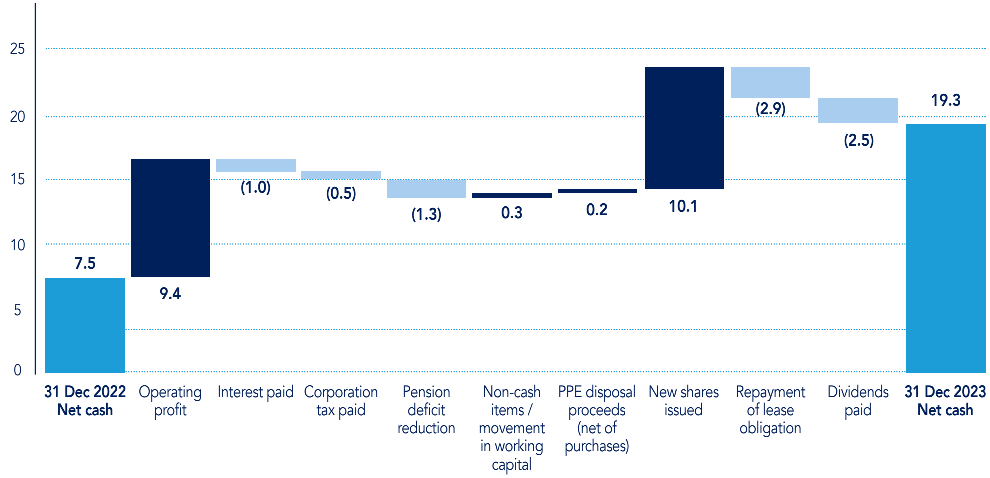
Cash balances totaled £29.3m at 31 December 2023 (2022: £22.5m). £10m was drawn down under the Group's Revolving Credit Facility ("RCF") at 31 December 2023 (2022: £15m), resulting in net cash of £19.3m at the 2023 balance sheet date, an improvement of £11.8m on the prior year (£7.5m).

	2023 £m	2022 £m	Change £m
Cash	29.3	22.5	6.8
Amounts drawn under RCF	(10.0)	(15.0)	5.0
Net cash	**19.3**	**7.5**	**11.8**

The increase in net cash has been largely driven by the share placement in July together with the Group's operating profit for the year once allowances have been made for other cash outflows such as dividend payments and the Group's commitment to the pension deficit reduction plan. Furthermore, the Group's continued focus on strong credit control processes has ensured that the growth in revenue has been achieved without any significant increase in working capital balances.

Group Financial Review continued

Cash Performance (£m)



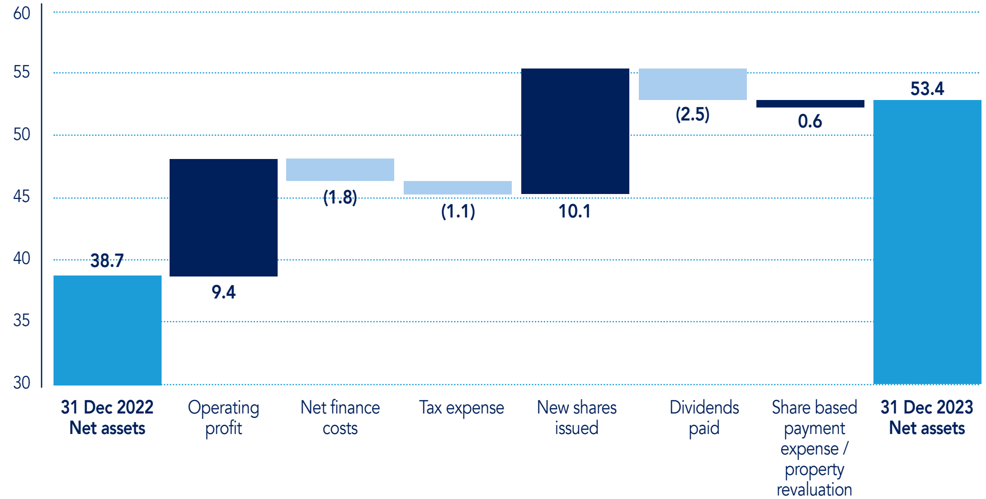
The Group's banking facilities comprise a £5.0m overdraft facility and a £25.0m revolving credit facility ('RCF'), both with National Westminster Bank plc, with the level of usage available dependent on covenant compliance. The RCF charges commitment fees at market rates and drawings bear interest at a margin of 1.9% above SONIA. Interest is charged on the overdraft at 2.00% above base rate. The RCF includes financial covenants in respect of interest cover and net leverage ratios which are tested quarterly. The RCF is available until 31 August 2026 and the overdraft facility is subject to annual review. The Group was compliant with its obligations under the RCF and the overdraft facility throughout the year and the Board's detailed projections demonstrate that the Group will continue to meet its obligations in the future and is expected to operate well within its existing facilities throughout the next three-year period. The Group also has in place £70.1m of bonding facilities (2022: £65.1m), of which £37.7m were unutilised at 31st December 2023 (2022: £34.3m).

Defined Benefit Pension Scheme Obligations
A formal actuarial valuation of the Group's defined benefit pension scheme was conducted at 31st December 2021 showing a deficit of £19.8m, representing a funding level of 71%. The pension scheme's actuary also looked at the position at 31 December 2022 in view of the worsening macroeconomic conditions. At that date the funding level remained at 71% but the deficit was estimated to be approximately £11m. Following the valuation, the Group has committed to a deficit reduction plan to eliminate the deficit over an 8 year period, through additional contributions of £1.3m per annum.

The deficit on the pension scheme, as measured on an IAS 19 valuation basis for inclusion in these financial statements, has now reduced to £11.8m (2022: £12.9m). The reduction of £1.1m over the year has been largely driven by the £1.3m additional contributions made by the Group as part of the deficit reduction plan.

Net Assets and Capital Structure
The Group is funded by equity capital, retained reserves and bank facilities, and there are no plans to change this structure. We have built on our existing strong balance sheet and net assets are now £53.4m (2022: £38.7m), an increase of 38%. The increase largely reflects the combined impact of the Group's profit after tax for the year, the proceeds of the share placement, dividends paid, and the reduction in the defined benefit pension deficit.

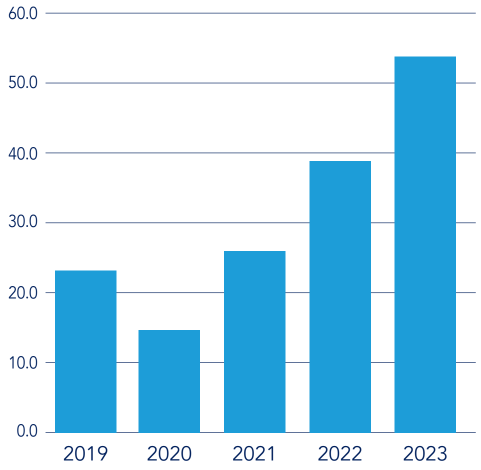
Increase in net assets (£m)



Group Financial Review continued

Goodwill stood at £25.3m at the year-end (2022: £25.3m). The Board has undertaken an impairment review in respect of goodwill and has concluded that no impairment is necessary.

Net Assets £m



Financial Risk Management
The Group's main financial assets are contract and other trade receivables, and bank balances. These assets represent the Group's main exposure to credit risk, which is the risk that a counterparty will fail to discharge its obligations, resulting in financial loss to the Group. The Group may also be exposed to financial and reputational risk through the failure of a subcontractor or supplier.

The financial strength of counterparties is considered prior to signing contracts and reviewed as contracts progress where there are indications that a counterparty may be experiencing financial difficulty. Procedures include the use of credit agencies to check the creditworthiness of existing and new clients and the use of approved suppliers' lists and Group-wide framework agreements with key suppliers.

Accounting Policies
The Group's consolidated financial statements are prepared in accordance with the requirements of the Companies Act 2006 and in accordance with UK-adopted international standards. There have been no new accounting policies adopted in the year.

Trevor Mitchell
Group Finance Director
26th March 2024

Section 172 Statement

Making informed decisions for the benefit of all our stakeholders

The objective of the Board and Group Management Team, when taking strategic, financial and operational decisions, is to promote the success of the Company for the benefit of all stakeholders, acting in good faith, in line with their duties under section 172 of the Companies Act 2006. In promoting the success of the Company each Director must have regard, amongst other matters to:

- The interests of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and the environment;
- The reputation for high standards of business conduct;
- The need to act fairly between members of the Company; and
- The likely consequences of any decision in the long term.

Through the Board and its Committees, Directors have taken action to promote and support these objectives across the Group, details of which can be found throughout this Annual Report and set out here:

- The Company's purpose, values and behaviours on pages 3 and 4.
- A description of key stakeholder groups and how the Company has engaged with these stakeholders is on the page following and forms the Directors' statement required under section 414CZA of the Companies Act 2006.
- The range of activities undertaken across the Group relating to sustainability matters on pages 23 to 32.
- The proactive and pragmatic approach of the Group toward risk on pages 33 to 36.
- Details of the Company's governance processes and practice on pages 39 to 43.

The Board of Directors have complied with the requirements of section 172.

As a Board we have always taken decisions for the long term, and collectively and individually our aim is always to uphold the highest standards of conduct. Similarly, we understand that our business can only grow and prosper over the long term if we understand and respect the views and needs of our customers, colleagues and the communities in which we operate, as well as our suppliers, the environment and the shareholders to whom we are accountable.

Iain McCusker
Chairman
26th March 2024

Stakeholder Group	Why we engage	What we have done in 2023	What matters to this Group
Shareholders and potential shareholders	• Continued access to capital is important for the long-term success of our business • We work to ensure that our shareholders and their representatives have a good understanding of our business	• Communicate regularly through our website, annual reports, trading statements and site visits • Held two webinars, two investor roadshows, 23 investor meetings related to the share placing • AGM and GM provided Board opportunity to meet with shareholders • Board received quarterly reports on shares bought and sold • £10.1m raised via a share placing in July 2024.	• Long term value creation • Growth opportunity • Financial stability • Culture • Transparency • Dividend policy

Section 172 Statement continued

Stakeholder Group	Why we engage	What we have done in 2023	What matters to this Group
Our employees	• The Group's long-term success is predicated on the commitment of our workforce to the values embodied in **The TClarke Way** • We engage with our workforce to ensure that we are fostering an environment that they are happy to work in and that best supports their well-being	• The Board received regular reports from the Chief Executive on progress against key people strategy initiatives • The Nomination Committee received and discussed a comprehensive succession planning document presented by the Chief Executive • Additional cost of living support was provided to our weekly paid operatives • 'Tommy' remained our key communication/training tool	• Health and safety • Fair employment • Fair pay and benefits • Diversity and inclusion • Training, development and career opportunities • Ethics and sustainability
Pension Trustees	• Our pensioners continue to feel part of TClarke through retirement so they feel part of the business that they helped to develop and grow	• Continued to make agreed deficit reduction payments and maintained regular meetings with Trustees • Agreed latest triennial valuation to 31 December 2021	• Safety of pension • Financial stability • Engagement
Customers	• Our purpose is to design, install, integrate and maintain the full range of technology-enabled mechanical and electrical services and the digital infrastructure to create a 21st century building • We aim to build long-term lasting relationships with principal contractors and clients and remain the contractor of choice for landmark projects and developments	• Maintained good relationships with all customers consistently meeting customers expectations on project delivery • 92% repeat customers	• Total reliability in project delivery • Quality of product • Health and safety • Responsible use of personal data • Environment • Ethics and sustainability
Suppliers and subcontractors	• Our supply chain partners are fundamental to the quality of our product and services and to ensuring we maintain the high standard of work we set ourselves • Suppliers and subcontractors must demonstrate that they operate in accordance with recognised standards that uphold human rights and safety, prohibit modern slavery and promote sustainable sourcing	• Focused on two priorities: • Health and Safety inducting into TClarke processes and providing continuous training • Prompt payment with agreed terms. Average payment days improved to 54 from 58 in 2022	• Fair trading and payment terms • Anti-bribery • Ethics and modern slavery • Environment and sustainable sourcing
Banks and Sureties	• To ensure the Group has the banking and bonding facilities it needs	• Group had regular meetings with our financial partners to ensure they have confidence in our financial performance and strategy • Throughout 2023 we maintained effective cash management and have been in full compliance with covenants	• Commitment to generate cash • Meet our covenant obligations

For Community and Environment see pages 17 to 28.

Being A Responsible Business The TClarke Way

Our Purpose, Strategy and Values on page 2 provide the framework for our responsible business strategy. As a responsible business it's about delivering social value and environmental protection and improvement that will remain long after we have completed our work.

Social Value

Social value is about supporting our people, our supply chain and the communities in which we work. We create social value by keeping everyone we come into contact with safe and well, developing our employees and subcontractors through education and training, building long-term supplier relationships and enhancing local communities by providing training and work opportunities and supporting local community projects. The promotion of diversity and inclusion is important to us, both within our own organisation and through the creation of opportunities for people who live locally to our projects, including young people and those who have been out of work for a long time.

TClarke is very proud of its apprenticeship programmes. Currently the Group employs 247 apprentices representing 18% of its total work force of 1,400 people. We are also very proud of our direct delivery model that means projects are delivered by TClarke employees living in their local community.

TClarke does much to support the local communities in which the Group works. For example, TClarke is one of the lead partners for the Stanhope Foundation which helps London's most vulnerable people.

Further information on the Stanhope Foundation can be found on page 28.

Improving The Environment

We are focused on addressing climate change, committed to minimising the impact our business operations have on the environment. In 2022 TClarke became a Build UK Business Champion within the Construction Leadership Council's Co_2nstruct Zero programme specifically focusing on fleet management, modern methods of construction and implementing carbon measurement. See page 23.

Our people are highly engaged in our commitment to achieving net zero carbon emissions by 2026.

Using Targets to Drive Performance

We have set clear targets that are regularly reviewed to ensure they remain sufficiently challenging and fit for the future. These are detailed on pages 7 to 9.

Being a Responsible Business
Protecting Our People

0.33

Lost time incident rate[1]
2022: 0.32

1. Number of lost time incidents x 100,000 divided by the number of hours worked. Lost time incidents are defined as absence from work for a minimum of one working day, excluding the day the incident occurred.

10,730

You See, You Say! Reports[2]
2022: 7,382

2. You See, You Say! is our reporting system of potentially hazardous situations that encourages engagement and accident prevention.

Health, Safety and Wellbeing

The health, safety and wellbeing of all our employees and suppliers is of paramount importance. TClarke has an 'absolute' accident reporting regime which ensures that each accident, no matter how apparently small or insignificant, is reported and included in our statistics. We are proud of the culture that we have created and maintained. Our goal is that everyone who comes into contact with our activities, on or off site, goes home safe and well.

In 2023, the lost time incident rate in the Group was very similar to 2022 at 0.33 (2022 0.32). The number of incidents reported through our absolute reporting system reduced from 75 in 2022 to 73 in 2023. A third of these incidents were when no work activity was being performed.

An awareness campaign has been launched particularly relating to the hazards of using mobile phones whilst doing other activities and ignoring potential trip hazards. The number of RIDDOR (reporting of injuries, diseases and dangerous occurrences regulations 2013) accidents fell to 4 in 2023 (2022: 6) as our hours worked on site increased by 4%.

Action Taken to Prevent Accidents You See, You Say!

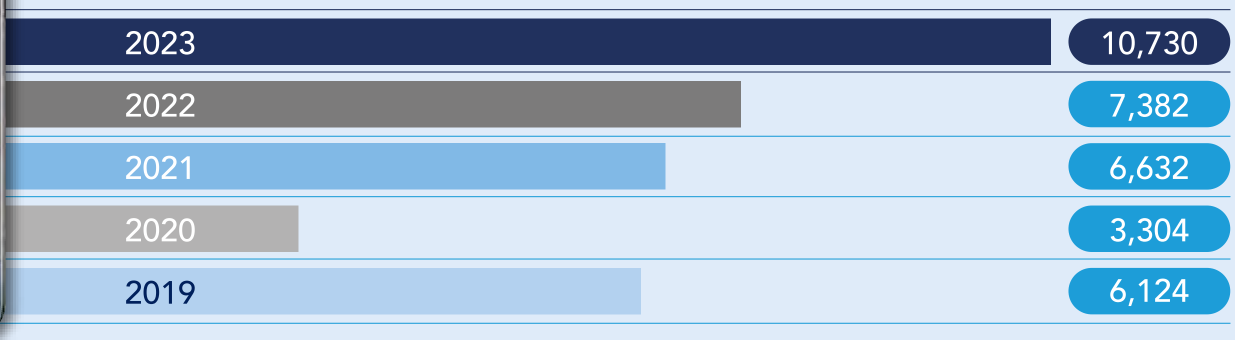
Our unique 'You See, You Say! reporting app, which has been built inhouse, is fundamental to employee and subcontractor engagement with potential hazards and corrective action being reported as it happens.

The greater the number of reports submitted, the greater the level of engagement of our people in accident prevention.

Senior Management Site Visits

All senior managers are required to undertake regular Health & Safety site visits, which provide an opportunity to engage with our people to reinforce the importance of Health and Safety. Results from the visit and any corrective action required are recorded via our Health and Safety Tour app and shared with the teams.

Annual Breakdown



Protecting Our People continued

Safety Culture

We have streamlined our internal process by moving to a software platform called 'Safety Culture'. This has enabled us to accelerate the time required for our documentation/ inspections whilst ensuring they remain a robust and comprehensive document. The software also links directly to other existing platforms such as SharePoint ensuring that the documents are always under our control. It has also allowed us to significantly reduce our carbon footprint by reducing and in some cases eliminating the need for paper.

Health and Wellbeing

TClarke has a Mindful Worker initiative, supported by a mindful worker campaign. We are proud to have introduced Mental Health First Aid training sessions across the Group and currently have 17 qualified Mental Health First Aiders.

Elvin Box, an international speaker and facilitator, was invited by TClarke to give an inspirational talk about prostate cancer, testicular cancer, and men's mental health. Elvin toured our site offices, raising awareness among both male and female personnel. Twenty-three talks were delivered. Elvin is the chairman of London Constructing Excellence, where he has been active from its start. Elvin also serves as a Community Ambassador for the Movember Foundation, which raises awareness and finances for men's health issues worldwide.

Mental Health awareness has been further enhanced by activities around Mental Health Awareness Day and toolbox talks and information cards and newsletters provided to all employees. In addition, we proactively encourage activities such as promoting lunchtime walks, participating in sports competitions. We also participate in national health campaigns such as prostate and breast cancer awareness.

Anti-Bribery and Corruption

TClarke values its reputation for lawful and ethical behaviour and has zero tolerance of any form of bribery or inappropriate inducement to ensure that business can be conducted in a free and fair market. Our anti-bribery and corruption policy has been communicated to all staff and is published on TOMMY, the TClarke employee hub. Every individual and organisation that acts on the Group's behalf or represents the Group is responsible for ensuring that this principle is upheld and the policy is implemented so that the Group conducts all business in an honest and professional manner in line with the Bribery Act 2010.

Modern Slavery

TClarke is committed to compliance with the Modern Slavery Act 2015, go to www.tclarke.co.uk/downloads for our full policy.

Being a Responsible Business
Developing Our People

34,391
Training days completed in 2023
2022: 21,206

247
Number of apprentices in 2023
2022: 210

46
Future Leaders enrolled on our training programme
2022: 43

5
Former apprentices on Group Management Board
2022: 5

Positive culture, local employment and one of the industry's premier training schemes producing a pipeline of world class engineers.

TClarke aims to provide an inclusive work environment where everyone has access to the knowledge, technology and services they need to achieve their personal ambitions whilst delivering the best possible outcomes for our customers.

TClarke recognises that as a specialist engineering business, we can play our role by rooting ourselves in local communities and providing high-quality, long-term career paths and opportunities for people. Equally we can promote and deliver the highest possible standards of health, safety, wellbeing and respect for people – our own employees and those with whom we work.

Our apprenticeships, advanced Future Leaders training programme and our health, safety and wellbeing programmes are by accepted metrics, absolute industry leaders and deliver far beyond the benchmark norms.

High-quality apprenticeships have been central to our culture since the 1900s. Today, two of our three Executive Board members were TClarke apprentices, as were three of the other six members of the Group Management Board.

Our apprenticeship scheme drives our talent pipeline - it's business critical and must deliver, regardless of systemic skills shortages.

We invest fully in a complete apprenticeship programme with dedicated skills training facilities across the UK from our 19 offices. Our apprenticeship scheme exceeds internal targets for quality intake, output of successful completions and career progress.

Our Apprentice of the Year competition is fundamental to our culture and rewards all finalists with automatic enrolment on our Future Leaders programme.

Industry targets a gold standard of 5% of apprenticeships; TClarke has consistently achieved 16%. Overall, TClarke apprenticeship completion rates achieved are 95-98% year on year.

TClarke apprentices win major regional and national apprenticeship awards in our industry and beyond, every year, decade by decade and is regarded as one of the very best in UK Engineering.

Developing Our People continued

Our frontline engineering operatives and site teams, of which an overwhelming majority will have been TClarke apprentices themselves, take real pride in bringing the next generation through 'The TClarke Way'. Our apprenticeships lead to permanent long-term employment and the opportunity to work on some of the most iconic buildings in the country.

We are active in seeking to increase diversity and inclusion across our business and we will continue to expand outreach across communities nationwide. This includes an active role in encouraging more women in construction.

TClarke Academy
TClarke operates a Career Pathway and Training Academy designed to provide employees with a clear career pathway with training and opportunities for personal and professional growth to achieve their goals. We have successfully rolled out an eLearning platform to ensure all staff are trained in TClarke's procedures and kept up to date with new systems and technologies.

Future Leaders
The Future Leaders Programme identifies strong leadership candidates at various stages of their careers within our business and provides them with continuous additional professional training, networking, and personal development.

We currently have 46 employees enrolled on the Future Leaders Programme.

All Future Leaders gain opportunities for growth and career progression, and many have moved into management positions across the TClarke Group, some are currently project managing some of the biggest projects TClarke has in London.

Diversity and Inclusion
We cultivate an inclusive work environment where everyone has access to the relevant knowledge, technology and services they need to achieve their personal ambitions and drive the business forward. We want to encourage greater diversity within our sector and ensure that no discrimination occurs, however unintentional it may be.

TClarke recognises the need to actively foster and create an environment where everyone is respected and fully empowered to be their best. As an organisation which relies heavily on the qualities its people display daily when working in collaboration with our partners, this idea has strong practical value and application and is embedded within our working culture.

We are a traditional industry with a long-standing skills shortage. In order for us to address this, we have to be able to attract a much more diverse range of talented people to come and work for us - which means we need a better understanding of diversity and inclusion, what it means to us as a business and how it can help us to become better.

Women in Construction
In 2023 TClarke launched an initiative to attract more women into our industry, aiming for 25% of our apprentices to be women within 5 years.

We have called it 25 by 28 because we want to express both urgency and the clarity of our vision. Within the next five years, we fully intend to do everything it take to achieve this goal - and that means working within our business, with industry patterns and out in society, talking to female students in schools, colleges and across media platforms.

Our objective is to increase the proportion of female employees.

To support this measure, we will utilise industry relationships such as JTL (Apprentice Training Body) as well as industry initiatives which will include participation in visits to schools and colleges as part of STEM Ambassador role and where possible encouraging existing apprentices to participate.

In order to achieve the target a programme/plan of school and college visits has been put on place and is updated continuously. 15 schools were visited in 2023. In addition, in collaboration with Construction Youth Trust (CYT), interactive models have been formed for use on careers demonstration days which have been held at Stanhope and in the TClarke London office.

Developing Our People continued

We aim for fairness, respect, equality, diversity, inclusion and engagement in the workplace, and we commend the dedication of businesses, individuals and teams that continue to make a significant contribution to improving the culture and practices of our organisation.

Gender Pay

Gender is just one aspect of diversity, we remain steadfast in our commitment to create a diverse, inclusive culture, one which supports and encourages everyone to give their best, and bring their whole selves to work.

The tables below show the percentage by which women's average hourly pay and bonus pay is lower compared to men.

In the construction sector, there is a long-standing lack of women in the industry. For those women who are employed in the industry they are usually in non-delivery or non-client facing roles and often in more junior positions. This means that across construction a significant pay and bonus gap exists between men and women. The small proportion of women employed means that the measures above, particularly the bonus measure, can be volatile from one year to the next.

In 2023 TClarke announced an initiative to significantly increase the number of new female apprentices and trainees. See page 21 for further details.

Human Rights

Whilst TClarke does not have a separate human rights policy, a respect for human rights is implicit in all our employment policies, corporate values and policies on data protection, privacy, modern slavery, anti-bribery and corruption.

Disability

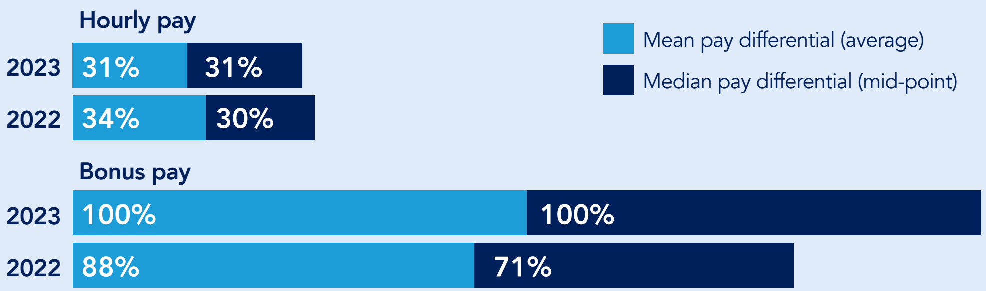
We are committed to an open and inclusive culture, including the fair treatment of disabled people. We give full and fair consideration to job applications made by disabled people. Our procedures include making reasonable adjustments to roles and responsibilities and providing training and support to ensure they have the same opportunities for career development and promotion as other employees.

Our Pensioners

Our pensioners like to keep abreast of developments in TClarke. We produce a yearly newsletter to keep our pensioners informed of any matters of interest concerning their pension in addition to news stories on our website.

	2023 Men	2023 Women	2022 Men	2022 Women
Board	6	1	6	1
Senior management (Group Management Team) [1]	6	0	6	0
Group Management Team direct reports	49	19	40	15
Apprentices	231	16	205	5
All employees	1,273	139	1,176	118
Number of UK employees at 31 December on which data is based	1,412		1,294	

excludes executive directors [1]



Being a Responsible Business Improving the Environment

2,176

tCO_2e
Scope 1 and scope 2 emissions
2022: 2,062

4.4

tCO_2e
Emissions per £1m revenue
2022: 4.8

TClarke is acting to combat climate change by working towards Scope 1 and Scope 2 net zero carbon emissions by 2026 and reducing the level of carbon in the projects and buildings we deliver.

We consider Scope 3 to include all embodied carbon in our supply chain products; this is a mammoth challenge for our industry in terms of quantification. By way of illustration a recent tender contained 800,000 products. We intend to incorporate scope 3 into our carbon reduction plan in 2024.

In 2023 we moved our Group electricity contracts such that TClarke's offices are now supplied by 100% renewable energy.

In key areas of environmental sustainability, the nature of our work as specialist engineers means that our strongest impacts can be generally achieved by collaborating with progressive clients and principal contractors nationwide upon whose programmes we work. By doing so, our teams not only adhere to and help deliver benchmark standards for sustainable performance; we also support the achievement of ground-breaking sustainability targets and the highest standards of environmental performance.

We are committed to leading our industry in the efficient consumption and preservation of critical resources. Through creative design and implementation, programmatic inclusion of renewable resources, and operational excellence, we have and will continue to take strides in adopting new technology and working practices for resource management. The TClarke collaborative approach will be for all disciplines to operate as an integrated part of the overall project team, in a partnering environment, and carry this philosophy through the design stages and the delivery phase. This will deliver a healthier and more sustainable environment, as well as associated cost efficiencies, to the benefit of our people, customers, and the communities in which we operate.

Our Net Zero Carbon Roadmap is our first step in identifying key steps forward in our carbon reduction journey. The sector is responsible for around 43% of UK emissions, and 36% globally. Without our collective engagement and participation, we will not meet the UK's Net Zero targets. For our sector, there are three key over-arching areas: Transport, Buildings and Construction Activity. Based on these areas, the Construction Leadership Council ("CLC") has determined nine priorities to focus our efforts both as an industry and as individual businesses to maximise the impact we can make.

Improving the Environment continued

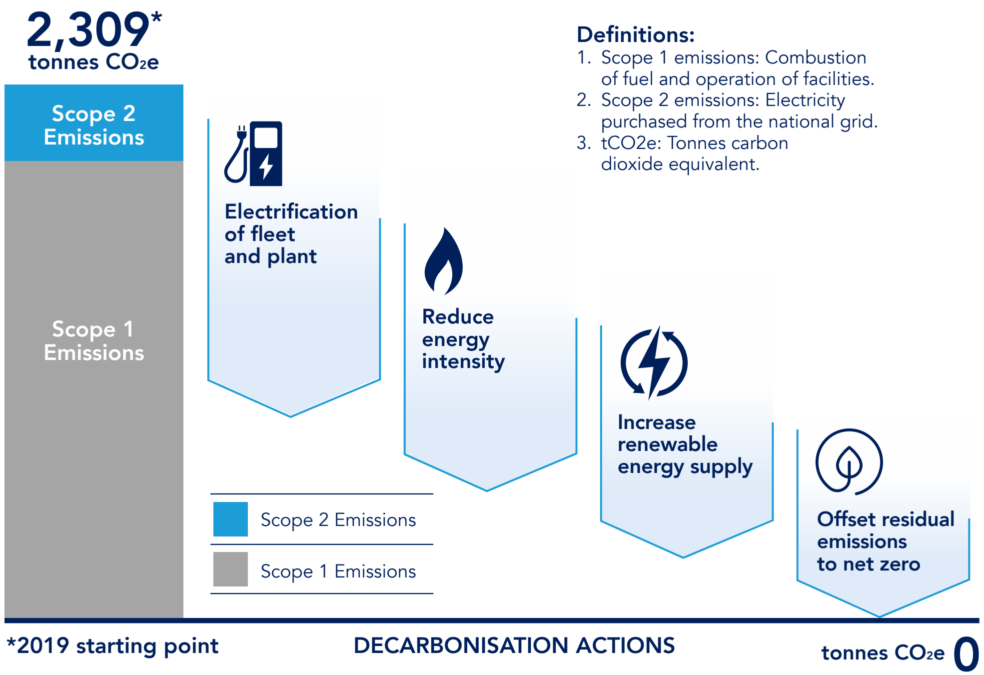
Our Roadmap to Net Zero Carbon Emissions Based on Science

As part of our commitment to sustainable development, TClarke successfully maintain an Environmental Management System to BS EN ISO 14001:2015 to provide its clients and other stakeholders with verifiable evidence that environmental performance is integral to business management.

In December 2020 we committed to achieving net zero emissions for Scope 1 and Scope 2 across our business operations by 2030.

TClarke, in partnership with businesses within our sector have decided to incorporate Scope 3 into our carbon reduction strategy. TClarke aims to be carbon neutral for Scope 1 and Scope 2 now by 2026 and then push the boundaries and expedite the process to hit relevant criteria and achieve net zero status by 2030.

Net Zero Carbon Roadmap to 2026



Definitions:

1. Scope 1 emissions: Combustion of fuel and operation of facilities.
2. Scope 2 emissions: Electricity purchased from the national grid.
3. tCO_2e: Tonnes carbon dioxide equivalent.

Key Actions to Achieve Net Zero Emissions

Electrification of Fleet and Plant

By far our biggest contribution to Scope 1 and Scope 2 emissions is our van fleet. TClarke currently has approximately 250 vans, 19 of which are fully electric. These electric vans have proved problematic in terms of range when loaded and/or in cold temperatures. It is unlikely that numbers of electric vans will increase significantly until there is a step change in range.

Ford Motor Company have now brought out a hybrid transit which could be an option with electric ranges improved. TClarke will examine the viability of these vehicles during the front half of 2024.

TClarke also has approximately 100 company cars 70% of which are electric or low emissions. All new cars must be electric or low emission.

Reduce Energy Intensity

By 2024 TClarke will utilise their smart buildings knowledge to understand its energy usage within all aspects of the business and where possible, gather data and review this to enable suitable suggestions to be made on how energy intensity can be reduced.

2023 Energy energy intensity fell by 8% from 2022 levels.

Increase Renewable Energy Supply

All offices now 100% renewable energy.

Offset Residual Emissions to Net Zero

By 2026 any emissions from our business operations will be offset through Gold Standard programmes.

Scope 3

Scope 3

By 2024 TClarke will have incorporated Scope 3 into this action plan.

TClarke are part of the Construction Leadership Council's campaign to help drive carbon out of the industry focusing our efforts and are a 'Business Champion' focusing on the priorities below:

Fleet Management - Accelerating the shift of the construction workforce to zero emission vehicles and onsite plant. Our Stansted Manufacturing Facility is now using fully electric vans and has installed 11 electric charging points that are individually fob-operated and allow team members to charge their vehicles while at work.

Improving the Environment continued

Modern Methods of Construction (MMC) - Maximising use of MMC and improved onsite logistics, reducing waste and transport to sites. TClarke's Advanced Manufacturing Facility in Stansted is one of the largest dedicated MMC facilities in the UK, with the latest development and investments at the facility improving the organisation's carbon footprint and digital capabilities. MMC is a core function at TClarke. We employ a MMC approach to every build which utilises offsite manufacture and lean manufacturing. We will encourage our clients, partners and suppliers to embrace low carbon solutions and investigate value engineering and innovative solutions at every opportunity.

Greenhouse Gas Emissions (CO_2e)
Energy consumption was measured across the Group by recording data on the combustion of fuel and the use of electricity within our offices and premises, and we have collated Scope 1 and Scope 2 emissions data for the year ended 31st December 2023. Our total energy consumption used to calculate our 2023 UK emissions was 794,379 kwh (2022: 781,829 kwh).

Greenhouse Gas Emissions	2023	2022
Scope 1 emissions (tCO_2e)	2,023	1,911
Scope 2 emissions (tCO_2e)	153	151
Total Scope 1 & 2 (emissions tCO_2e)	2,176	2,062
Revenue (£m)	491.0	426.0
Emissions / £m revenue (£1m) (tCO_2e/£m)	4.4	4.8

Definitions:
1. Scope 1 emissions: Combustion of fuel and operation of facilities.
2. Scope 2 emissions: Electricity purchased from the national grid.
3. tCO_2e: Tonnes carbon dioxide equivalent.

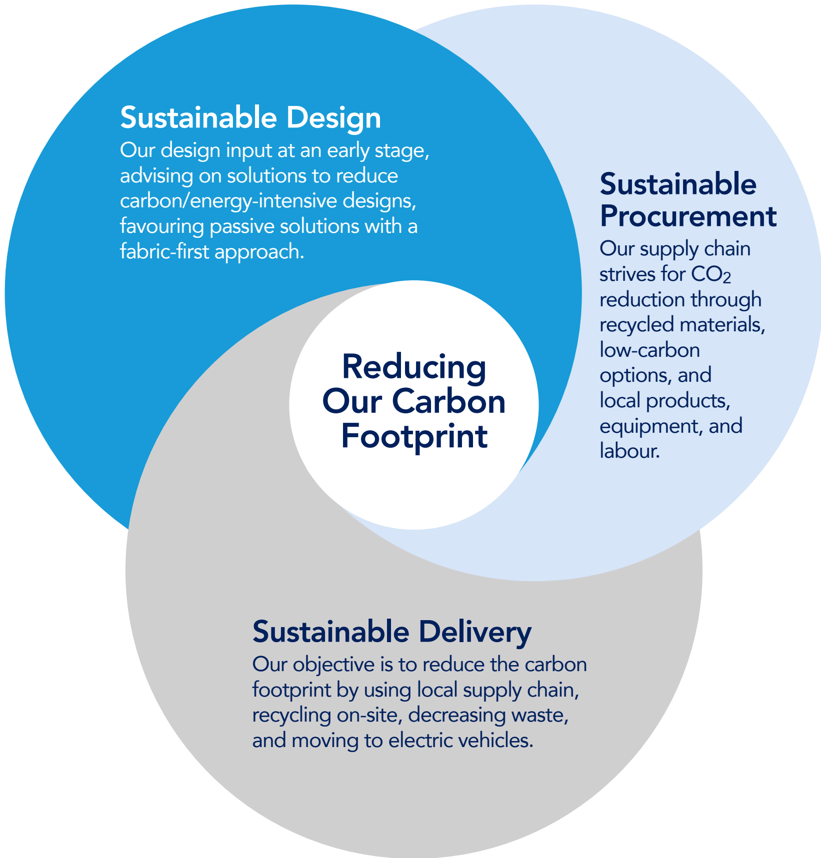
Data Collection
Our CO_2e emissions have been calculated using UK Government guidelines for conversion of fuels and electricity. Data was collected across the group as follows:
Utility Data: This was collected from energy suppliers in the form of Half Hourly Data or Non-Half Hourly (Monthly/Quarterly Tariffs) consumption summary reports.
Transport: This was collected from reports provided by the business fuel card providers.

Other Fuels: These were collected from delivery invoices during the financial year.

Carbon Conversion
To perform the carbon conversion, we utilised the Government conversion factors for company reporting of greenhouse gas emissions: https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting

Approach to Carbon Reduction

Strategy
Our strategy will focus on TClarke's direct responsibility and our scope of influence. The common goal of governments and society is to combat climate change by 2050. It's about striking a balance between the carbon emissions going into the atmosphere - and being taken out. So how can we start to tackle this challenge? Our vision of net zero incorporates three areas for action.



Being a Responsible Business
Working Together with Our Suppliers

54 days

Average supplier payment days
2022: 58 days

We have built longstanding relationships with our supply chain. Together we are always looking for innovative ways to achieve quality for our clients and fulfil our responsible business goals. When needed, we work with our supply chain partners to help them succeed.

Our supply chain partners play a fundamental role in our resilience and success.

Working Together on Sourcing Supplies
Our strong supplier relationships have continued to help us manage the reduced availability of certain materials. We share our project delivery requirements early enough to allow advanced planning, sufficient lead-in periods, and for suppliers to build their capacity.

Our relationships are critical to ensure that we can maintain the supply of key materials for our projects. Our supply chain performance during 2023 has been exceptional in sourcing materials in the face of global shortages. Our supply chain enabled TClarke to deliver record revenues in 2023.

Procuring Locally, From Smaller Suppliers
Our nationwide network of offices use smaller, local suppliers and subcontractors where they can.

Paying Promptly
We aim to pay our suppliers fairly and have worked hard to reduce our average days to pay invoices, in line with the Prompt Payment Code. Payment days are calculated in accordance with statutory reporting on payment practices and performance requirements. This reporting was based on volume of invoices received. TClarke invoice volumes are 90% material items, 10% subcontractors. Our standard agreed material supplier terms are 60 days month end and therefore, our payment days normally average 60 days.

Working Together to Improve Safety
All our subcontractors follow TClarke Health & Safety practices including using the 'You See, You Say!' App. to report potentially hazardous situations. They all receive full site inductions and regular Toolbox talks.

Being a Responsible Business Enhancing Communities

1,412

Local employees
2022: 1,294

247

Apprentices
2021: 210

We want to leave a positive legacy by improving the built environment and creating social and economic value for the communities where we work.

Through our core activities of engineering services, we deliver new, improved and more efficient housing, workplaces, education facilities and hospitals. In addition, we contribute to local communities by employing locally, providing training and work opportunities and supporting community projects and charities.

Delivering For Our Community
TClarke recognises that as a specialist engineering business, we can play our role by rooting ourselves in local communities and providing high-quality, long-term career paths and opportunities for people.

TClarke is one of the lead partners for the Stanhope Foundation to help London's most vulnerable people. The Stanhope Foundation is focused on increasing employability among vulnerable and young people in London, so they can find hope and pride through meaningful employment.

TClarke has always made significant efforts to offer the best pathways into meaningful and high-quality employment within the construction and engineering sectors. Whenever we look to extend the opportunities we offer, we aim to ensure that they are meaningful and well supported.

The Stanhope Foundation was set up to partner with charities that have existing employment focused programmes in place. These include helping people getting into work for the first time, or after a prolonged break, or tackling work-related issues due to ill health. Funds raised by The Foundation go directly towards the employment focused areas of the Foundations chosen charities which are: Maggie's on their 'Back to Work Scheme' for people living with cancer; The Prince's Trust on their 'Skills Development and Employability' programmes; Construction Youth Trust on their 'Transitions Coaching' programme which supports students aged 16-18 who are interested in exploring higher-level apprenticeship pathways in the Built Environment; St Mungo's on the charity's 'Recovery College Initiative' and also the support charities Mencap helping people with learning disability find paid employment and the Mayor's Fund for London creating opportunities for young Londoners from low socio-economic backgrounds.

Since its launch the Stanhope Foundation has raised over £1m and been able to help thousands of people on their journey into work.

TClarke and its people value the contribution we can make through supporting charitable organisations and sponsored events and employees are encouraged to become involved in community projects and programmes. We are proud to support a number of charities directly as well as indirectly through supporting events organised by our clients.

Enhancing Communities continued

Working With Schools and Colleges
We work closely with schools, colleges and universities to encourage young people to consider careers in construction, to help increase diversity and address potential skills shortages in the industry. Our activities range from mentoring, STEM (science, technology, engineering and mathematics) activities and workshops to career talks, site visits and work experience.

Working with the Construction Youth Trust and the Stanhope Foundation at their Insight Day, TClarke introduced groups of young people to some of the latest Smart Buildings technology.

The Stanhope Foundation's Insight Day brought 18 young people from year 12 (16-17 years old) to their offices to learn about some of the benefits of a career in construction. They were all participants in the Construction Youth Trust's programme which supports young people into Level 4 – 6 apprenticeships into construction (this programme is funded through the Stanhope Foundation).

The aim of the day was simple: to inspire young people with the range of opportunities within the industry and help them develop skills for the apprenticeship recruitment process. To this end, the participants engaged in activities with TClarke, Savills and Granger Reiss.

We offer an industry leading Apprenticeship scheme. We currently have 247 apprentices representing 18% of our workforce. In addition, we employ local people through our direct delivery model.

TClarke's projects often enhance the local community.

Decarbonising Communities
TClarke is passionate about leaving the right sort of social, environmental, and economic legacy and creating whole life value for the local and wider community in which we work.

TClarke continues their working relationship with Hertfordshire County Council with their continued work to strive to carbon net zero within the education sector. TClarke has successfully over the past 12 -18 months delivered two carbon net zero projects for Hertfordshire County Council. Hobletts School, Hemel Hempstead, and How Wood Primary School, St Albans.

Both projects involved the complete removal of existing gas-fired heating boilers and the removal of all heating pipework, heat emitters, and domestic pipework. Four Air Source Heat Pumps were installed in each school with a combined KW output of 180KW to produce heat and hot water for the school's needs along with photo voltaic (PV) panels installed on the roof of both buildings.

Non Financial and Sustainability Information Statement

Task Force on Climate-Related Financial Disclosures (TCFD)

Improving the environment is one of our five core elements of being a responsible business. In this section we provide our comprehensive TCFD disclosure including details on climate change scenarios and how they may impact our business in the short, medium and long term.

The Board believe that TClarke complies fully with the TCFD recommendations and recommended disclosures. By this we mean the four TCFD recommendations and the 11 recommended disclosures set out in figure 4 of section C of the report entitled 'Recommendations of The Task Force on Climate-related Financial Disclosures' published in June 2017 by the TCFD. Our processes will continue to evolve and we will incorporate any information arising from our ongoing engagement with our supply chain, including identification of, and response to, any new emerging risks. We will also continue to develop our reporting of our metrics and targets as our scope 3 mapping project is completed and more information becomes available.

Climate Governance

Top down

Group Board

Responsible for:

- Setting the environmental strategy and monitoring overall performance against targets
- Reviewing on a bi-annual basis, key climate-related risks and opportunities, and overseeing mitigation strategies as part of the bi-annual review of principal and emerging risks
- Considering climate change as part of stakeholder engagement
- Consider climate change issues when setting strategy and approving business plans

Group Management Board

Responsible for:

- Reviewing and monitoring climate-related risks at least bi-annually, as part of the principal and emerging risks reviews and establishing effective mitigation and controls to manage risks
- Ensuring appropriate action is being taken to meet our environmental targets, through review of quarterly reporting on climate change issues, including proposed metrics and KPIs

Audit Committee

Responsible for:

- Supporting the Board in its responsibilities with respect to climate change, including:
- Considering climate change risks as part of the bi-annual review of principal and emerging risks
- Overseeing compliance with, and progress on, climate change reporting

Climate Change Delivery Group

The group meets quarterly and comprises senior business leaders from across the group, who also lead working groups in their respective business.

Responsible for:

- Identifying all climate-related risks and opportunities, including and developing appropriate mitigation strategies
- Establishing action plans to deliver our environmental targets, tracking progress against the targets and reporting
- Embedding accountability in each business area for delivery of the targets and monitoring progress and actions

Working Groups

Working groups are led by senior business leaders from across TClarke supported by colleagues within their area.

Responsible for:

- Delivering the relevant actions related to their area to meet our environmental targets
- Day-to-day management of climate-related risks
- Embedding the climate change culture and mindset within their business area

Bottom up

Climate Strategy

Our Strategy for Responding to Climate Change

Overview of our climate-related risks and opportunities

The scale of ambition and speed of change required to meet net zero emission targets, along with the changes in temperature and weather patterns present both risks and opportunities to our business. These risks and opportunities, along with a summary of the work we are doing to address them, are presented in the table below. Short-, medium- and long-term timeframes are defined in our risk methodology as one year or less, one to three years and three or more years respectively, and this is reflected in the table below.

Risk/opportunity type and description	Our response
Opportunities Commercial opportunities from the transition towards net zero will continue to shape our portfolio and strategy. **Timeframe:** Short, medium and long-term **Impacted businesses:** Group-wide	The decarbonisation of heat presents significant opportunities for our technology businesses as electric heating solutions are sought for homes, offices and buildings. We are currently installing heat pumps across the UK and are building solar farms. We believe our smart building offering affords significant opportunities for our business as our customers seek to reduce their carbon footprints. We are on the NHS Smart building framework. Our prefabrication facility at Stansted enables us to have far less labour onsite, minimising journeys and reducing our carbon footprint which is attractive to our customers. We are a Build UK business champion within the Construction Leadership Council's Co$_2$nstruct Zero programme which is the industry's response to the climate challenge. Whilst decarbonisation creates significant market opportunities across all time frames we continue to focus on our five market sectors in order that TClarke doesn't become dependent on the rate of take up of technologies such as air source heat pumps.
Risks We have a strategy of reaching net carbon zero by 2026. Given current electric van performance it is likely full electrification of fleet will be after 2026 so carbon offsetting will be used. **Timeframe:** Short, medium and long-term **Impacted businesses:** Group-wide	Our key actions in reducing our carbon footprint are described on pages 23 and 25. One of the key actions involves decarbonisation of our fleet. There are risks to the timing of this due to: 1 Availability of electric vehicles 2. Charging network across the UK 3. Ranges of vehicles before a charge 4. Costs associated with moving to an electric fleet We have not identified any material financial risks as a result of climate change, or associated regulatory requirements. We also plan to use fully renewable electricity by 2026. In addition, decarbonisation of the economy may raise costs of other items across the cost base. In a low margin industry any material cost increases may occur due to increases in transportation costs for example. These will need to be able to be passed on to customers. There is a risk that this may not be possible. The likely impact would be to extend the time frame for TClarke becoming net carbon zero. Our plan is to offset any residual Type 1 and 2 emissions through a Gold Standard scheme in 2026.

Climate Strategy continued

Risk/opportunity type and description	Our response
Risks There is an emerging requirement to provide carbon data on components within a tender. **Timeframe:** Short, medium and long-term **Impacted businesses:** Group-wide	Our key action has been to develop a carbon calculator that can access any carbon information available within our supply chain. Where this information is not available it allows estimates to be used. Population of the calculation will evolve in the medium term but is currently being used on certain tenders within the London business.
Impacts **Timeframe:** Short, medium and long-term **Impacted businesses:** Group-wide	Overall, we believe the market opportunities available to TClarke significantly outweigh potential cost risks. It is the Board's expectation that costs risks will be mitigated through market price changes and or lengthening of the decarbonisation timeframe. Our net zero roadmap is on page 24 along with a detailed plan. The market opportunities for TClarke in an economy transitioning to net zero are significant. Technologies now is our largest market sector in our order book. In the short and medium term. The Board expect factors other than climate change to have a greater impact on supply chain. These are detailed on pages 33 to 36.

Climate Strategy continued

Our Climate Change Scenario Analysis

Transition Risk Analysis
To further understand the risk that climate change could have on our business, we undertook a high-level scenario analysis, where we considered scenarios out to 2030. We used two scenarios:

Scenario	Impact
The first assumed that the global response to the threat of climate change is enough to limit global average temperature increases to no more than 1.5°C above pre-industrial levels (as set out in the Paris Agreement) by 2100 (the 1.5°C scenario). In this scenario, rapid changes are made to progress decarbonisation goals: coordinated policy, regulation and customer behaviour favours bans on polluting technologies, and support for low-carbon solutions.	Under this scenario significant market opportunities are available to TClarke as building owners seek to substantially reduce their carbon footprint. These opportunities are forecast to significantly outweigh the cost risks faced by the Group.
The second scenario assumed that the 1.5°C target is missed by some margin, comparable to a 4°C global average temperature increase (the 4°C scenario). In this scenario, changes are less rapid and less comprehensive, and emissions remain high, so that the physical ramifications of climate change are more apparent by 2030.	The main impacts of this scenario were increased weather events of escalating severity and frequency, which could increase disruption to our sites and to our customers, market opportunities are likely to be less and risks significantly higher than the 1.5°C scenario due to extreme weather events. The Directors have considered these risks and feel that the industry will adapt working practices and do not consider temperature risks to be a significant risk to the Group's viability.

Risk Management

The process for identifying, assessing and managing climate related risks are identified in the Governance section above on pages 30 to 31.

The Board has overall responsibility for determining the Group's risk appetite ensuring that risk is managed appropriately and that there is an effective risk management framework in place. Climate risks are fully integrated into the Group's risk identification and framework described on page 33.

Metrics

Metrics are described on pages 23 to 25.

Non-financial Information Statement

This section provides information as required by regulation in relation to:
- Environmental matters (pages 23 - 26)
- Our employees (pages 18 - 22)
- Social matters (pages 27 - 28)
- Human rights (page 22)
- Anti-bribery and corruption (page 19)

Other related information
- Our business model (page 6)
- Principal risks (pages 33 to 36)

Principal Risks

The Group's risk profile continues to be supported by a strong balance sheet and secured workload, and a continued focus on contract selectivity.

Our Approach

Risk is inherent in our business and cannot be eliminated. Our risk governance model ensures that our principal risks and the controls implemented throughout the Group are under regular review at all levels.

Risk Governance

Group Board

The Board is responsible for setting the Group's risk appetite and for ongoing risk management, including assessing the principal risks that threaten our strategy and performance. The principal risks faced by the Group and the mitigating actions were formally received by the Audit Committee and Board in September 2023 and February 2024.

Audit Committee

The audit committee assists the Board in monitoring risk management and internal control, and formally reviews the Group risk register on behalf of the Board.

Group Management Board

The Board ensures that inherent and emerging risks across the Group are identified and managed appropriately.

Risk Reviews

Twice a year each operational team carries out a detailed risk review, recording significant matters in its risk register. Each risk is evaluated, both before and after mitigation, as to its likelihood of occurrence and severity of impact on strategy. This is then reviewed by the Group Finance Director conferring with the Group Management Board.

Strategy Planning

Risk management is part of our business planning process. Each year objectives and strategies are set that align with the risk appetite defined by the Board.

Delegated Authorities

The Group has produced a schedule of delegated authorities that assigns approval of material decisions to appropriate levels of management. Such decisions include project selection, tender pricing, and capital requirements. Certain matters are reserved for Board approval.

Divisional Reporting

The divisional risk registers record the activities needed to manage each risk, with mitigating activities embedded in day-to-day operations for which every employee has some responsibility. Rigorous reporting procedures are in place to monitor significant risks throughout the divisions and ensure they are communicated to the Group's Board reporting and delegated authorities process.

Quality Assurance Function

The Quality Assurance Team reviews the divisional risk registers to check that they have been reviewed, maintained, and updated. The Group Finance Director draws from the divisional risk registers when compiling the Group risk register.

Principal Risks continued

Risk and potential impact	Update on Risk Status	Mitigation and Action
Health & Safety (H&S) H&S will always feature significantly in the risk profile of a construction business. Accidents could result in legal action, fines, costs and insurance claims as well as project delays and damage to reputation.	**No Change** Greater use of Modern Methods of Construction and prefabrication have reduced the number of hours worked on site. Our Lost Time Incident Rate (LTIR) is 0.33.	1. The Group Health & Safety Director monitors and responds to legal and regulatory developments. 2. Industry leading health and safety policies and procedures are maintained. 3. All employees receive regular training and updates to ensure they are aware of their responsibilities. 4. We are very focused on reducing our days lost as a result of accidents (LTIR). 5. Continued focus on 'You See You Say'.
Changes in the Economy There could be fewer or less profitable opportunities in our chosen markets. Allocating resources and capital to declining markets or less attractive opportunities would reduce our profitability and cash generation.	**Reduced** Challenging economic conditions remain but inflation is falling rapidly and component availability increasing. We have navigated recent economic uncertainties well and are supported by a strengthened balance sheet.	1. The Board regularly reviews the economic environment in which we operate to assess whether any changes to the outlook justify a reassessment of our business model. 2. We balance our business by strategic management of our order book with a blend of existing markets of Infrastructure, Residential and Hotels, Engineering Services, renewing Facilities Management contracts and new markets such as Technologies. 3. The Group monitors its order book to ensure an appropriate balance of work between London and the regions across the various sectors in which it operates.
Insolvency of a Key Client, Subcontractor or Supplier An insolvency of a key client could impact cash flow and profitability. An insolvency of a subcontractor or supplier could disrupt projects, cause delays and incur costs of finding a replacement.	**Elevated** Repayment of government backed Covid Loans by our supply chains to their lenders and general tightening of credit result in increased risk of insolvency, both with customers and the supply chain.	1. We work for a number of large well-funded clients. 2. We have a rigorous due diligence regime both for existing and new clients. 3. Working with preferred suppliers where possible, which aids visibility of both financial and workload commitments. 4. Regular monitoring of work in progress (uninvoiced income) debts and retentions. 5. Ability to substitute supply chain in the event of insolvency.
Inadequate Funding and Cash Flow Management A lack of liquidity could impact our ability to continue to trade or restrict our ability to achieve market growth or invest in regeneration schemes.	**Reduced** Successful funding of £10.1m in July 2023. Our balance sheet continues to provide assurance for our employees, clients, supply chain and counterparties in an increasingly uncertain market.	1. The Group has a Revolving Credit Facility of £25m committed to 31st August 2026 and an overdraft facility of £5m. 2. Daily monitoring of cash levels and regular forecasting of future cash balances and facility headroom. 3. Regular stress-testing of long-term cash forecasts. 4. Funding of significant projects signed off by Group Finance.

Principal Risks continued

Risk and potential impact	Update on Risk Status	Mitigation and Action
Contract Selection In a market where competition is high a region might accept a contract with a main contractor that is poor in managing projects. The impact to us is the risk of increasing our costs and causing delays.	**No Change** The quality of our order book in terms of projects and repeat clients enables us to remain highly selective when bidding for future work. Over 92% of contracts are with repeat clients.	1. Clear selectivity, strategy and business plan to target optimal markets, sectors, clients and projects which have proven to have delivered favourable outcomes. 2. Weekly calls with all our business leaders are held to discuss new opportunities and customers.
Mispricing a Contract If a contract is under priced this could lead to contract losses and an overall reduction in gross margin. If it is over priced the Group will not secure sufficient tenders to secure the order book and grow the business.	**No Change** Almost all contracts are profitable at a time when the order book is at a record high.	1. A well-established bidding process with experienced estimating teams. 2. Our estimating teams are office based and continue to take off physical drawing measurements rather than using standard measurement rates. 3. All tenders have directors sign off.
Project Delivery Failure to meet client expectations could incur costs that erode profit margins, lead to the withholding of cash payments and impact working capital. It may also result in reduction of repeat business and client referrals.	**No Change** TClarke's processes and controls continue to ensure that projects are delivered in accordance with their agreed programs.	1. Contracts of significant size or risk are regularly reviewed by Regional Managing Directors and the Executive Directors. 2. Regular performance reviews of all key suppliers and subcontractors. 3. Ongoing assessment and management of operational risk throughout the project lifecycle. 4. Train and maintain industry-leading teams of directly employed engineers, surveyors, supervisors and skilled tradespeople.
Contract Variations and Disputes Changes to contracts and contract disputes could lead to costs being incurred that are not recovered, loss of profitability and delayed receipt of cash.	**No Change** We continue to monitor the agreement of variations on a monthly basis. It is the Group's policy to recognise variations when it is highly probable that they won't reverse.	1. Review contract terms at tender stage and ensuring any variations are approved by the appropriate level of management. 2. Well established systems of measuring and reporting project progress and estimated out turns that include contract variations and impact on programme, cost and quality. 3. Use and development of electronic dashboards for project management and change control, and commercial metrics designed to highlight areas of focus and provide early warnings.
Projects Undertaken Being a General Contractor (GC) potentially exposes the Group to new risks as a result of being responsible for completing all aspects of a project.	**New** Overall the GC jobs are progressing well and delivering our strategic amount of margin at a portfolio level. This includes one contract which has been adversely affected by supply-chain issues.	1. Only undertake GC role where M&E represents the majority of project. 2. Employ skilled people to manage construction as part of projects. 3. We continue to seek to learn and improve the robustness of our supply chain.

Principal Risks continued

Risk and potential impact	Update on Risk Status	Mitigation and Action
Attracting and Retaining Talented People Attracting and retaining appropriately qualified staff to deliver our ambitious growth plan.	**No Change** We have an industry leading apprenticeship scheme with on average 247 apprentices accounting for 18% of our workforce. Our Future Leaders Programmes identifies strong leadership and currently has 46 people.	1. The Group remains committed to providing apprenticeships, career paths and ongoing training and development for all employees. 2. Remuneration packages for all staff are linked to performance and monitored to ensure they remain competitive.
Research and Development (Innovation) A failure to produce or embrace new products and techniques could diminish our delivery to clients and reduce our competitive advantage. It could also make us less attractive to existing or prospective employees.	**No Change** Continued development of TClarke Smart Building Solutions, implementation of business dashboards and development of apps for procurement, timesheets, health and safety and expenses.	Our employees enjoy working on high-profile, innovative projects that provide them with the opportunity to enhance their knowledge and experience. Business and IT come together to promote new innovations across the business.
Cyber Security Investment in IT is necessary to meet the future needs of the business in terms of expected growth, security and innovation, and enables its long-term success. It is also essential in order to avoid reputational and operational impacts of data that could result in significant fines and /or prosecution.	**No Change** In order to protect against increasing levels of UK cyber attacks, we continue to invest in established security controls and external security partners who actively advise on strategy. Security awareness training was provided to all our employees during 2023. Cyber essentials plus accreditation achieved.	A dedicated team focused on providing a stable and resilient IT environment, and continued investment in core infrastructure and applications. The Group maintains robust cyber security policies to guard against third party access and malicious attacks. The Group's core systems are outsourced to a third party with robust processes and procedures.

Long-term Viability Statement

The Directors have assessed the Group's prospects and viability, taking into account its current position and the principal risks outlined on pages 33 to 36.

The UK construction market in which the Group operates is subject to considerable peaks and troughs. The Directors consider a three-year period as appropriate for assessing the ongoing viability of the Group as most of the projects undertaken by the Group are completed within a three year time horizon from initial tender and the Group uses a three year time frame for the preparation of its strategic business plans and financial projection models.

The Group's prospects are assessed primarily through its strategic business planning process and the ongoing monitoring of the principal risks and mitigating actions. The process is led by the Chief Executive and involves senior management throughout the Group.

The Group formally updates its strategic plan on an annual basis. This process, which takes place in the fourth quarter each year, includes:

- an assessment of the Group's current position taking into account its operating environment and the threats and opportunities it faces;
- the Group's achievements over the previous twelve months measured against its strategic objectives;
- a detailed review of the risks faced by the Group and the strength of the controls and mitigating actions in place;
- the agreement of financial and strategic targets covering the following three years; and
- the preparation of detailed budgets and projections for the next three years in support of the strategic business plan.

The business unit strategic plans are formally reviewed and challenged by the Executive Directors prior to presentation to the full Board.

Based on the financial models prepared, the Group's financial projections are updated and tested using a range of sensitivities to identify potential threats to the financial viability of the Group over the three-year projection period. These sensitivities included reductions of up to 50% to forecast profitability including the insolvency of a key customer/subcontractor. The key assumptions underlying the financial model include delivery of the Group's business plan, the continuing availability of appropriate banking facilities, (currently a £5m overdraft facility repayable on demand and a committed £25m revolving credit facility expiring on 31 August 2026), and the ability to flex the cost base sufficiently to address any significant change in workload. See note 2 on page 79 for further discussion of the key assumptions underpinning the going concern basis of preparation and the financial viability of the Group.

The three-year projections demonstrate that taking into account reasonable sensitivities around revenue and profitability, the Group will be able to operate within its existing facilities over the three year projection period, and the Directors are confident that the Group's business model allows sufficient flexibility to meet any significant change in demand for its services. The Group ended 2023 with a forward order book of £943m, as we target revenue of £600m in 2024. The Group is in a strong position both operationally and financially and is well placed to respond quickly to any changes in market conditions whilst remaining profitable.

The Group takes a conservative approach to strategic risk. The business case for all significant investments and entry into or exit from specific markets is reviewed and signed off by the Board. Risk registers are maintained and reviewed regularly throughout the year to identify potential threats to the Group's business, to assess the financial, operational and strategic impact of these threats, and to determine appropriate mitigating actions.

Based on their assessment of prospects and viability above, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period ending 31st December 2026.

Strategic Report Approval

The Board confirms that, to the best of its knowledge, the Strategic report on pages 1 to 37 includes a fair review of the development and performance of the business and the position of the Company, and the undertakings included on the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Approved by the Directors and signed on behalf of the Board on 26th March 2024

Mark Lawrence
Group Chief Executive Officer
26th March 2024

Board of Directors

Executive Directors

Mark Lawrence
Group Chief Executive Officer
Appointed to the Board on 2nd May 2003. Mark has been with the Company for 38 years and started at TClarke as an electrical apprentice in 1985. As Group Chief Executive Officer since January 2010, Mark has led strategic change across the Group.

Mike Crowder
Group Managing Director
Appointed to the Board on 1st January 2007. Mike has over 38 years of significant experience in the Construction industry and started at TClarke as an apprentice. Mike has overall responsibility for Operations and is responsible for Group Health and Safety.

Trevor Mitchell
Group Finance Director and Company Secretary
Appointed to the Board on 1st February 2018. Trevor is a Chartered Accountant with extensive experience across many sectors. Prior to his appointment, Trevor had been working with TClarke since October 2016, assisting with simplifying the structure and improving the Group's financial controls and procedures.

Group Management Board

The Group Management Board comprises the Executive Directors and:

Chris Harris Operations Director	Rob Faro Operations Director	Garry Julyan[1] Group Commercial Director
Kevin Mullen[2] Operations Director	Anton Malia Operations Director	Andy Griffiths[2] Group Systems Director

1 Statutory director of TClarke Contracting Limited
2 Statutory director of TClarke Services Limited and TClarke Contracting Limited

Associate Members of the Group Management Board

Sally Higgins Group Procurement Director	Josh Bourne Group Health & Safety Director

Non-Executive Directors

Iain McCusker
Chairman
Chair of the Nomination Committee

Appointed to the Board on 1st January 2009 and appointed Chairman on 1st October 2015. Iain is a Chartered Accountant and has significant international financial and management experience, Iain is a former member of the Qualifications Board of the Institute of Chartered Accountants of Scotland. He is Senior Visiting Fellow, City, University of London, and Chairman of NPA Insurance.

Peter Maskell
Senior Independent Director
Chair of the Remuneration Committee
Non-Executive Director for Employee Engagement

Appointed to the Board on 1st January 2018. Peter worked at Philips Electronics for 37 years after studying Electrical and Electronic Engineering at Kingston University. For the last 21 years, he held a number of senior management positions in both the UK and Europe.

Jonathan Hook
Independent Director
Chair of the Audit Committee

Appointed to the Board on 1st July 2021. Jonathan was formerly a partner at PwC where he was the global leader of the Engineering & Construction practice.

Aysegul Sabanci
Independent Director

Appointed to the Board on 1st May 2022. Aysegul has considerable international experience at executive level in the Construction and Services sectors.

Committees
- Audit Committee
- Nomination Committee
- Remuneration Committee
- Chair

Corporate Governance Report

Chairman's Introduction
The Board is committed to high standards of corporate governance and complies with the principles contained in the UK Corporate Governance Code 2018 ('the Code'), which took effect for accounting periods starting on or after 1st January 2019. The Code sets out principles to which the Listing Rules require all listed companies to adhere, supported by more detailed provisions. This governance section describes the principal activities of the Board and its committees and how the Group has applied the principles contained within the Code. Our statement of compliance with section 172 of the Companies Act 2006 is set out on pages 15 to 16.

The Board recognises that a high standard of corporate governance is essential to support the growth of our business and to protect and enhance shareholder value. The Directors, whose names and details are set out on page 38, are collectively responsible to shareholders for the long-term success of the Group. The Board does this by supporting entrepreneurial leadership from the Group's executive team whilst ensuring effective controls are established that enable the proper assessment and management of risk. The Board is ultimately responsible for the Group's strategic aims and long-term prosperity; it seeks to achieve this by ensuring that the right financial resources and human talent are in place to deliver the Group's strategy and objectives. Our culture is fundamental to the successful delivery of our strategic objectives.

The day-to-day management and leadership of the Group is delivered by the Group Management Board, which comprises the Executive Directors and other key members of the Group's senior management team, details of whom are provided on page 38.

During 2023, we undertook a formal, internal evaluation of the Board's and its committees' effectiveness. The results of this exercise are summarised on page 42. I am pleased to report that I am satisfied that the Board and each of the Directors are operating effectively. I am happy to recommend that all Directors standing for election should be re-elected at the 2024 AGM.

As Chairman, I will continue to evolve our governance framework, being mindful of best practice and the latest developments surrounding corporate governance.

Iain McCusker
Chairman
26th March 2024

Statement of Compliance

Statement of Compliance

Throughout the year ended 31st December 2023, the Board considers that it has complied with the principles and provisions of the UK Corporate Governance Code 2018 ('the Code'), other than the tenure of the Chairman, which is explained below. The Code is issued by the Financial Reporting Council (FRC) and is publicly available on the FRC's website, www.frc.org.uk.

Structure of the Board

The Company is managed by the Board of Directors, which currently consists of four Non-Executive Directors (including the Chairman) and three Executive Directors. The Non-Executive Directors who served during the year ended 31st December 2023 were deemed to be independent, notwithstanding their shareholdings held during the year, which are not considered significant by the Board. At the time of his appointment as Chairman, Iain McCusker was considered to be independent, but is now not considered to be independent by virtue of his appointment as Chairman.

All Directors are subject to annual re-election unless a Director has been newly appointed during the year, when they will seek election. At the forthcoming AGM on 29th May 2024, all Directors will be retiring and all are offering themselves for re-election.

All Executive Directors have signed service agreements which take into account best practice, are fully aligned with the remuneration policy and contain a notice period of 12 months from either party. All Non-Executive Directors have letters of appointment specifying their roles, responsibilities and required time commitment to the Board.

The Board maintains procedures whereby potential conflicts of interests are reviewed regularly. The Board has considered the other significant commitments undertaken by the Directors, details of which are provided in their biographies on page 38, and considers that the Chairman and each of the Directors are able to devote sufficient time to fulfil the duties required of them under the terms of their service agreements or letters of appointment.

Iain McCusker was appointed Chairman in October 2015, although he has been a Non-Executive Director since 2009. The Board notes that the Code states that the Chair should not remain in the post beyond nine years from the date of first appointment to the Board, but provides that this period may be extended for a limited time to facilitate the development of a diverse Board, particularly in those cases where the Chair was an existing Non-Executive Director on appointment. The Board considers that Iain McCusker's experience and leadership throughout the unprecedented macroeconomic challenges in recent years has been invaluable and outweighs his length of time spent on the Board, and therefore, Iain McCusker will stand for re-election at the 2024 AGM and his position as Chairman will be kept under review. The Chairman enjoys considerable shareholder support; at the 2023 AGM Iain McCusker was re-elected by 99.19% of shareholders who voted.

The Chairman is responsible for the leadership and management of the Board and its governance. By promoting a culture of openness and debate, he facilitates the effective contribution of all Directors and helps maintain constructive relations between Executive and Non-Executive Directors. The Chief Executive Officer is responsible for the executive leadership and day-to-day management of the Company, to ensure the delivery of the strategy agreed by the Board. Through his leadership of the Group Management Board, he demonstrates his commitment to health and safety, operational and financial performance.

The Senior Independent Director acts as a sounding board for the Chairman and serves as an intermediary for the other Directors, where necessary. The Senior Independent Director is also an additional point of contact for shareholders if they have reason for concern and where contact through the normal channel of the Chairman, Group Chief Executive Officer or other Executive Directors has failed to resolve the matter or for which such contact is inappropriate.

Independent of management, the Non-Executive Directors bring diverse skills and experience vital to constructive challenge and debate. The Non-Executive Directors provide the membership of the Audit, Remuneration and Nomination Committees.

Board Diversity

The Board recognises the benefits of Board diversity, including, but not limited to, the appropriate mix of skills, experience, gender, age, ethnicity, background and personality. The Board endorses a balance of diversity and experience to promote Board effectiveness, whilst taking into account the appropriate financial, managerial and industry skills which are relevant to the calibre of a Director of TClarke.

Our gender identity and ethnicity data in accordance with Listing Rule 9.8.6R(10) in the format set out in LR 9 Annex 2.1is provided below.

Sex/gender representation	Number of Board members	Percentage of the Board	Number of senior positions on the Board*	Number in Group Management Team	Percentage of Group Management Team
Men	6	86%	4	9	9
Women	1	14%	–	–	–
Other/not specified	–	–	–	–	–
Prefer not to say	–	–	–	–	–

* (Chairman, Group Chief Executive Officer, Group Chief Financial Officer, Senior Independent Director)

Statement of Compliance continued

Ethnicity representation	Number of Board members	Percentage of the Board	Number of senior positions on the Board*	Number in Group Management Team	Percentage of Group Management Team
White British or other White	7	100%	4	9	100%
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	–	–	–	–	–
Black/African/ Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/ prefer not to say	–	–	–	–	–

As set out above, the Group has not met the Listing Rules targets of 40% of the Board being female, at least one of senior Board positions being female, and at least one of the Board being from a minority ethnic background.

The Board stipulates that new appointments to the Board will be based on merit and suitability to the role, whilst also giving due consideration to diversity. Non-Executive Directors should have the ability to fulfil the requisite time commitment.

Board Meetings
The composition of the Board is designed to ensure effective management, control and direction of the Group.

The Board is collectively responsible for the effective oversight of the Company, its businesses and its culture. It also determines the strategic direction and governance structure of the Company to enable it to achieve long-term success and deliver sustainable shareholder value, whilst taking account of the interests of all stakeholders. The Board takes the lead in safeguarding the reputation of the Company and ensuring that the Company maintains a sound system of internal control.

Matters Reserved for the Board Include:

- Consideration and approval of the Group's strategy, budgets, structure and financing requirements.
- Consideration and approval of the Group's annual and half-yearly reports and financial statements.
- Consideration and approval of interim and final dividends.
- Consideration and approval of the Group's trading statements.
- Ensuring the maintenance of a sound system of internal controls and risk management.
- Conducting a robust assessment of the principal risks facing the Company and setting risk appetite.
- Changes to the structure, size and composition of the Board as recommended by the Nomination Committee.
- Establishing committees of the Board and determining their terms of reference.

The Board meets regularly to consider and decide on matters specifically reserved for its attention. Board papers are circulated sufficiently in advance of Board meetings to enable time for review. The attendance of individual Directors at formal monthly Board and sub-committee meetings is set out in the table below.

At each Board meeting the Board reviews management accounts in order to provide effective monitoring of financial performance. At the same time, the Board considers other significant strategic risk management, operational and compliance issues to ensure that the Group's assets are safeguarded and financial information and accounting records can be relied upon. The Board monitors monthly progress on key contracts on a risk based approach. Furthermore, the Company's risk appetite is discussed and considered when making key decisions.

Board Committees
The Board has delegated certain responsibilities to the Audit Committee, Remuneration Committee and Nomination Committee, which report directly to the Board. The terms of reference of each committee are available in the Investor section of the Company's website.

The Board also established an Administration Committee at its Board meeting in January 2019 to which it delegated items of a routine and administrative nature. The Committee meets as and when required and is constituted by any two or more Directors. There were no meetings during 2023 of the Committee.

Statement of Compliance continued

	Board (Maximum 12)	Audit (Maximum 6)	Nomination (Maximum 1)	Remuneration (Maximum 7)
Iain McCusker	12	–	1	7
Peter Maskell	12	5	1	7
Jonathan Hook	12	6	1	7
Aysegul Sabanci	12	6	1	7
Mark Lawrence	12	–	–	–
Trevor Mitchell	12	–	–	–
Mike Crowder	12	–	–	–

Outside of the normal Board calendar there were two further Board Meetings and a General Meeting in July in connection with the share placing.

Group Management Board

The Group Management Board comprises the Executive Directors and other key members of the Group's senior management team, including representatives of the regional businesses. The role of the Group Management Board is to co-ordinate and direct the efforts of the business and of the individual offices to manage risk and deliver value for the Group as a whole across our target sectors in line with the Group's strategy. The Group Management Board considers Group initiatives on matters such as health and safety, procurement, employee engagement, and the development of new services and areas of expertise. The Group Management Board also reviews the operational effectiveness of the business units in matters such as tender submission and success rates, cash generation and maintenance, and health and safety performance. The Group Management Board is responsible for the implementation of the Group's ESG strategy.

Performance Evaluation

The effectiveness of the contribution and level of commitment of each Director to fulfil the role of a Director of the Company is the subject of continuing evaluation, having regard to the regularity with which the Board meets, the limited size of the Board and the reporting structures which are in place within the Company to monitor performance.

The Chairman primarily, but acting in conjunction with the Group Chief Executive Officer, undertakes the task of annual evaluation of performance and commitment of individual Board members by conducting individual interviews. The evaluation of the Board as a whole, and its committees, is also undertaken on an annual basis. New Directors receive a formal induction, overseen by the Chairman and Group Chief Executive Officer in conjunction with the Company Secretary. Training is available for all Directors as and when necessary.

The Senior Independent Director, in conjunction with the other independent Non-Executive Directors, undertakes the annual appraisal of the Chairman.

During the year, the Board conducted its annual internal appraisal of its own performance, led by the Chairman in conjunction with the Nomination Committee, covering the composition, procedures and effectiveness of the Board and its committees. The Board members are of the opinion that the Board and its committees operate effectively. Performance is regularly monitored to ensure ongoing obligations are adequately met and the Board regularly considers methods for continuous improvement.

Company Secretary

All Directors have access to the advice and services of the Company Secretary, who is responsible for advising the Board on all governance matters and ensures that the Board receives appropriate and timely information, that Board procedures are followed and that statutory and regulatory requirements are met.

Relationship with Shareholders

The Company recognises the importance of dialogue with both institutional and private shareholders in order to understand their views on governance and performance against strategy.

Presentations are made to brokers, analysts and institutional investors at the time of the announcement of the year-end and half-year results, and there are regular meetings and presentations with analysts and investors throughout the year. The aim of the meetings is to explain the strategy and performance of the Group and to establish and maintain a dialogue so that the investor community can communicate its views to the executive management. All such meetings are reported at Board meetings. In addition, the Chairman is available to meet with major shareholders periodically to discuss Board governance and strategy.

The Board has always invited communication from shareholders and encouraged their participation at the Annual General Meeting. All Board members present at the Annual General Meeting are available to answer questions from shareholders, including the Chairs of the Audit, Remuneration and Nomination Committees, during the meeting and remain available after the meeting to talk informally with shareholders. Notice of the Annual General Meeting is given in accordance with best practice and the business of the meeting is conducted with separate resolutions, each being voted on initially by a show of hands, with the results of the proxy voting being provided at the meeting. Further shareholder information is available in the Investor section of the Company's website.

Statement of Compliance continued

Internal Control
The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk management and internal control procedures are delegated to Executive Directors and the Group Management Board. A three-year strategic plan is prepared for the Group and updated annually, including the identification and consideration of significant risks to the Group's strategic objectives. Progress against the strategy and the management of the risks identified is formally reviewed on a regular basis by the Group Management Board.

The Audit Committee reviews the Company's risk register and monitors risk management procedures as a regular agenda item and receives reports thereon from Group management. The Audit Committee Chairman provides a report on its findings to the Board. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

At its meeting on 21st February 2024, the Board carried out the annual internal controls and risk management assessment by considering documentation from the Audit Committee. In accordance with the Code, the Board confirms that, for the year ended 31st December 2023, it has carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. The principal risks identified and the controls and mitigating actions in place are described on pages 33 to 36.

Further details concerning the Audit Committee's review of internal controls and risk management processes are included in the Audit Committee report on pages 44 to 46. Historically, the internal audit function has been covered through regular site visits conducted by Quality Assurance and Group finance personnel and the role was expanded in 2018 to include detailed reviews that the Committee felt appropriate. The Audit Committee reviewed the need for a separate internal audit function during 2023 and agreed that the current process worked well and should continue.

Share Capital Structures
The statements within the Directors' report on share capital structures on page 65 are incorporated by reference into this statement of compliance.

Fair, Balanced and Understandable Assessment
In relation to compliance with the Code, the Board has given consideration as to whether or not the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy and concluded that this is the case. A statement to this effect is included in the Directors' Responsibilities Statement on page 67. The preparation of this document is coordinated by the Group Finance team and the Company Secretary with Group-wide input and support from other areas of the business. Comprehensive reviews have been undertaken at regular intervals throughout the process by Senior Management and other contributing personnel within the Group.

The Directors' responsibilities for preparing the financial statements and supporting assumptions that the Company is a going concern are set out on page 64.

Long-term Viability Statement ('LTVS')
In relation to compliance with the Code, the Board has assessed the prospects of the Group, taking into account the Group's current position and principal risks. The LTVS and supporting assumptions are set out on page 37.

Trevor Mitchell
Company Secretary
26th March 2024

Audit Committee Report

Dear Shareholder
As Chairman of the Audit Committee, I am pleased to present the report of the Audit Committee for the year ended 31st December 2023.

The Audit Committee continues to support the Board by providing detailed scrutiny of the integrity and relevance of the Group's financial reporting, monitoring the appropriateness of the Group's internal control and risk management systems and overseeing the external audit process.

The Audit Committee has continued to follow a programme of meetings which are timed to coincide with key events in the financial calendar. As a Committee, we are committed to discharging our responsibilities effectively and constructively challenge the information we receive. Over the past year, the regular reports the Audit Committee has received from management and the external auditors have been timely and well presented, which has enabled the Committee to discharge its responsibilities effectively. Where necessary, we request additional detailed information so that we may better assess certain issues, and the risks and opportunities presented.

Further information concerning the activities of the Audit Committee during the year are set out on the following pages.

Jonathan Hook
Chair of the Audit Committee
26th March 2024

Matters Considered by the Audit Committee
The Audit Committee met on six occasions during the year. The principal matters discussed at meetings held since the previous Annual Report are set out below.

Principal Matters Considered

July 2023
- Review of the half year results.
- Consideration of the internal audit work undertaken by the Quality Assurance Team.
- Mazars presentation of their draft audit strategy memorandum.
- Consideration of FRC review of PWC 2021 Audit.
- Mazars engagement letter approval.

September 2023
- Governance and independence of the external auditor.
- Consideration of the need for a separate internal audit function.
- Review of policy on non-audit services.
- Management response to external auditor internal control observations.
- Review of risk register and mitigating actions.

November 2023
- Audit plan presented by Mazars LLP.
- Audit fee discussion and agreement.
- Consideration of the internal audit work undertaken by the Quality Assurance Team.

January 2024
- Audit update and initial internal control recommendations.
- Consideration of FRC review of Mazars 2022 audit.

February 2024
- Draft Annual Report and Financial Statements for the year ended 31st December 2023, including significant judgements and disclosures therein.
- Finance Director's report on going concern and viability statement.
- Finance Director's report on goodwill impairment.
- Interim report of external auditor detailing their assessment on key risk audit areas.
- Review of risk register and mitigating actions.
- Annual assessment of internal controls and risk management, including project specific controls.

March 2024
- Draft Annual Report and Financial Statements for the year ended 31st December 2023, including significant judgements and disclosures therein.
- Audit representation letter.
- Report of external auditor on their audit of the 2023 Annual report and Financial Statements.
- Consideration of the reappointment of external auditor.
- Review of effectiveness and independence of external auditor.

Audit Committee Report continued

Significant Judgements, Key Assumptions and Estimates
The Audit Committee pays particular attention to matters it considers to be important by virtue of their impact on the Group's results and remuneration of Senior Management, or the level of complexity, judgement or estimation involved in their application on the consolidated financial statements. The main areas of focus during the year are set out below:

Matters Considered and Actions

Matter Considered: Contract Profit and Revenue Recognition	**Action:** The recognition of revenue and profit on construction contracts involves significant judgement due to the inherent difficulty in forecasting the final costs to be incurred on contracts in progress and the process whereby applications are made during the course of the contract with variations, which can be substantial, often being agreed as part of the final account negotiation.	The Committee considered the consistency and appropriateness of the Group's policies and the effect of IFRS 15 in respect of profit and revenue. Their specific application to a number of large contracts was considered, including key judgements made by management and the external audit thereof. The Committee concurred with management's assessment of the contracts and the revenue recognised.
Matter Considered: Pension Scheme Accounting	**Action:** The Group's defined benefit pension scheme is valued annually by external advisers in accordance with IFRSs. The valuation is subject to significant fluctuations based on actuarial assumptions, including: • discount rates; • mortality assumptions; • inflation; • salary increases.	The Committee reviewed the basis of the valuation, including the assumptions used, and considered the sensitivity of the pension scheme valuation to changes in those key assumptions. Further details of the valuation, including the key assumptions used, are disclosed in note 22 to the financial statements on pages 96 to 99.
Matter Considered: Carrying Value of Intangible Assets and Investments	**Action:** Intangible assets comprise a significant element of the Group's net assets. As required by IFRSs, the Company conducts an impairment review of these assets every year. The Committee considered the papers presented by the Group Finance Director supporting management's assertion that goodwill is not impaired. This assertion was supported by detailed cash flow and profit projections covering a three-year period, including sensitivity analysis and an analysis of secured workload. It also considered the independent auditor's comments on the key assumptions and detailed forecasts made. The issue of impairment involves making significant judgements about the Group's future cash flows and the risks the Group faces.	The Committee agreed with management's recommendation that no impairment charge should be made. Further details concerning the make-up of intangible assets, the assumptions used and the sensitivity of the carrying value of intangible assets can be found in note 11 to the financial statements on page 87. Aligned to the review of the carrying value of intangible assets, the Committee also considered the carrying value of the subsidiaries in the Parent Company's financial statements.
Matter Considered: Going Concern and Viability Statement	**Action:** The Group conducts a review to ensure it has sufficient working capital to support its 3-year business plan. The review considers impact on working capital requirements of various sensitivities to ensure that plans are sufficiently robust to cater for reasonable worst-case scenarios whilst still meeting all bank covenants. The Committee considered the papers presented by the Group Finance Director supporting management's assertion that the Group remains a going concern and has sufficient working capital to support its business plans.	The Committee agreed with management's recommendation that the Group is a going concern. On all scenarios modelled the Group was able to meet all banking covenants with significant headroom. Further details can be found in the long-term viability statement on page 37.

Membership of the Audit Committee
The members of the Committee during the year were Jonathan Hook (Chair), Peter Maskell and Aysegul Sabanci. Biographies of the current member of the Audit Committee are included on page 38.

Audit Committee Report continued

Governance
The Committee members are all independent Non-Executive Directors. The Board is satisfied that Jonathan Hook has the necessary skills and experience to chair the Audit Committee and the Committee as a whole has the requisite recent and relevant financial experience to the construction industry. The Committee routinely meets four times a year, and additionally as required, to review or discuss other significant matters.

The Chairman, the Group Finance Director and the Group Chief Executive Officer attend the meetings; the external auditor also attend parts of the meetings. The terms of reference of the Committee are available on the Company's website under the Investor section – Governance.

See page 42 for discussion of the Board's annual internal appraisal of its own performance and that of its Committees.

Internal Controls
The Audit Committee receives regular updates on internal controls and has concluded that our controls are adequate and appropriate to our business.

Internal Audit
The internal audit function is covered through regular site visits conducted by Quality Assurance and Group finance personnel. The Audit Committee reviewed the need for a separate internal audit function during the year and agreed that the current practice worked well and was appropriate to our business.

Risk Management
Assisted by Executive Directors, the Audit Committee has focused on maintaining and improving the procedures to identify, manage and mitigate the risks facing the business and to drill down on selected risks on a rolling basis through the year.

External Audit
The Audit Committee is responsible for overseeing relations with the external auditor, including the approval of fees, and makes recommendations to the Board on their appointment and reappointment. Details of the auditor's remuneration can be found in note 7 to the financial statements on page 85.

The Committee accepts in principle that certain work of a non-audit nature is most efficiently undertaken by the external auditor. The policy on non-audit services provided by Mazars LLP is that the Chairman of the Audit Committee reviews and, if appropriate, approves all non-audit services and fees, and any such approval is put to the Audit Committee for review and ratification at the next Committee meeting. No non-audit services were provided during the year (2022: £nil).

During the year the Audit Quality Review team of the Financial Reporting Council issued reports into both the PwC audit of the Group's 2021 financial statements and the Mazars audit of the Group's 2022 financial statements. In both instances they identified some areas for improvement around auditing of long term contracts. The Committee discussed these reports with the respective auditors and with the AQR and received a report from Mazars as to how they intend to address those observations in future audits.

The Company complies with the Competition and Markets Authority's requirements around independence. The independence of the external auditor is essential to the provision of an objective opinion on the true and fair presentation in the financial statements. Auditor independence and objectivity is safeguarded by limiting the nature and value of non-audit services performed by the external auditor and ensuring the rotation of the lead engagement partner at least every five years. The current lead engagement partner has held the position for two years.

The Audit Committee reviews the effectiveness of the audit process through quality service reviews with the external auditor post-audit. At the end of the review process, the Audit Committee decides whether, given the results of the review, to recommend to shareholders that the auditors be reappointed.

Jonathan Hook
Chair of the Audit Committee
26th March 2024

The Roles and Responsibilities of the Audit Committee Include:

- Monitoring the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting issues and judgements contained therein.
- Reviewing the Company's internal controls and risk management systems and reviewing the need for an internal audit function on an annual basis.
- Making recommendations to the Board, to be put to shareholders, in relation to the appointment of external auditors and their remuneration and terms of engagement.
- Advising Board on compliance with regulations, prevention of fraud and any whistleblowing activity.
- Reviewing and approving the audit plan and ensuring it is consistent with the scope of audit engagement.
- Reviewing the independence of the external auditor and reviewing the effectiveness of the audit process.
- Reviewing the extent of non-audit services provided by the external auditor.

Nomination Committee Report

Dear Shareholder
As Chairman of the Nomination Committee, I am pleased to present the report of the Nomination Committee for the year ended 31st December 2023.

During the year, the Nomination Committee comprised Iain McCusker (Chair), Peter Maskell, Jonathan Hook and Aysegul Sabanci. Biographies of the current members of the Nomination Committee are included on page 38.

The Nomination Committee met once during the year to review the structure, size and composition of the Board and its Committees, undertake a Board evaluation process and to consider the formal succession plan for Directors and senior management.

The Committee gives due consideration to diversity in the make-up of the Board but, due to the size of the Company, the most important consideration is to achieve an appropriate mix of skills, knowledge and experience, taking into account the Company's Board Diversity policy. Before any appointment is made by the Board, the Nomination Committee evaluates the balance of skills, experience, independence and knowledge on the Board and, in the light of this evaluation, prepares a description of the role and capabilities required for a particular appointment.

The Committee's succession planning not only takes into consideration the Company's long-term and medium-term needs and natural evolution to the Board, but also short-term needs such as unforeseen departures and contingency for unexpected Board changes. The Committee also formulated succession plans for the Group Management Board taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future.

The performance of individual Directors, the Board, its committees and the Chairman is reviewed annually. In 2023, in order to evaluate the performance of the Board, each member of the Board was asked to complete a detailed questionnaire. The responses to the questionnaire were summarised and were reviewed and discussed by the Nomination Committee and subsequently shared with and discussed by the Board. Topics covered in the review included strategy, risk management and the conduct and effectiveness of Board meetings. Whilst acknowledging that there are always opportunities for development and improvement, the Directors have concluded that the Board had effectively discharged its duties during the year.

As part of the evaluation process, as Chairman of the Nomination Committee and acting in conjunction with the Chief Executive Officer, I undertook the task of annual evaluation of performance and commitment of individual Board members by conducting individual interviews. The review of my own performance and commitment was undertaken by the Senior Independent Director.

Based upon the evaluation of the Board, its committees and the continued effective performance of individual Directors, the Committee recommended to the Board that those directors wishing to be considered stand for re-election at the Company's AGM in 2024.

Iain McCusker
Chair of the Nomination Committee
26th March 2024

The Roles and Responsibilities of the Nomination Committee Include:

- Regularly reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and making recommendations to the Board with regard to any changes.
- Evaluating the balance of skills, experience, independence and knowledge on the Board and preparing or approving a description of the role and capabilities required for a particular appointment.
- Responsibility for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- Satisfying itself with regard to succession planning for Directors and senior management, taking into account the challenges and opportunities facing the Company and the skills and expertise needed on the Board in the future.
- Making recommendations to the Board concerning membership of the Audit and Remuneration Committees.
- Reviewing annually the time required from Non-Executive Directors.

Remuneration Committee Report

The Role and Responsibilities of the Remuneration Committee include:

- Reviewing and determining the appropriateness of the remuneration policy and consulting with shareholders on proposed changes.
- Determining the service contracts and base salary levels for the Executive Directors and other senior management.
- Setting the remuneration policy for all Executive Directors and the Company's Chairman, taking into account relevant legal and regulatory requirements, the provision of the Code and associated guidance.
- Approving the design, determining the targets and approving the outcome and payments of all variable pay elements for Executive Directors.
- Approving the design of all share incentive plans for approval by the Board and, where required, by shareholders.

Dear Shareholder

I am pleased to present the remuneration report for the year to 31st December 2023. This report aims to set out how the Group pays our Directors, decisions made on their pay and how much they have received in the last financial year. The report is split into two sections:

- A summary of the Directors' Remuneration Policy, which was approved at the AGM on 10 May 2023.
- The Annual Report on Remuneration, which includes this letter and will be subject to an advisory shareholder vote at our AGM on 29th May 2024.

Performance and Reward for 2023

2023 is the final year of our 3-year plan to grow revenues to £500m. 2023 has seen TClarke deliver a record revenue of £491m in what has been extremely challenging economic environment. The Remuneration Committee believe this is an excellent result.

	2023	2022
Revenue	**£491.0m**	£426.0m
Operating profit	**£9.4m**	£11.5m
Earnings per share	**13.75p**	19.60p
Dividend per share	**5.9p**	5.35p

In addition, TClarke undertook a successful placing in July 2023 raising a net £10.1m to provide additional working capital to support further growth of the business in 2024 and 2025. Our order book has grown from the previous year and now stands at £943m. There is a well-founded confidence of achieving our target of £600m revenue in 2024.

The Executive Directors' targets were set by the Remuneration Committee at the start of 2023. Financial performance of TClarke, combined with the performance of the Executive Directors in executing against the strategic annual bonus objectives set for them resulted in 86% (of a maximum of 150%) of salary being payable to each of the Executive Directors. LTIP awards granted in 2021, which vest on three-year performance to 31 December 2023, are expected to vest in full. Further information on the actual targets set, and performance against them, is provided on page 57.

Remuneration Policy

The Committee expects the 2023 remuneration policy to remain effective until the 2026 AGM. Our remuneration policy is designed to be sustainable and simple, and to encourage the effective stewardship that is vital to delivering our strategy of creating long-term value for all stakeholders. It promotes long-term sustainable performance through significant deferral of remuneration through shares. Executive Directors are expected to build and maintain substantial personal shareholdings in the business. Our policy ensures that performance-related components will form a significant proportion of the overall remuneration package, with maximum rewards earned only through the achievement of challenging performance targets based on measures aligned with our long-term strategy.

Remuneration Committee Report continued

Implementation of the Remuneration Policy for 2024
The key highlights of how we intend to apply the policy for 2024 are:

- Fixed Pay – five percent increase in Executive Directors base salaries on 1 January 2024 is in line with the wider monthly salaried workforce.
- Variable pay – annual bonus maximum will be 150% of salary and a LTIP award of up to 100% of salary will be made in March 2024.
- Performance measures – will continue to be focused on simple and transparent measures. For the annual bonus, profit before tax and interest will apply for two-thirds of the bonus and key strategic objectives aligned with the Group's sustainable growth strategy applying for the remaining one-third of bonus.

The LTIP performance conditions will be based on stretching earnings per share targets.

Alignment with Shareholders
We are mindful of our shareholders' interests and are keen to ensure a demonstrable link between reward and value creation. We are proud of the support we have received in the past from our shareholders, with over 99% approval of the Directors' remuneration report received last year at the 2023 AGM. We hope that we will continue to receive your support at the forthcoming AGM in 2024.

Evaluation of the Committee
See page 42 for discussion of the Board's annual internal appraisal of its own performance and that of its Committees.

Peter Maskell
Chair of Remuneration Committee
26th March 2024

Remuneration Committee Report Contents

Directors' Remuneration Policy

This part of the Directors' remuneration report summarises the Directors' Remuneration Policy for the Company which was approved by shareholders at the 2023 AGM. The policy came into effect on the 10 May 2023 and is next due to be put to shareholders for approval at the 2026 AGM.

Policy Overview

The primary objective of the remuneration policy is to promote the long-term success of the Company. In working towards the fulfilment of this objective, the Committee takes into account a number of factors when formulating the remuneration policy for the Executive Directors, including the following:

- the need to provide a remuneration structure that is sufficiently competitive to attract, retain and motivate Executive Directors of an appropriate calibre to deliver long-term, sustainable growth of the business;
- the alignment of interests between executives and shareholders through share ownership and appropriate recovery and withholding provisions;
- internal levels of pay and employment conditions across the Group as a whole;
- the principles and recommendations set out in the UK Corporate Governance Code and the views of institutional shareholders and their representative bodies; and
- periodic external comparisons of market trends and practices in similar companies taking into account their size (and in particular their FTSE ranking) and complexity.

Our remuneration structure is intended to be simple and transparent, and to contribute to the building of a sustainable performance culture. Our policy ensures that performance-related components will form a significant proportion of the overall remuneration package, with maximum total potential rewards earned only through the achievement of challenging performance targets based on measures selected to promote the long-term success of the Company.

The main elements of the remuneration package for Executive Directors are a base salary, benefits and pension provision, as well as an annual bonus plan and shares awarded under a long-term incentive plan ('LTIP'), both of which are subject to stretching performance conditions. The Committee has determined that this structure will provide an appropriate balance between fixed and performance-related pay elements. The Committee will continue to review the remuneration policy to ensure it takes due account of remuneration best practice and that it remains aligned with shareholders' interests.

How the Executive Directors' Remuneration Policy Relates to the Wider Workforce

The Committee does not directly consult with employees regarding the remuneration of Directors. However, the pay and conditions elsewhere in the Company are considered when designing the policy for Executive Directors and continue to be considered in relation to implementation of the policy. The Committee regularly monitors pay trends across the workforce and salary increases will ordinarily be (in percentage of salary terms) in line with those of the wider workforce. Reflecting the UK Corporate Governance Code and investor guidelines, new external Executive Director appointees will also have company pension contributions set in line with the level offered to the majority of the salaried workforce (in percentage of salary terms).

The remuneration policy described here provides an overview of the structure that operates for the most senior executives in the Company. Employees below executive level have a lower proportion of their total remuneration made up of incentive-based remuneration, with pay driven by market comparators and the impact of the role in question. Long-term incentives are reserved for those judged as having the greatest potential to influence the Group's strategic direction, earnings growth and share price performance.

How Shareholders' Views are Taken into Account

The Committee seeks to engage with its major shareholders when any significant changes to the remuneration policy are proposed. The Committee also considers shareholder feedback received in relation to the Directors' remuneration report and at the AGM each year, and this, plus any additional feedback received from time to time, is considered as part of the Committee's annual review of remuneration policy. The Committee also closely monitors developments in institutional investors' best practice expectations.

Directors' Remuneration Policy continued

Summary Director Policy Table
The table below summarises the remuneration policy for Directors.

Element of Remuneration: Basic Salary

Purpose and Link to Strategy
- To provide competitive fixed remuneration to attract and retain Executive Directors of superior calibre in order to deliver growth for the business

Operation
- Normally reviewed annually with changes typically effective 1st January
- Paid in cash on a monthly basis
- Comparison against companies with similar characteristics are taken into account as part of the review
- Internal reference points, the responsibilities of the individual role, progression within the role and individual performance are also taken into account
- Executive Directors under notice of termination of employment are not eligible for an annual salary review

Maximum Opportunity
- There is no prescribed maximum annual basic salary or salary increase. Details of the current salary levels are set out in the Annual Report on Remuneration on page 57
- Any salary increase (in percentage of salary terms) will ordinarily be up to the general increase for the broader employee population; however, a higher increase may be awarded to recognise, for example, an increase in the scale, scope or responsibility of the role and/or to take account of relevant market movements
- Where an Executive Director's salary is set below market levels at appointment, a series of increases may be given (in addition to the factors listed above) in order to achieve the desired salary positioning, subject to satisfactory individual performance

Performance Targets
- None, although the overall performance of the individual and the wider business context is considered as part of the salary review process

Element of Remuneration: Benefits

Purpose and Link to Strategy
- To support recruitment and retention
- To provide a market consistent benefits package

Operation
- Benefits may include a combination of car or car allowance, private medical insurance and life insurance
- Executive Directors will be eligible for any other benefits which are introduced for the wider workforce on broadly similar terms
- Travel allowances or time-limited relocation benefits may be offered if considered appropriate and reasonable by the Committee
- Any reasonable business-related expenses (including tax thereon) can be reimbursed if determined to be a taxable benefit
- Executive Directors are also eligible to participate in any all-employee share plans operated by the Company, in line with prevailing HMRC guidelines (where relevant), on the same basis as for other eligible employees

Maximum Opportunity
- There is no maximum limit, but the Committee reviews the cost of the benefits provision on a regular basis to ensure that it remains appropriate
- Participation in the all-employee share plans is subject to the limits set out by HMRC

Performance Targets
- Not applicable

Directors’ Remuneration Policy continued

Summary Director Policy Table
The table below summarises the remuneration policy for Directors.

Element of Remuneration: Pension

Purpose and Link to Strategy
- Provide competitive retirement benefits

Operation
- Defined benefit or defined contribution scheme (or cash alternative)
- Where the promised levels of benefits cannot be provided through an appropriate pension scheme, the Group may provide benefits through the provision of salary supplements

Maximum Opportunity
- For Executive Directors appointed externally from 1 January 2020, defined contribution pension contributions (or cash equivalents in lieu) will be aligned with the wider salaried staff
- Current employees who are existing members of the Company’s defined benefit scheme, and who become Executive Directors, may be entitled to continue to accrue benefits under these arrangements rather than participating in the defined contribution (or cash equivalent) arrangements. The maximum pension per year on retirement at age 65 is 1/60th of final pensionable salary for service before March 2010, and 1/80th of revalued pensionable salary for service thereafter and these rates are consistent for all participants. A salary supplement may be provided in order to compensate the individual up to the value of benefits lost as a results of HMRC limits or if the individual opts-out of the plan.
- None of the current Executive Directors participate in any defined benefit pension schemes or arrangements.

Performance Targets
- Not applicable

Element of Remuneration: Bonus

Purpose and Link to Strategy
- Incentivise annual achievement of performance targets relating to the Company’s KPIs
- Maximum bonus only payable for achieving demanding targets

Operation
- Normally payable in cash
- Levels of award are determined by the Committee after the year end based on performance against the targets set at the start of the year
- All bonus payments are at the ultimate discretion of the Committee and the Committee retains an overriding discretion (within the limits of the scheme) to ensure that overall bonus payments reflect its view of corporate performance during the year
- Payments in relation to the annual bonus are subject to withholding and recovery provisions

Maximum Opportunity
- Maximum of 150% of salary per annum
- Target performance would normally result in 60% of maximum becoming payable

Performance Targets
- Group financial measures (e.g. profit-related measures) will apply for the majority of the bonus
- If used, personal or strategic objectives will be applied for the minority of the bonus
- Measures and objectives will be determined over a one-year performance period

Directors' Remuneration Policy continued

Summary Director Policy Table
The table below summarises the remuneration policy for Directors.

Element of Remuneration: Long-Term Incentive Plan

Purpose and Link to Strategy
- Aligned to delivery of strategy and long-term value creation
- Align Executive Directors' interests with those of shareholders
- To promote retention

Operation
- LTIP awards take the form of conditional rights or nil, nominal cost or market value options and are normally granted annually
- Awards vest after three years' subject to the achievement of pre-set performance criteria and continued employment. Awards made from 2020 onwards are subject to a mandatory two-year holding period following the end of the vesting period, other than those sold to cover tax and NI liabilities and dealing costs
- The Committee reviews the quantum of awards annually and monitors the continuing suitability of the performance measures
- The Committee may determine at grant that an amount (in cash or shares) equivalent to the dividends paid or payable on vested shares up to the release date may become payable; any amount payable may assume the reinvestment of dividends over the period
- Awards under the LTIP are subject to withholding and recovery provisions.

Maximum Opportunity
- Annual awards of no more than 100% of salary (with this level generally reserved for exceptional circumstances).

Performance Targets
- Performance is measured over three years
- Awards currently vest based on performance against stretching earnings per share ('EPS') targets set and assessed by the Committee. However, different financial, strategic or share price-based measures may be set for future award cycles as appropriate to reflect the strategic priorities of the business at that time
- Notwithstanding the performance outcome, the Remuneration Committee retains the discretion to adjust the vesting outcome upwards or downwards (within the scheme limits) to reflect the underlying performance of the Company over the three-year period
- A maximum of 25% vests at threshold, increasing to 100% vesting at maximum on a straight-line basis

Element of Remuneration: Share Ownership Guidelines

Purpose and Link to Strategy
- To increase alignment between Executives and shareholders

Operation
- Executive Directors are required to build and maintain a shareholding of 100,000 shares through the retention of vested share awards or through open market purchases
- Wholly owned shares and vested LTIP shares in the mandatory holding period (net of tax) will count towards the guideline

Maximum Opportunity
- Not applicable

Performance Targets
- Not applicable

Directors' Remuneration Policy continued

Summary Director Policy Table
The table below summarises the remuneration policy for Directors.

Element of Remuneration: Post-employment Share Ownership Guidelines

Purpose and Link to Strategy
- To provide further long-term alignment between Executives and shareholders
- To ensure a focus on successful succession planning

Operation
- Executive Directors will normally be expected to maintain a holding of TClarke shares for two years after their employment as a Director has ceased
- The post-employment guideline will be equal to the lower of: the actual shareholding at the time of ceasing to be a Director and 100,000 shares
- The guideline will apply only to shares acquired from LTIP awards made from 2020 onwards; open market purchases are excluded from the post-employment guidelines
- The specific application of the shareholding guideline will be at the Committee's discretion

Maximum Opportunity
- Not applicable

Performance Targets
- Not applicable

Element of Remuneration: Non-Executive Director

Purpose and Link to Strategy
- To provide competitive fees to attract and retain high-calibre Non-Executive Directors
- To reflect the time commitment and responsibilities of the role

Operation
- The Chairman's fee is set by the Board on the recommendation of the Remuneration Committee. The Non-Executive Directors' fees are set by the Board on the recommendation of the Executive Directors. No Director takes part in discussions relating to their own remuneration
- Non-Executives may be paid additional fees for chairing one of the major Board Committees or for holding the Senior Independent Director position
- The fees are set taking into account the time commitment and responsibilities of the role
- In exceptional circumstances, if there is a temporary yet material increase in the time commitments for Non-Executive Directors, the Board may pay extra fees to recognise the additional workload
- Fees are normally paid monthly in cash and are normally reviewed annually
- Directors can be reimbursed for any reasonable business-related expenses (including the tax thereon if determined to be a taxable benefit)

Maximum Opportunity
- There is no prescribed maximum fee or fee increase
- Any increase will be guided by changes in market rates, time commitments and responsibility levels as well as by increases for the broader employee population

Performance Targets
- Not applicable

Directors' Remuneration Policy continued

Pay for Performance Scenarios

The charts below provide an illustration of the potential future reward opportunities for the Executive Directors, and the potential split between the different elements of remuneration under four different performance scenarios: 'Minimum', 'Target', 'Maximum' In addition a maximum has been calculated and detailed in the last paragraph of this section, including the impact of a 50% share price appreciation on LTIP awards.

Potential reward opportunities are based on TClarke's remuneration policy, applied to the base salaries effective 1 January 2024. The annual bonus and LTIP are based on the maximum opportunities set out under the remuneration policy for normal circumstances; being 150% of salary and 100% of salary respectively. Note that the LTIP awards granted in a year do not normally vest until the third anniversary of the date of grant, and the projected value is based on the face value at award rather than vesting (i.e. the scenarios exclude the impact of any share price movement over the period).

Mark Lawrence

	Fixed pay	Annual bonus	Long-term incentives	2024 £'000 Total
Minimum	100%			517
Target	48%	41%	11%	1,075
Maximum	30%	42%	28%	1,730

Mike Crowder

	Fixed pay	Annual bonus	Long-term incentives	2024 £'000 Total
Minimum	100%			446
Target	48%	41%	11%	922
Maximum	30%	42%	28%	1,480

Trevor Mitchell

	Fixed pay	Annual bonus	Long-term incentives	2024 £'000 Total
Minimum	100%			385
Target	48%	41%	11%	804
Maximum	30%	42%	28%	1,295

The 'minimum' scenario reflects base salary, pension and benefits (i.e. fixed remuneration) which are the main elements of the Executive Director remuneration packages not linked to performance.

The 'target' scenario reflects fixed remuneration as above, plus a bonus payout of 60% of maximum and LTIP threshold vesting at 25% of maximum award.

The 'maximum' scenario includes fixed remuneration and full payout of all incentives (150% of salary under the annual bonus and 100% of salary under the LTIP) but no movement in share price over the three-year period. Under the 'maximum' scenario, if TClarke share price increased by 50% over the three-year performance period (in effect valuing this element of pay at 150% of salary) the indicative total remuneration value would be £1,972,279 for the Group Chief Executive, £1,686,759 for the Group Managing Director and £1,477,271 for the Group Finance Director.

Approach to Recruitment and Promotions

The remuneration package for a new Executive Director would be set in accordance with the terms of the prevailing approved remuneration policy at the time of appointment and take into account the skills and experience of the individual, the market rate for a candidate of that experience and the importance of securing the relevant individual.

Salary would be provided at such a level as required to attract the most appropriate candidate and may be set initially at a below mid-market level on the basis that it may progress towards the mid-market level over a period of two to three years once expertise and performance has been proven and sustained.

New appointees would receive company pension contributions or an equivalent cash supplement aligned to that offered to the wider salaried workforce at the time of appointment, and would be eligible to receive benefits of the same type and at similar levels as other Executive Directors. If the new appointee were promoted from within the business and was already a member of the defined benefit scheme, they would remain eligible for benefits from it in the same way as other members of the workforce who are members.

The maximum level of variable pay which may be awarded to new Executive Directors will be in line with the policy set above. In addition to this, the Committee may make buyout awards in the form of additional cash and/or share-based elements to replace remuneration forfeited by an executive as a result of leaving his or her previous employer. It will, where possible, ensure that these awards are consistent with awards forfeited in terms of vesting periods, expected value and performance tests.

Directors' Remuneration Policy continued

The Committee may apply different performance measures, performance periods and/or vesting periods for initial awards made following appointment under the annual bonus and/or long-term incentive arrangements, subject to the rules of the scheme, if it determines that the circumstances of the recruitment merit such alteration. LTIP awards can be made shortly following an appointment (assuming the Company is not in a close period), whilst the maximum annual bonus in the year of appointment would generally be pro-rated to reflect the period of service during the year.

For an internal Executive Director appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its original terms.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation and/or incidental expenses as appropriate.

The fee structure for Non-Executive Director appointments will be based on the Non-Executive Director fee policy as set out in the policy table.

Service Contracts and Approach to Leavers

The Company's policy is for Executive Directors to have service contracts which may be terminated with no more than 12 months' notice from either party. The Executive Directors' service contracts are available for inspection by shareholders at the Company's registered office.

No Executive Director has the benefit of provisions in their service contract for the payment of pre-determined compensation in the event of termination of employment. It is the Committee's policy that the service contracts of Executive Directors will provide for termination of employment by giving notice or by making a payment of an amount equal to basic salary in lieu of the notice period. It is the Committee's policy that no Executive Director should be entitled to a notice period or payment on termination of employment in excess of the levels set out in his or her service contract. Incidental expenses may also be payable, if appropriate.

Annual bonus may be payable with respect to the period of the financial year served, although it will be pro-rated for time and paid at the normal payout date. Any share-based entitlements granted to an Executive Director under the Company's share plans will be determined based on the relevant plan rules. In certain circumstances, such as death, ill health, disability, retirement or other circumstances at the discretion of the Committee, 'good leaver' status may be applied. For good leavers, awards will normally vest at the normal vesting date, subject to the satisfaction of the relevant performance conditions at that time and reduced pro-rata to reflect the proportion of the vesting period actually served. Awards subject to a holding period will normally be released following completion of the holding period. Under the plan rules, the Remuneration Committee has overarching discretion to determine that awards vest at cessation of employment and/or to disapply the time pro-rating requirement if it considers it appropriate to do so.

In relation to a termination of employment, the Committee may make payments in relation to any statutory entitlements or payments to settle compromise claims as necessary. The Committee also retains the discretion to reimburse reasonable legal expenses incurred in relation to a termination of employment and to meet any transitional costs if deemed necessary. Payment may also be made in respect of accrued benefits, including untaken holiday entitlement.

There is no provision for additional compensation on a change of control. In the event of a change of control, the LTIP awards will normally vest on (or shortly before) the change of control and the Committee shall determine the extent to which outstanding awards shall vest. Awards may alternatively be exchanged for new equivalent awards in the acquirer where appropriate. Outstanding awards under any/all employee share plans will vest in accordance with the relevant scheme rules. Bonuses will become payable on the change of control and in full.

External Appointments

The Board allows Executive Directors to accept external Non-Executive Director positions provided the appointment is compatible with their duties as Executive Directors. The Executive Directors may retain fees paid for these services. Any appointment will be subject to approval by the Board.

Non-Executive Directors

The Chairman and Non-Executive Directors' terms are set out in letters of appointment. The letters of appointment of the Non-Executive Directors are available for inspection at the Company's registered office during normal business hours.

Annual Report on Remuneration

This section provides details of how the remuneration policy was implemented during the financial year ended 31 December 2023 and how the policy will be implemented in 2024. The information provided in this section of the report which is audited has been highlighted.

Single Total Figure Remuneration (Audited)
The table below reports the total remuneration receivable in respect of qualifying services by each Director during the year:

Year ended 31st December 2023
Executive Directors

	Salary £000	Taxable benefits £000	Fixed pay £000	Annual bonus £000	Long-term incentives £000	Variable pay £000	Total £000
Executive:							
Mark Lawrence							
2023	**462**	**30**	**492**	**397**	**396**	**793**	**1,285**
2022	440	29	469	660	652	1,312	1,781
Mike Crowder							
2023	**394**	**31**	**425**	**338**	**338**	**676**	**1,101**
2022	375	30	405	563	556	1,119	1,524
Trevor Mitchell							
2023	**347**	**22**	**369**	**298**	**295**	**593**	**962**
2022	330	22	352	495	485	980	1,332

The figures in the single total figure remuneration table are derived from the following:

Total salary and fees
The amount of salary and fees received in the year.

Taxable benefits
The taxable value of benefits received in the year. These are a car or car allowance, private medical insurance, fuel and train allowance.

Annual bonus
The 2023 annual bonus was subject to operating profit targets (two-thirds of bonus) alongside a scorecard of strategic objectives closely aligned with the KPIs of the business (one-third of bonus).

The actual performance of £9.4m operating profit resulted in 36% of maximum for this element being payable. The stretch target for operating profit was £12m.

The measures selected for strategic objectives reflect a range of key financial and operational goals which support the Company's strategic objectives. The respective targets have not been disclosed as they are considered by the Board to be commercially sensitive. Objectives were set across four strategic imperatives; delivering the growth strategy (up to 20% of strategic bonus), delivering strategic ESG goals aligned with strategy (up to 40%), delivering Health and Safety systems (up to 20%) and attracting more women into construction (up to 20%). Performance against strategic objectives resulted in 100% of the maximum for this element being payable.

Overall, this resulted in a bonus of 86% of salary (maximum 150%) for Mark Lawrence, Mike Crowder and Trevor Mitchell being payable.

Long-term incentives
The value of LTIP awards that vest in respect of a performance period that is completed by the end of the relevant financial year. For 2023 this includes the 2021 Conditional shares awards. There are 2 LTIPs that could potentially vest on 28th April 2024. Both relate to outperformance of earnings per share growth (EPS) over inflation. The Committee has considered the performance of the Company over the period 1 January 2021 to 31 December 2023. During this period revenue has more than doubled, profit and cash significantly improved, and we have a forward order book approaching £1 billion which has underpinned the board's expectations for 2024 and 2025. The Committee has decided to use CPI as the inflation measure rather than RPI in line with subsequent awards made. The Group no longer reports underlying and non-underlying earnings and therefore all EPS calculations are based on total basic EPS. Furthermore the impact of the share placing in July 2023 has been disregarded from the calculation as that was to raise additional working capital for 2024 and beyond. On this basis EPS has increased by 38% above CPI and therefore the LTIPs are expected to vest in full. The value is based on the three month average share price ending 31st December 2023 of 126.87p.

The performance conditions are detailed on page 59. The 2022 numbers have been updated to reflect the actual exercise price on 13th July 2023.

Pension-related benefits
The Directors received no pension benefits in 2023 (2022: nil)

Annual Report on Remuneration continued

Share awards granted during the year (audited)
2021 LTIP

	Date of grant	% Salary	Price[1] (pence)	Number of Shares	Face value of award	% of awards vesting at threshold	Performance Period
Mark Lawrence	27/03/2023	100%	137.85	337,843	465,717	12.5% EPS element 12.5% TSR element	3 years to 31/12/2025
Mike Crowder	27/03/2023	100%	137.85	287,934	396,917		
Trevor Mitchell	27/03/2023	100%	137.85	253,382	349,287		

1 The share price used to calculate the awards at the date of grant was based on the average share price for the five dealing days preceding the date of grant. The closing share price on 27 March 2023 was 134.75p

Outstanding interests under share schemes (audited)
Details of the executive directors' in long-term incentive awards at 31 December 2023 and movements in the year are as follows:

	Date of award	1st January Numbers	Granted	Dividend Equivalent Shares	Exercised	Lapsed	31st December Numbers	Earliest date of exercise
Mark Lawrence	01/05/2020	439,601	–	49,030	(488,631)	–	–	
	28/04/2021	311,152	–	–	–	–	311,152	28/04/2024
	16/03/2022	301,370	–	–	–	–	301,370	16/03/2025
	27/03/2023	–	337,843	–	–	–	337,843	27/03/2026
Total		**1,052,123**	**337,843**	**49,030**	**(488,631)**	**–**	**950,365**	
Mike Crowder	01/05/2020	375,000	–	41,825	(416,825)	–	–	
	28/04/2021	265,427	–	–	–	–	265,427	28/04/2024
	16/03/2022	256,849	–	–	–	–	256,849	16/03/2025
	27/03/2023	–	287,934	–	–	–	287,934	27/03/2026
Total		**897,276**	**287,934**	**41,825**	**(416,825)**	**–**	**810,210**	
Trevor Mitchell	01/05/2020	327,025	–	36,474	(363,499)	–	–	
	28/04/2021	231,505	–	–	–	–	231,505	28/04/2024
	16/03/2022	226,027	–	–	–	–	226,027	16/03/2025
	27/03/2023	–	253,382	–	–	–	253,382	27/03/2026
Total		**784,557**	**253,382**	**36,474**	**(363,499)**	**–**	**710,914**	

The 2020 award vested in full as detailed in the previous year's annual report. The 2021 awards performance conditions relate to EPS growth over RPI. These awards are not expected to vest.
2022 and 2023 awards are subject to EPS growth targets in excess of inflation and TSR growth targets.

Annual Report on Remuneration continued

The conditional share awards and options will vest subject to continued employment with the Group and satisfaction of the following performance conditions over a three-year period ending 31 December preceding the earliest vesting date. For 50% of the 2021 to 2023 awards

Annual growth rate in underlying EPS above RPI[1]	Proportion of award vesting
Less than 3%	Nil
3%	25%
Between 3% and 10%	Between 25% and 100% straight-line base
Above 10%	100%

1 2022 and 2023 CPI rather than RPI is used

The remaining 50% of the 2021 award performance conditions are as follows:

Annual growth rate in underlying EPS above RPI[1]	Proportion of award vesting
Less than 20%	Nil
Between 20% and 30%	Between nil and 100% on a sliding scale
Above 30%	100%

The remaining 50% of the 2022 and 2023 awards will be subject to satisfaction of the Total Shareholder Return (TSR) performance condition as set out below:

TSR	Proportion of award vesting
Less than 35%	Nil
35%	25%
Between 35% and 50%	Between 25% and 100% on a straight-line basis
Above 50%	100%

The Directors had no interest in the TClarke Savings Related Share Option Scheme ('SAYE Scheme') during 2023.

External Appointments
Mark Lawrence and Mike Crowder do not hold any external appointments. Trevor Mitchell is an Executive Director of It's Purely Financial Limited.

Pensions
At 31 December 2023 none of the Directors were members of the Company pension scheme (2022: None).

Single Total Figures Remuneration (Audited)

Year ended 31st December 2023
Non-Executive Directors

	Fees £000		Taxable benefits £000		Total £000	
	2023	2022	2023	2022	2023	2022
Non-Executive:						
Iain McCusker	**107**	102	–	–	**107**	102
Peter Maskell	**61**	59	–	–	**61**	59
Louise Dier[1]	**–**	24	–	–	**–**	24
Jonathan Hook	**61**	57	–	–	**61**	57
Aysegul Sabanci[2]	**56**	36	–	–	**56**	36

1 Louise Dier retired from the Board on 30 April 2022
2 Aysegul Sabanci joined the Board on 1st May 2022

The aggregate remuneration for executive and non-executive directors in 2023 was £2.6m (2022: £4.6m) Aggregate remuneration comprises salary, fees, benefits pension contributions and bonus payments.

Annual Report on Remuneration continued

Total Remuneration (Audited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	Mark Lawrence									
Total remuneration £000	300	436	567	875	1,056	1,137	922	1,016	1,781	1,285
Annual bonus percentage of maximum	0%	24%	32%	69%	100%	78%	30%	61%	100%	57%
Long-term incentive award investing percentage of maximum share awards	0%	0%	0%	100%	100%	100%	100%	100%	100%	100%

Ratio of Chief Executive's Remuneration Relative to all UK Employees

The table below shows the ratio of the Group Chief Executive Officer's single total figure of remuneration compared to all UK employees at the 25th percentile, median and 75th percentile. The method used for the calculation is Option C. Three employees were identified at each percentile from the list of all full time employees in the UK. The report will build up over time to show a ten year period.

	Mark Lawrence		
Financial year	**P25 (lower quartile)**	**P50 (median)**	**P75 (upper quartile)**
2023	**50:1**	**28:1**	**20:1**
2022	48:1	35:1	26:1
2021	32:1	22:1	17:1
2020	30:1	22:1	16:1
2019	26:1	19:1	14:1

The tables below provide greater analysis relating to the 2023 remuneration comparison:

Salary	Mark Lawrence	P25	P50	P75
Basic salary, £k	462	24	44	61
Total annual pay £k	889	26	46	63
Total pay £k	1,285	26	46	63

Ratio	P25	P50	P75
Basic salary	19:1	11:1	8:1
Total annual pay [1]	34:1	19:1	14:1
Total pay [2]	50:1	28:1	20:1

1 Total annual pay includes basic salary, taxable benefits, and annual bonus.
2 Total pay includes total annual pay plus the cash value of any long-term incentives received.

Relative importance of spend on pay (audited)

The table below shows pay for all employees compared to other key financial indicators

	2023	2022	change
Employee remuneration	**£97.0m**	£88.0m	10.2%
Basic earning per share	**13.79p**	19.6p	-34.4%
Dividends paid during the year	**£2.5m**	£2.3m	8.7%
Employee headcount [1]	**1,352**	1,294	4.5%

1 Employee headcount is the monthly average number of employees on a full-time equivalent basis. More detail is set out in note 8 to the consolidated financial statements.

Annual Report on Remuneration continued

Percentage change in remuneration levels
The table below shows details of the percentage change in base salary, benefits, and annual bonus for the chair, the executive and non-executive directors over the current year and three previous financial years, compared to the average percentage change for other employees of the Group over the same periods.

	Percentage change in base salary [1]				Percentage change in benefits				Percentage change in bonus			
	2022-23	2021-22	2020-21	2019-20	2022-23	2021-22	2020-21	2019-20	2022-23	2021-22	2020-21	2019-20
Mark Lawrence	**5%**	5%	0%	33%	**3%**	11%	1%	24%	**(40)%**	73%	102%	(51%)
Mike Crowder	**5%**	5%	0%	33%	**3%**	(3%)	(1%)	(47%)	**(40)%**	73%	102%	(51%)
Trevor Mitchell	**5%**	5%	0%	6%	**0%**	4%	0%	0%	**(40)%**	73%	102%	(51%)
Iain McCusker	**5%**	5%	0%	47%	**N/A**	N/A	N/A	N/A	**N/A**	N/A	N/A	N/A
Peter Maskell	**3%**	5%	0%	15%	**N/A**	N/A	N/A	N/A	**N/A**	N/A	N/A	N/A
Jonathan Hook [2]	**3%**	11%	N/A	N/A	**N/A**	N/A	N/A	N/A	**N/A**	N/A	N/A	N/A
Louise Dier [3]	**N/A**	5%	6%	5%	**N/A**	N/A	N/A	N/A	**N/A**	N/A	N/A	N/A
Aysegul Sabanci	**5%**	N/A	N/A	N/A	**N/A**	N/A	N/A	N/A	**N/A**	N/A	N/A	N/A
UK employee average	**5%**	3%	7%	(11%)	**0%**	0%	10%	67%	**35%**	67%	22%	(13%)

1 When Directors are appointed or retired the percentage change figures have been calculated on a full year equivalent to give a meaningful comparison.
2 Jonathan Hook was appointed chair of the Audit Committee on 22nd June 2022 and received an additional fee as a result.
3 Louise Dier was appointed chair of Audit Committee on 1st June 2021 and received an additional fee as a result.

Service Contracts and Letters of Appointment
All Executive Directors have 12-month notice periods from the Company (and 12 months from the Executive Director) in accordance with their service agreements.

Non-Executive Directors have letters of appointment which include initial terms of three years.

Consideration by the Directors of Matters Relating to Directors' Remuneration
The Company's approach to the Chairman's and Executive Directors' remuneration is determined by the Board on the advice of the Remuneration Committee.

During the year, the Remuneration Committee comprised Peter Maskell (Chair), Iain McCusker, Jonathan Hook and Aysegul Sabanci.

Biographical information on the Committee members and details of attendance at the Remuneration Committee's meetings during the year are set out on pages 39 and 42 respectively.

The Remuneration Committee has access to independent advice where appropriate. The Committee appointed Pinsent Mason LLP in August 2022 to provide independent advice on Directors service contracts and remuneration policy. The Committee is satisfied that the advice provided by Pinsent Mason was objective and independent. No advice was sought during 2023.

The Committee also receives input from the Group Chief Executive Officer and advice from the Company Secretary. No individuals are present when their own remuneration is being discussed.

Annual Report on Remuneration continued

Statement of Voting at Annual General Meeting

The Company remains committed to ongoing shareholder dialogue and takes a keen interest in voting outcomes. The following table sets out voting outcomes in respect of the resolutions relating to approving Directors' remuneration matters at the Company's AGM on 10th May 2023:

Resolution	Votes for discretionary	% of vote	Votes against	% of vote	Votes withheld
Approval of Directors' remuneration report	13,266,519	99.23%	103,222	0.77%	11,035
Approval of Directors' remuneration policy	13,263,712	99.21%	106,029	0.79%	11,035

Directors' interest and minimum shareholding requirement (audited)

The figures below set out the shareholdings beneficially owned by directors and their family interests at 31 December 2023. The current minimum shareholding requirement is 2,000 shares for non-executive directors and executive directors are required to build and maintain a minimum shareholding of 100,000 shares.

	31st December 2023 Number of shares	31st December 2022 Number of shares
Mark Lawrence	**661,882**	402,908
Mike Crowder	**580,707**	359,790
Trevor Mitchell	**473,560**	280,906
Iain McCusker	**2,000**	2,000
Peter Maskell	**41,500**	41,500
Jonathan Hook	**20,000**	20,000
Aysegul Sabanci	**2,000**	2,000

There have been no changes to directors' interests since 31 December 2023.

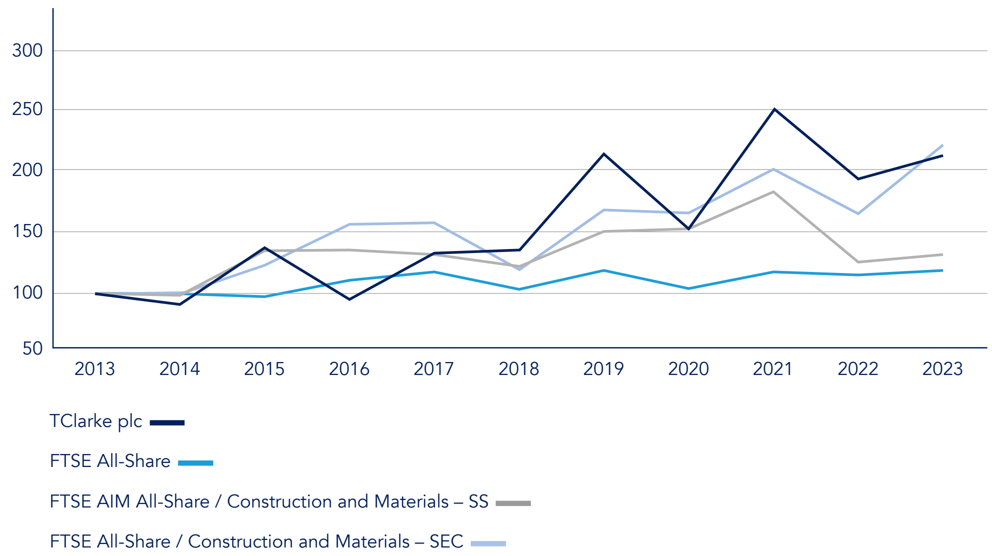
Pension Arrangements

None of the current Executive Directors receive any pension benefit from the Company.

Performance Graph

The graph below shows the total shareholder return that would have been obtained over the past ten years by investing £100 in shares of TClarke plc on 31st December 2013 and £100 in a notional investment in the FTSE All-Share Index and the FTSE All-Share Construction & Materials Index on the same date. In all cases it has been assumed that all income has been reinvested. The FTSE All-Share Index and the FTSE All-Share Construction & Materials Index are considered to be the most appropriate broad equity indices to use as a comparison because the Company is a constituent of both.

Shareholder Return 2014-2023



Annual Report on Remuneration continued

Implementation of the remuneration policy for 2024

Base Salaries

In setting the 2024 base salaries, the committee considered the budgeted level of increases in base salary for senior executives below Board level and the wider salaried employee population of the Group, which averaged 5%. The committee determined that the base salaries for Mark Lawrence, Mike Crowder and Trevor Mitchell should increase by 5% with effect from 1 January 2024. In confirming the salary increases, the committee took account of the performance of each executive director and their respective responsibilities and the positioning of their current salaries relative to market competitors, as detailed in the chair's statement above.

	From 1 January 2024 £'000	From 1 January 2023 £'000	Increase %
Mark Lawrence	485	462	5
Mike Crowder	414	394	5
Trevor Mitchell	364	347	5

Annual Bonus

The maximum bonus potential for the year ending 31st December 2023 is 150% of salary for all the Executive Directors.

Awards are determined based on a combination of both the Group's financial results, being growth in Group profit before tax (two-thirds of overall bonus) and strategic targets (one-third of overall bonus) being met.

Maximum bonus will only be payable when both the financial results of the Group have significantly exceeded expectations and all strategic targets have been met.

The measures have been selected to reflect a range of key financial and operational goals which support the Company's Growth Plan and ESG initiative. ESG accounts for 50% of the strategic target bonus opportunity. The respective targets have not been disclosed as they are considered by the Board to be commercially sensitive.

The Executive Directors' performance will be assessed individually by the Committee against the measures and targets, relying on audited information where appropriate, and having regard to the value which has been created for shareholders.

Non-Executive Directors

The Company's approach to Non-Executive Directors' remuneration is set by the Board with account taken of the time and responsibility involved in each role. Fees are shown below:

Fees for the non-executive directors

	£000 2024	£000 2023	% Increase
Chair	**112**	107	5%
Non-executive directors			
Base fee	**59**	56	5%
Additional fees:			
Audit committee chair	**5**	5	0%
Remuneration committee chair	**5**	5	0%

On behalf of the Board

Peter Maskell
Chair of the Remuneration Committee
26th March 2024

Directors' Report

The Directors' report should be read in conjunction with the Strategic report on pages 01 to 37 and the Corporate Governance report on pages 39 to 43. The Directors' report comprises sections of the Annual Report incorporated by reference as set out below which, taken together, contain the information to be included in the Annual Report, where applicable, under Listing Rule 9.8.4.

Directors

The directors who held office during the year and up to the date of signing these financial statements were as follows:

Name	Appointment
Iain McCusker	Chairman
Peter Maskell	Senior Independent Director
Jonathan Hook	Independent Director
Aysegul Sabanci	Independent Director
Mark Lawrence	Group Chief Executive Officer
Mike Crowder	Group Managing Director
Trevor Mitchell	Group Finance Director

Brief biographies of current serving Directors, indicating their experience and qualifications, can be found on page 38.

In line with the UK Corporate Governance Code, all the Directors shall be subject to annual election or re-election at the forthcoming Annual General Meeting ('AGM') on 29th May 2024.

Powers of Directors

The powers of the Directors are determined by the Company's Articles of Association, the Companies Act 2006 and the directions given by the Company by resolutions passed in general meetings. The Directors are authorised by the Articles of Association to issue and allot Ordinary shares, to disapply statutory pre-emption rights and to make market purchases of the Company's shares. The Directors currently have shareholder approval for the issue of Ordinary share capital up to an aggregate nominal amount of £1,464,901 and for the buyback of Ordinary shares up to a maximum aggregate of 10% of the issued Ordinary share capital. The Directors will be seeking to renew their authorities at the forthcoming AGM.

Going Concern

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Group and Company can continue in operational existence for the foreseeable future.

As at 31 December 2023 the Group held cash of £29.3m (2022: £22.5m) and had drawn down short-term borrowings of £10m under a revolving credit facility (2022: £15m). This resulted in net cash of £19.3m (2022: £7.5m). The Group also has access to a further £15m (2022: £10m) under a revolving credit facility and £5m overdraft facility. No balances were drawn down under the overdraft facility at either 31st December 2023 or 2022.

The Group uses the above banking facilities as and when required to meet working capital requirements. The revolving credit facility expires on 31st August 2026. The overdraft facility is subject to annual review with any amounts borrowed repayable on demand. The Directors have received confirmation from the bank that they know of no reason why the overdraft facility will not be renewed when it falls due for review.

The Directors have reviewed the Group's forecasts and projections for the next two-year period. The model assumes delivery of the 2023-25 Group Business Plan, and that the banking facilities will remain in place throughout the projection period. The projections show that the Group will remain profitable, with a significant amount of headroom against covenants and borrowing limits.

Management have also produced sensitivity analysis to assess the Group's resilience to more adverse outcomes which could arise from one of the principal risks to the business (discussed on pages 33 to 36), including a scenario whereby profitability drops by 50% and there is an insolvency of a key customer/subcontractor. In all scenarios, including the reasonable worst case, the Group is able to comply with its financial covenants, operate within its current facilities, and meet its liabilities as they fall due. Based on current interest rates the Directors have calculated that forecast operating profit could fall by 89% and the Group still comply with all covenants

Directors' Report continued

under its current funding arrangements. Any additional drop in operating profit would require further discussion with our lenders. Based on the strength of our Forward Order Book management do not consider such a scenario to be at all plausible.

Accordingly, the directors consider there to be no material uncertainties that may cast significant doubt on the Group's ability to continue to operate as a going concern. They have formed a judgement that there is a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of signing of these financial statements. For this reason, they continue to adopt the going concern basis in the preparation of these financial statements.

Share Capital

The Company's share capital consists of Ordinary shares with a nominal value of 10p each. The issued share capital as at 31 December 2023 was £5,285,078 consisting of 52,850,780 Ordinary shares of 10p each. The Company's issued Ordinary shares are fully paid and rank equally in all respects. There are no restrictions on the size of a holding nor on the transfer of Ordinary shares in the Company or on the exercise of voting rights attached to them, save that:

- certain restrictions may from time to time be imposed by laws and regulations (for example, insider trading laws and market requirements relating to close periods); and
- pursuant to the Listing Rules of the Financial Conduct Authority, whereby certain employees of the Company require the approval of the Company to deal in the Company's shares.

Further details on share capital are shown in note 18 (ii) to the financial statements.

Substantial Shareholdings

As at 31 December 2023 the following information has been disclosed to the Company under the FCA's Disclosure Guidance and Transparency Rules ('DTR 5'), in respect of notifiable interests in the voting rights in the Company's issued share capital:

Name of holder	Total voting rights [1]	% of voting rights [2]
Regent Gas Holdings Limited	11,366,218	21.51%
Interactive Investor	4,841,568	9.16%
Hargreaves Lansdown, stockbrokers	4,210,694	7.97%
Canaccord Genuity Wealth Management	3,173,055	6.00%

1 Total voting rights attaching to the ordinary shares at the Company at the time of disclosure to the Company.

2 Percentage of total voting rights at the date of disclosure to the Company.

As at 26th March 2024, the Company had not been notified of any changes to major shareholdings.

Significant Agreements – Change of Control

The Directors are not aware of any significant agreements that take effect, alter or terminate upon a change of control of the Company following a takeover bid.

The Company has the 2021 Long Term Incentive Plan ('LTIP') in place for Directors and senior management, and a savings Related Share Option Scheme in place which is available to all employees. The rules of the LTIP provide that awards made under the LTIP may vest on a change of control of the Company, at the discretion of the Remuneration Committee. The rules of the Savings Related Share Option Scheme provide that in the event of a change of control, outstanding options may be exchanged or replaced with similar options on the same terms. Further details on employee share schemes are disclosed in note 18 to the financial statements. The rules of the Directors Annual Bonus scheme state that the performance period ends on change of control and bonuses should be paid as soon as practicable unless the Remuneration Committee determines otherwise. There are no other known agreements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid.

Significant Interests

Save for interests in service agreements, none of which extend beyond 12 calendar months, the Directors have no material interest in any contract of significance that would have required disclosure under the continuing obligations of the Financial Conduct Authority Listing Rules, nor have they any beneficial interest in the issued share capital of the subsidiary companies.

Qualifying Third Party Indemnities

The Articles of Association of the Company entitle the Directors, to the extent permitted by the Companies Act 2006 and other applicable legislation, to be indemnified out of the assets of the Company in the event that they suffer any expenses in connection with certain proceedings relating to the execution of their duties as Directors of the Company.

In addition, the Company has in place insurance in favour of its Directors and officers in respect of certain losses or liabilities to which they may be exposed due to their office up to a limit of £10m. The insurance was in force throughout the year.

Directors' Report continued

Research and Development
The Group undertakes research and development activity in creating innovative design and construction solutions integral to the delivery of its projects. The direct expenditure incurred is not separately identifiable as the investment is usually contained within the relevant project. Potential qualifying spend will be analysed in due course in the preparation of a Research and Development expenditure credit claim to HM Revenue and Customs.

Political Contributions
No contributions were made to any political parties during the current or preceding year.

Events After the Balance Sheet Date
There have been no significant events since the balance sheet date which would have a material effect on the financial statements.

Independent Auditor
A resolution is proposed at the AGM for the appointment of Mazars LLP as independent auditor of the Company at a rate of remuneration to be determined by the Audit Committee.

Annual General Meeting ('AGM')
The AGM of the Company will be held at Canopy by Hilton, 11-15 Minories, London EC3N 1AX at 10am on Wednesday 29th May 2024.

The Notice convening the AGM, together with details of the special business to be considered and explanatory notes for each resolution, is contained in a separate circular sent to shareholders. It is also available to be viewed on the Company's website.

Approved by the Directors and signed by order of the Board.

Trevor Mitchell
Company Secretary
26th March 2024

TClarke plc is registered in England No. 00119351.

Statement of Directors' Responsibilities in Respect of the Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations
The Directors consider that the annual report and accounts, taken as a whole, are fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in Directors' report confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Annual Report and Financial Statements includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditor is aware of that information

On behalf of the Board

Iain McCusker
Chairman

Trevor Mitchell
Group Finance Director

26th March 2024
TClarke plc
Registered number: 00119351

Independent Auditors' Report to the Members of TClarke plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of TClarke plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise:

Group
- Consolidated Income Statement;
- Consolidated Statement of Comprehensive Income;
- Consolidated Statement of Financial Position;
- Consolidated Statement of Cash Flows;
- Consolidated Statement of Changes in Equity; and
- Notes to the Financial Statements, including material accounting policy information.

Parent company
- Company Statement of Financial Position;
- Company Statement of Changes in Equity; and
- Notes to the Financial Statements, including material accounting policy information.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted international accounting standards.

The financial reporting framework that has been applied in the preparation of the parent company financial statements is United Kingdom Accounting Standards, comprising FRS 101 "*Reduced Disclosure Framework*", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion:
- the group financial statements give a true and fair view of the state of the group's affairs as at 31 December 2023 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements give a true and fair view of the state of the parent company's affairs as at 31 December 2023;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the group's and the parent company's financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Our audit opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "*Auditor's responsibilities for the audit of the financial statements*" section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed and public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Independent Auditors' Report to the Members of TClarke plc continued

Report on the Audit of the Financial Statements

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the parent company's ability to continue as a going concern.

Our audit procedures to evaluate the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
- Assessing the historical accuracy of projections prepared by the directors;
- Assessing the data inputs and the assumptions underlying the base case going concern model, and the assumptions used in the downside and upside scenarios;
- Reviewing management's forward order book;
- Testing the forecast model and covenant calculations for mathematical accuracy and logical integrity;
- Assessing projected liquidity and projected covenant compliance over the going concern period;
- Performing independent sensitivity analysis to stress test management's base case model and assess liquidity headroom and covenant compliance;
- Evaluating the appropriateness of the directors' disclosures in the financial statements on going concern; and
- Considering whether the group's forecasts in the going concern assessment are consistent with other forecasts used by the group in its accounting estimates, including the goodwill impairment assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

In relation to the group's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Key audit matters

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

We summarise below the key audit matters in forming our opinion above, together with an overview of the principal audit procedures performed to address each matter and our key observations arising from those procedures.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Independent Auditors' Report to the Members of TClarke plc continued

Report on the Audit of the Financial Statements

Key audit matters continued

Key Audit Matter

Long-term contract accounting in relation to construction revenue and related contract balances (group)

Refer to the Audit Committee Report on page 44 to 46 (Significant Judgements, Key Assumptions and Estimates), Note 3 (iv) and (v) on page 80 to 81 (Significant accounting policies), Note 4 on page 83 to 84 (Significant accounting estimates and critical judgments), Note 5 on page 84 (Segment Information and Revenue Analysis) and Note 15 on page 89 to 90 (Contract assets / liabilities).

The group recognises revenue for construction contracts over time and measures the progress using the input method under IFRS 15. Revenue recognised in the period is calculated based on the percentage of completion of the project by determining the proportion of contract costs incurred for the work performed to the reporting date compared with the total expected costs for the life of the project. Revenue recognition is therefore dependant on:

- recording contract costs (including estimates for unbilled in-progress work being performed by subcontractors) in the correct period, and on contract costs being allocated to the appropriate contract;
- management's measurement of forecast life costs which are based on estimates where the effects of complexity, subjectivity or other inherent risk factors affects their susceptibility to misstatement; and
- determination of expected revenue on contracts which includes amounts relating to variations and claims, which fall under the variable consideration or contract modification requirements of IFRS 15. These amounts are recognised on a contract-by-contract basis when evidence supports that the contract modification is enforceable or when it is considered highly probable that a significant reversal in the amount of variable consideration recognised will not occur.

On the basis of the significant estimation uncertainty and judgements involved in determining the appropriate revenue recognition and associated profit, we have identified revenue recognised over a period of time on construction contracts and related contract balances as a key audit matter.

Key figures

£491.0m
Revenue
(2022: £426.0m)

£84.2m
Contract assets
(2022: £54.3m)

£49.3m
Gross profit
(2022: £47.4m)

£7.2m
Contract liabilities
(2022: £7.7m)

How our scope addressed this matter

Our audit procedures included, but were not limited to:

- Understanding the group's processes over contract accounting, and assessing the design and implementation of the relevant controls;
- Assessing a sample of retentions against certifications and assessing recoverability;
- Performing tests of details on costs incurred in the year for a sample of materials and equipment, including allocation to projects, through agreement to supporting documentation;
- Performing tests of details on payroll cost allocations to contracts;
- Performing tests of details on contract accruals at year end by evaluating supporting documentations to determine whether they have been appropriately incurred and are accurately valued;
- Analysing historical margins across the 2023 contract portfolio; and
- Attending certain monthly contract review meetings and performing site visits for certain higher risk or larger value contracts.

Using a variety of quantitative and qualitative criteria, we selected a sample of the most significant and complex contracts for testing.

Our audit procedures were tailored according to the specific risk profile of the contracts selected, and included, but were not limited to the following procedures:

- Evaluating key contract terms and management's assessment of performance obligations;
- Assessing key contract staff experience and qualifications;
- Meeting with contract teams to gain an understanding of the contract, including principal opportunities and risks;
- Performing a background media search on certain high risk construction projects;
- Assessing the financial stability of the customer and of the principal subcontractors;
- Comparing the forecast revenue with the signed initial contract value and any contract modifications, including signed contract amendments and agreed variations;
- Testing a sample of variations to contractual terms, certification, or instructions as appropriate to support management's judgement that it is highly probable that no significant reversal of revenue will occur in accordance with the requirements of IFRS 15;
- Obtaining and inspecting the latest customer certification supporting the right to bill and subsequent cash receipts;
- Comparing year end contract assets against subsequent customer certification, billing and cash receipts;
- Assessing the completeness of management's provisions for onerous contracts by reference to projected outturns;
- Performing tests of details on management's assessment of estimated costs to complete through inspecting agreed subcontractor, materials, equipment and labour orders, challenging estimates for unagreed orders, performing look back analysis and applying industry knowledge and experience;
- Assessing costs incurred to the reporting date through the following tests of details:
    - For a sample of subcontractors – inspecting the latest certifications, applications for payment, and purchase invoices, and comparing these with reconciliations of the year-end recorded costs incurred; and
    - For a sample of material, equipment, and labour costs – inspecting purchase invoices or labour reports;
- Assessing the appropriateness of cost allocations across contracts including evaluating whether there has been any manipulation of costs between profit-making and loss-making contracts;
- Testing the accuracy of the calculation of revenue recognised, contract asset and/or contract liability through reperformance; and
- Comparing the contractual completion date together with any agreed extension-of-time with the group's anticipated completion date to assess any exposure to potential liquidated damages.

For the residual population, we have performed targeted risk-based procedures including certain procedures listed above.

Our observations
Based on all the evidence obtained from our audit testing, we concluded that revenue from construction contracts, contract assets and contracts liabilities are fairly stated.

Independent Auditors' Report to the Members of TClarke plc continued

Report on the Audit of the Financial Statements

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

	Group financial statements	Parent company financial statements
Overall materiality	£2.44m (2022: £2.13m)	£794k (2022: £673k)
How we determined it	0.5% of revenue (2022: 0.5% of revenue)	1% of total assets (2022: 1% of total assets)
Rationale for benchmark applied	We used revenue as a basis for determining materiality as revenue is a principal key performance indicator in the Annual Report and is a focus for both investors and management.	We used total assets as a benchmark for materiality as the parent company does not trade and acts as a group holding entity.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.	
	We set performance materiality for the group financial statements at £1.47m, which represents 60% of the group overall materiality (2022: £1.278m: 60% of the group overall materiality).	We set performance materiality for the parent company financial statements at £476k, which represents 60% of the parent company overall materiality (2022: £403k: 60% of the parent company overall materiality).
	In determining performance materiality, we considered the following factors: • The significance of journal adjustments in the financial reporting process; • The quality of the control environment and the extent to which we were able to rely on controls; • The nature and volume of transactions; • The nature, volume and size of uncorrected misstatements arising in the previous audit; • The directors' attitude towards correction of misstatements in the previous audit; • Our expectations relating to misstatements in the current year; and • In the prior year, that it was Mazars LLP's first year auditing the group and parent company financial statements.	
	Component performance materiality allocated across the three significant subsidiaries ranges between £81k and £1.27m (2022: between £90k and £1.27m).	
Reporting threshold	We agreed with the audit committee that we would report to them misstatements identified during our audit above £73k (2022: £64k) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.	

Independent Auditors' Report to the Members of TClarke plc continued

Report on the Audit of the Financial Statements

Our application of materiality and an overview of the scope of our audit continued

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as assumptions on significant accounting estimates, including those in relation to revenue recognition, goodwill impairment, and the defined benefit pension obligation.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the group and the parent company, their environment, controls, and key business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

The group consists of the parent company and three active subsidiaries - being one principal operating company (TClarke Contracting Limited), one services company (TClarke Services Limited) and one property holding company (Weylex Properties Limited) - as well as 17 dormant or non-trading subsidiaries. The parent company and all of its subsidiaries are incorporated within the United Kingdom and are accounted for by the group finance team in the United Kingdom.

Our group audit scope included an audit of the group and the parent company financial statements. Based on our risk assessment, we focused on the parent company and the three active subsidiaries within the group which were all subject to a full scope audit. All audit procedures were performed by the group audit team in the United Kingdom and the coverage achieved by this team's audit procedures was 100% of the group's revenue and profit before tax.

We performed analytical procedures in respect of the 17 non-trading or dormant companies to respond to any potential risks of material misstatement to the group financial statements.

At the parent company level, the group audit team also tested the consolidation process and performed analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Annual Report on Remuneration to be audited has been properly prepared in accordance with the Companies Act 2006.

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Guidance and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the parent company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the:

- strategic report or the directors' report; or
- information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

Independent Auditors' Report to the Members of TClarke plc continued

Report on the Audit of the Financial Statements

Matters on which we are required to report by exception continued

- the parent company financial statements and the part of the Annual Report on Remuneration to be audited 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; or
- a corporate governance statement has not been prepared by the parent company.

Corporate governance statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements, or our knowledge obtained during the audit:

- the directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, set out on page 64 to 65;
- the directors' explanation as to their assessment of the entity's prospects, the period this assessment covers and why the period is appropriate, set out on page 37;
- the directors' statement on fair, balanced and understandable, set out on page 43 and 67;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks, set out on page 43;
- the section of the annual report that describes the review of the effectiveness of risk management and internal control systems, set out on page 41 to 43; and
- the section describing the work of the audit committee, set out on page 44 to 46.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements set out on page 67, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the group and the parent company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: unethical and prohibited business practices, employment laws and regulations (including health and safety), The Construction (Design and Management) Regulations 2015, Fire Precautions Act 1971 and electrical and water supply regulations.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the group and the parent company, the industry in which they operate, and considering the risk of acts by the group and the parent company which were contrary to the applicable laws and regulations, including fraud;
- Inquiring of the directors, management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Reviewing minutes of directors' meetings in the year; and
- Discussing amongst the engagement team the laws and regulations listed above and remaining alert to any indications of non-compliance.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as financial reporting legislation (including related companies'

Independent Auditors' Report to the Members of TClarke plc continued
Report on the Audit of the Financial Statements

Auditor's responsibilities for the audit of the financial statements continued
legislation such as the Companies Act 2006), Financial Conduct Authority (FCA) regulations including the Listing Rules, taxation legislation, and pensions legislation.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition, the goodwill impairment assessment, the defined benefit pension obligation and significant one-off or unusual transactions.

Our procedures in relation to fraud included but were not limited to:
- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud;
- Addressing the risks of fraud through management override of controls by performing journal entry testing; and
- Challenging assumptions and judgments made by management in their significant accounting estimates, in particular those that involve the assessment of future events, which are inherently uncertain – the key estimates determined in this respect are those relating to revenue recognition, the goodwill impairment assessment and the defined benefit pension obligation.

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and management. As with any audit, there remains a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the "*Key audit matters*" section of this report.

A further description of our responsibilities is available on the Financial Reporting Council'swebsite at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address
Following the recommendation of the audit committee, we were appointed by the board of directors on 22 June 2022 to audit the financial statements for the year ending 31 December 2022 and subsequent financial periods. The period of total uninterrupted engagement is 2 years, covering the years ending 31 December 2022 to 31 December 2023.

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

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

William Neale Bussey (Senior Statutory Auditor)
For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey
London, EC4M 7AU

26th March 2024

Consolidated Income Statement

For the year ended 31st December 2023

	Note	2023 £m	2022 £m
Revenue	5	**491.0**	426.0
Cost of sales		**(441.7)**	(378.6)
Gross profit		**49.3**	47.4
Administrative expenses		**(39.9)**	(35.9)
Operating profit	7	**9.4**	11.5
Finance income	6	**0.1**	–
Finance costs	6	**(1.9)**	(1.2)
Profit before taxation		**7.6**	10.3
Taxation	9	**(1.1)**	(1.9)
Profit for the financial year		**6.5**	8.4
Earnings per share			
Attributable to owners of TClarke plc			
Basic	10	**13.75p**	19.60p
Diluted	10	**13.73p**	19.51p

Consolidated Statement of Comprehensive Income

For the year ended 31st December 2023

	Note	2023 £m	2022 £m
Profit for the year		**6.5**	8.4
Other comprehensive (expense)/income			
Items that will not be reclassified to the income statement			
Remeasurement gain on retirement benefit obligations		**0.2**	9.2
Revaluation of freehold property		**(0.5)**	(0.2)
Deferred tax relating to items that will not be reclassified		**(0.1)**	(2.4)
Total other comprehensive (expense)/income for the year (net of tax)		**(0.4)**	6.6
Total comprehensive income for the year		**6.1**	15.0

The notes on pages 79 to 102 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31st December 2023

	Note(s)	2023 £m	2022 £m
Non-current assets			
Intangible assets	11	**25.3**	25.3
Property, plant and equipment	12	**11.8**	13.5
Deferred tax assets	13	**3.2**	3.6
Trade and other receivables	16	**12.0**	6.3
Total non-current assets		**52.3**	48.7
Current assets			
Inventories	14	**0.5**	0.5
Contract assets	15	**84.2**	54.3
Trade and other receivables	16	**52.9**	55.3
Current tax receivables		**0.2**	–
Cash and cash equivalents	19	**29.3**	22.5
Total current assets		**167.1**	132.6
Total assets		**219.4**	181.3
Current liabilities			
Bank loans	20	**(10.0)**	(15.0)
Contract liabilities	15	**(7.2)**	(7.7)
Trade and other payables	17	**(126.1)**	(96.1)
Obligations under leases	23,25	**(2.6)**	(2.7)
Total current liabilities		**(145.9)**	(121.5)
Net current assets		**21.2**	11.1
Non-current liabilities			
Obligations under leases	23,25	**(5.2)**	(5.7)
Trade and other payables	17	**(3.1)**	(2.5)
Retirement benefit obligations	22	**(11.8)**	(12.9)
Total non-current liabilities		**(20.1)**	(21.1)
Total liabilities		**(166.0)**	(142.6)
Net assets		**53.4**	38.7

	Note(s)	2023 £m	2022 £m
Equity attributable to owners of the parent			
Share capital	18	**5.3**	4.4
Share premium	18	**13.6**	4.4
Revaluation reserve		**–**	0.4
Retained earnings		**34.5**	29.5
Total equity		**53.4**	38.7

The notes on pages 79 to 102 form part of these financial statements.

The financial statements on pages 75 to 102 were approved by the Board of Directors on 26th March 2024 and were signed on its behalf by:

Iain McCusker
Director

Mark Lawrence
Director

Consolidated Statement of Cash Flows

For the year ended 31st December 2023

	Note	2023 £m	2022 £m
Net cash generated from operating activities	19	**8.7**	10.6
Investing activities			
Purchase of property, plant and equipment		**(0.5)**	(1.8)
Proceeds from disposal of property, plant and equipment		**0.7**	–
Net cash generated from/(used in) investing activities		**0.2**	(1.8)
Financing activities			
New shares issued	18	**10.1**	–
Interest paid	6	**(1.0)**	(0.5)
Repayment of borrowings	20	**(5.0)**	–
Repayment of lease obligations	23	**(2.9)**	(2.1)
Equity dividends paid	18	**(2.5)**	(2.3)
Shares allotted in respect of share option schemes		**–**	0.2
Facility fee paid		**–**	(0.3)
Acquisition of shares by ESOT	18	**(0.8)**	(1.6)
Net cash used in financing activities		**(2.1)**	(6.6)
Net increase in cash and cash equivalents		**6.8**	2.2
Cash and cash equivalents at the beginning of the year	19	**22.5**	20.3
Cash and cash equivalents at the end of the year	19	**29.3**	22.5

The notes on pages 79 to 102 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31st December 2023

	Note	Share capital £m	Share premium £m	Revaluation reserve £m	Retained earnings £m	Total Equity £m
At 1st January 2022		4.4	4.2	0.7	17.2	26.5
Comprehensive income						
Profit for the year		–	–	–	8.4	8.4
Other comprehensive income						
Remeasurement gain on retirement benefit obligation	22	–	–	–	9.2	9.2
Deferred income tax on Remeasurement gain on retirement benefit obligation	13	–	–	–	(2.4)	(2.4)
Revaluation of freehold property		–	–	(0.2)	–	(0.2)
Total other comprehensive income		–	–	(0.2)	6.8	6.6
Total comprehensive income		–	–	(0.2)	15.2	15.0
Transactions with owners						
Transfer on depreciation of freehold property	12	–	–	(0.1)	0.1	–
Share-based payment expense	18	–	–	–	0.8	0.8
Acquisition of shares by ESOT		–	–	–	(1.6)	(1.6)
Shares allotted in respect of share option schemes	18	–	0.2	–	–	0.2
SAYE option cost	18	–	–	–	0.1	0.1
Dividends paid	18	–	–	–	(2.3)	(2.3)
Total transactions with owners		–	0.2	(0.1)	(2.9)	(2.8)
At 31st December 2022		**4.4**	**4.4**	**0.4**	**29.5**	**38.7**

	Note	Share capital £m	Share premium £m	Revaluation reserve £m	Retained earnings £m	Total Equity £m
At 31st December 2022		**4.4**	**4.4**	**0.4**	**29.5**	**38.7**
Comprehensive income						
Profit for the year		–	–	–	6.5	**6.5**
Other comprehensive income						
Remeasurement gain on retirement benefit obligation	22	–	–	–	0.2	**0.2**
Deferred income tax on remeasurement gain on retirement benefit obligation	13	–	–	–	(0.1)	**(0.1)**
Revaluation of freehold property	12	–	–	(0.4)	(0.1)	**(0.5)**
Total other comprehensive income		**–**	**–**	**(0.4)**	**–**	**(0.4)**
Total comprehensive income		**–**	**–**	**(0.4)**	**6.5**	**6.1**
Transactions with owners						
New shares issued in the year	18	0.9	9.2	–	–	**10.1**
Share-based payment expense	18	–	–	–	1.7	**1.7**
Transactions in own shares in respect of share awards	18	–	–	–	(0.8)	**(0.8)**
SAYE option cost	18	–	–	–	0.1	**0.1**
Dividends paid	18	–	–	–	(2.5)	**(2.5)**
Total transactions with owners		**0.9**	**9.2**	**–**	**(1.5)**	**8.6**
At 31st December 2023		**5.3**	**13.6**	**–**	**34.5**	**53.4**

The notes on pages 79 to 102 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31st December 2023

1 General Information

TClarke plc is a public limited company listed on the London Stock Exchange, incorporated and domiciled in the United Kingdom. The address of its registered office is 30 St Mary Axe, London EC3A 8BF. The nature of the Group's operations and its principal activities are described in note 5. The Company is limited by shares.

2 Basis of Preparation

Statement of Compliance

The Group's consolidated financial statements are prepared in accordance with the requirements of the Companies Act 2006 and in accordance with UK-adopted international accounting standards; and have been prepared on a going concern basis under the historic cost convention as modified by the revaluation of land and buildings. They comprise the consolidated financial statements of TClarke plc and all its subsidiaries made up to 31st December 2023 and have been presented in pounds sterling, and unless otherwise stated have been rounded to the nearest £0.1m. There have been no new accounting policies adopted in the year.

The preparation of financial statements in accordance with UK-adopted international accounting standards requires the use of certain critical accounting judgements and estimates. The areas involving a higher degree of estimation along with critical accounting judgements are disclosed in note 4.

Going Concern

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Group and Company can continue in operational existence for the foreseeable future.

As at 31 December 2023 the Group held cash of £29.3m (2022: £22.5m) and had drawn down short-term borrowings of £10.0m under a revolving credit facility (2022: £15.0m). This resulted in net cash of £19.3m (2022: £7.5m). The Group also has access to a further £15.0m (2022: £10.0m) of the revolving credit facility and a £5.0m overdraft facility. No balances were drawn down under the overdraft facility at either 31st December 2023 or 2022.

The Group uses the above banking facilities as and when required to meet working capital requirements. The revolving credit facility expires on 31st August 2026. The overdraft facility is subject to annual review with any amounts borrowed repayable on demand. The Directors have received confirmation from the bank that they know of no reason why the overdraft facility will not be renewed when it falls due for review.

The Directors have reviewed the Group's forecasts and projections for the next two-year period. The model assumes delivery of the 2023-25 Group Business Plan, and that the banking facilities will remain in place throughout the projection period. The projections show that the Group will remain profitable, with a significant amount of headroom against covenants and borrowing limits.

The Directors have also produced sensitivity analysis to assess the Group's resilience to more adverse outcomes which could arise from one of the principal risks to the business including a scenario whereby profitability drops by 50% and there is an insolvency of a key customer/subcontractor. In all scenarios, including the reasonable worst case, the Group is able to comply with its financial covenants, operate within its current facilities, and meet its liabilities as they fall due. Based on current interest rates the Directors have calculated that forecast operating profit could fall by 89% and the Group still comply with all covenants under its current funding arrangements. Any additional drop in operating profit would require further discussion with our lenders. Based on the strength of our Forward Order Book management do not consider such a scenario to be at all plausible.

Accordingly, the Directors consider there to be no material uncertainties that may cast significant doubt on the Group's ability to continue to operate as a going concern. They have formed a judgement that there is a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of signing of these financial statements. For this reason, they continue to adopt the going concern basis in the preparation of these financial statements.

Application of New and Revised Standards

The principal accounting policies applied in the preparation of these consolidated financial statements are set out in note 3 below. There have been no new standards, amendments to standards or interpretations adopted from 1 January 2023 that had a material effect. Future standards, amendments to standards, and interpretations not yet effective are noted below. None of these are expected to have a material impact on the Group.

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Issued January 2020) and Non-current Liabilities with Covenants (Issued October 2022)
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (Issued September 2022)
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued in May 2023)

Notes to the Financial Statements continued

For the year ended 31st December 2023

3 Significant Accounting Policies

(i) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31st December each year. Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

(ii) Employee Share Ownership Trust ('ESOT')

As the Company is deemed to have control of its ESOT, it is included in the consolidated financial statements. The ESOT's assets (other than investments in the Company's shares), liabilities, income and expenses are included on a line-by-line basis in the consolidated financial statements. The ESOT's investment in the Company's shares is deducted from equity in the consolidated statement of financial position as if they were treasury shares. The Trustee of the ESOT has waived its right to dividends on the shares held in the ESOT.

(iii) Segmental Reporting

The Group has one operating segment which is consistent with internal reporting provided to the Board who, representing the 'Chief Operating Decision-Maker' as per IFRS 8, are responsible for allocating resources to, and assessing the performance of, the Group's operations. See note 5 for further information.

(iv) Revenue and profit recognition

Revenue derives from two sources: most significantly, from long-term contracts whereby the Group designs, installs and integrates mechanical and electrical systems for customers ('construction contracts'); and less significantly, from the provision of maintenance and small works services. In both instances revenue comprises the fair value of the consideration received or receivable, net of value added tax, rebates and discounts. Further principles for revenue and profit recognition are as follows:

(a) Construction contracts

These services are provided to customers across our market sectors. The majority of contracts are considered to contain only one performance obligation for the purposes of recognising revenue. While the scope of works may include a number of different components, these are usually highly interrelated and produce a combined output for the customer. Contracts are typically satisfied over time as the benefit is transferred to the customer.

The Group uses an input method to measure progress as this is considered to most closely represent the transfer of goods/services to the customer on a construction contract. The percentage of completion is measured using cost incurred to date as a proportion of the estimated full costs of completing the contract and is applied to the total expected contract revenue to determine the revenue to be recognised to date. Variations and claims are only included in the total expected contract revenue to the extent that it is considered highly probable that they will not reverse in the future.

Once the outcome of a construction contract can be estimated reliably, profit is recognised in the income statement in line with the corresponding stage of completion. Where a contract is forecast to be loss-making, the full loss is recognised immediately in the consolidated income statement.

Mobilisation costs incurred in respect of a specific contract that has been won or an anticipated contract that is expected to be won (e.g. when the Group has secured preferred bidder status) are carried forward in the balance sheet as capitalised mobilisation costs if: the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and the costs are expected to be recovered (i.e. the contract is expected to be sufficiently profitable to cover the mobilisation costs). Capitalised mobilisation costs are amortised over the expected contract duration in accordance with the stage of completion.

(b) Maintenance and small works contracts

Revenue and profit from services rendered under maintenance and small works contracts is recognised when each of the performance obligations are satisfied. Unless part of a longer term package of work, revenue on such contracts is normally recognised at the point in time at which the service is provided.

(v) Contract assets and liabilities

When the Group transfers goods or services to a customer before the customer pays consideration or before payment is due, the amount of revenue associated with the transfer of goods or services is accrued and presented as a contract asset in the statement of financial position (excluding any amounts presented as a receivable). A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer.

If a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional (i.e. a receivable), before the Group transfers a good or service to the customer, the amount is presented as a contract liability in the statement of financial position. A contract liability represents the Group's obligation to transfer goods or services to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer.

Where a trade receivable that has been recognised is subsequently determined not to be recoverable due to the inability of a customer to meet its payment obligations,

Notes to the Financial Statements continued

For the year ended 31st December 2023

3 Significant Accounting Policies (continued)
(v) Contract assets and liabilities (continued)
these amounts are charged to administrative expenses as a credit loss.

(vi) Acquisitions and Goodwill
Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the aggregate of the fair values at the acquisition date of assets transferred, liabilities incurred and equity instruments issued, to the former owners by the Group in exchange for control of the acquiree. Acquisition-related expenses are recognised directly in the income statement.

Purchased goodwill is measured as the excess of the sum of the fair value of the consideration transferred over the net of the acquisition date fair values of the identifiable assets and liabilities acquired, and is capitalised and classified as an intangible asset in the consolidated statement of financial position.

The acquiree's identifiable assets, liabilities and contingent liabilities are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 'Non-current assets held for sale and discontinued operations.'

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination.

(vii) Impairment of Goodwill and other Non-financial Assets
Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

Impairment tests on goodwill are undertaken annually near the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e. the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows).

Impairment charges are included in the consolidated income statement, except to the extent they reverse gains previously recognised in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed.

(viii) Property, Plant and Equipment
Land and buildings comprise mainly offices occupied by the business units of the Group. Land and buildings are shown at fair value, based on valuations carried out by external independent valuers, less subsequent depreciation. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. On disposal of the asset the balance of the revaluation reserve pertaining to the asset is transferred from the revaluation reserve to retained earnings.

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as revaluation reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against revaluation reserves directly in equity; all other decreases are charged to the income statement.

Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings. On disposal of the asset, the balance of the revaluation reserve pertaining to the asset is transferred from the revaluation reserve to retained earnings.

Depreciation is calculated on a straight-line basis so as to write off the cost less residual values of the relevant assets over their useful lives, using the following rates:

Properties: 2%
Leasehold improvements: 10% or life of lease if shorter
Plant, machinery and motor vehicles: 10%–33%

Right-of-use assets held under leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

(ix) Inventories
Inventories of raw materials and consumables are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the asset to its present location and condition.

Notes to the Financial Statements continued

For the year ended 31st December 2023

3 Significant Accounting Policies (continued)

(x) Leasing and Hire Purchase Commitments

The Group assesses whether a contract is or contains a lease at the start of a contract. The Group recognises a right-of-use asset and a corresponding lease liability for all lease agreements in which it is the lessee (with the exception of short-term and low value leases as defined in IFRS 16 (Leases) which are recognised as an operating expense on a straight-line basis over the lease term). The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. Generally, the Group uses its incremental borrowing rate. The right-of-use asset recognised initially is the amount of the lease liability, adjusted for any lease payments and lease incentives made before the commencement date.

The Group does not materially act as a lessor. Any lease income rounds to zero and is recognised on a straight line basis over the term of the lease.

(xi) Financial Instruments

The Group's financial instruments comprise trade and other receivables (excluding prepayments), trade and other payables (excluding other taxation and social security), bank loans, obligations under leases, and cash and cash equivalents. The Group classifies its financial assets and liabilities as held at amortised cost. The Group does not trade in any financial derivatives. Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Trade and Other Receivables

Trade and other receivables are non-interest bearing and are measured on initial recognition at fair value and subsequently at amortised cost. On initial recognition, a loss allowance is created which reflects the lifetime expected credit loss on that asset. This loss allowance is subsequently reassessed at each reporting period date.

Trade and other receivables are presented net of the loss allowance.

Bank Deposits/finance income

Bank deposits comprise cash placed on deposit with financial institutions with an initial maturity of six months or more, and are measured at amortised cost. Finance income is recognised using the effective interest method and is added to the carrying value of the asset as it arises.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand, bank overdrafts, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts are included within current liabilities in the statement of financial position. Finance income and expense are recognised using the effective interest method and are added to the carrying value of the asset or liability as they arise.

Bank Loans

Interest-bearing bank loans are recorded at the fair value of the proceeds received, net of direct issue costs. Finance charges are accounted for on an accruals basis in the income statement using the effective interest method, and are added to the carrying value of the instrument to the extent that they are not settled in the period in which they arise.

Trade and Other Payables

Trade and other payables are initially measured at fair value and subsequently at amortised cost. Trade and other payables are non-interest bearing.

(xii) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income. The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The amount of any deferred tax asset or liability recognised is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities or assets are settled or recovered.

Deferred tax assets and liabilities are offset as the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied on either the same company, or on different companies, where there is an intention to settle current tax assets and liabilities on a net basis.

(xiii) Finance Costs

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the loan is drawn down. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates. Interest expense is

Notes to the Financial Statements continued

For the year ended 31st December 2023

3 Significant Accounting Policies (continued)
(xiii) Finance Costs (continued)
accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(xiv) Dividends
Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, these are recognised when they are paid. In the case of final dividends, these are recognised when approved by the shareholders at the AGM.

(xv) Retirement Benefit Costs
Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The retirement benefit obligation represents the fair value of the defined benefit obligation at each reporting date as reduced by the fair value of scheme assets. For defined benefit retirement benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside the income statement and presented as a component of other comprehensive income.

The current service cost of defined benefit retirement benefit schemes is recognised in 'employee benefit expense' in the income statement, except where included in the cost of an asset, and reflects the increase in the defined benefit obligation resulting from service in the current year, benefit changes, curtailments and settlements. Past service cost is recognised immediately in the income statement.

(xvi) Long-term Employee Benefits
Long-term employee benefits are accrued when the Group has a legal or constructive obligation to make payments under long-term employee benefit arrangements and the amount of the obligation can be reliably measured. The liability is discounted to present value where it is due after more than one year.

(xvii) Share-based Payments
Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 18.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate with a corresponding adjustment to equity.

4 Significant accounting estimates and critical judgements
In the application of the Group's accounting policies, which are described above, the Directors are required to make judgements and estimates and assumptions about the carrying amounts of assets and liabilities at the reporting date and the amounts of revenue and expenses incurred during the period that may not be readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The estimates and assumptions that have the most significant impact are set out below.

Revenue and profit recognition for construction contracts (see note 5 (Revenue analysis) and note 15 (Contract assets/ liabilities))
In order to determine the revenue and profit recognition in respect of the Group's construction contracts, the Group has to estimate the total costs to deliver the contract as well as the final contract value. The Group has to allocate total expected costs between the amount incurred on the contract to the end of the reporting period and the proportion to complete in a future period. The assessment of the total costs to be incurred and final contract value requires a degree of estimation.

The final contract value may include assessments of the recovery of contractual variations which have yet to be agreed with client, as well as additional compensation claim amounts. The number of variations and claims are often not fully agreed with the customer due to timing and requirements of the normal contractual process. Therefore, assessments are based on an estimate of the potential cost impact of the compensation claims and revenue is constrained to amounts that the Group believes are highly probable of being received. The estimation of costs to complete is based on all available relevant information and may include estimates of any potential defect liabilities or liquidated damages for unagreed scope or timing variations. Costs incurred in advance of the contract that are directly attributable to the contract may also be included as part of the total costs to complete the contract.

Revenue in 2023 was £491.0m (2022: £426.0m). As at 31 December 2023 contract assets were £84.2m (2022: £54.3m) and contract liabilities £7.2m (2022: £7.7m).

Retirement benefit obligations (see note 22)
The cost of the defined benefit and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future.

Notes to the Financial Statements continued

For the year ended 31st December 2023

4 Significant accounting estimates and critical judgements (continued)

These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date, taking advice from independent actuaries. Details of the key assumptions are set out in note 22, together with associated sensitivity analysis.

The valuation is most sensitive to changes in the discount rate assumption. In determining the appropriate discount rate, the Group considers the interest rates of corporate bonds, extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. These mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates.

The carrying value of the defined benefit obligation at 31 December 2023 was £11.8m (2022: 12.9m).

Critical accounting judgements

There are no critical judgements, apart from those involving estimates, that the Directors have made in the process of applying the Group's accounting policies and that have a significant effect on the amounts recognised in the financial statements.

5 Segment Information and Revenue Analysis

(i) Change in Operating Segments

The Group provides electrical and mechanical contracting and related services to the construction industry and end users. At the beginning of the year the Group changed its internal management reporting, moving away from the previous geographic split of segments, and adopting one operating segment. In delivering the Board's growth strategy, including focusing on winning large projects outside of London, the previous split ceased to be fully representative of the way the Group operates, with contracts often being won through entity-wide relationships or delivered outside of a segment's geographic footprint. As such, the Board, in its role as 'chief operating decision-maker', now only receives financial information for the Group as a whole, representing the Group's one operating segment and discrete financial information is no longer prepared at a more disaggregated level. This approach has also been reflected in the preparation of these financial statements which as a result no longer require separate segmental analysis, as it is only at a Group level where the definition of an operating segment is met and this information is shown in the primary statements themselves.

(ii) Revenue Analysis

Business Sector	2023 £m	2022 £m
Facilities Management	37.1	31.3
Infrastructure	101.8	79.5
Engineering Services	193.5	124.7
Residential & Hotels	48.1	45.3
Technologies	110.5	145.2
Total revenue	**491.0**	**426.0**

Revenue is wholly attributable to the principal activity of the Group and arises solely within the United Kingdom.

Revenue recognised in the year that was included in the contract liability balance at the beginning of the year was £7.7m (2022: £2.9m).

The amount of revenue recognised in the year from performance obligations satisfied (or partially satisfied) in previous periods was £339.3m (2022: £317.2m).

At the end of the year, the aggregate amount of transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) was £670.2m (2022: £401.8m). These will be recognised as revenue in accordance with the satisfaction of the performance obligations. At the year end £492.8m of the £670.2m was expected to be recognised as revenue within one year and £177.4m after one year. For 2022 £334.2m was expected to be recognised as revenue within one year and £57.6m after one year.

2023 revenue includes £50.4m which arose from sales to a single customer (2022: £60.7m from a single customer).

In the current year, the incremental costs of obtaining a contract with a customer which has been recognised as an asset is £nil (2022: £nil).

In the current year, the costs to fulfil a contract with a customer which has been recognised as an asset is £nil (2022: £nil).

Of the £491.0m revenue recognised in 2023 (2022: £426.0m), £453.3m was recognised over time (2022: £391.2m) and £37.7m was recognised at a point in time (2022: £34.8m). The latter relates to maintenance and small works contracts.

The standard payment method for revenue is monthly applications and certificates, with cash typically received between 30 and 45 days afterwards. The amount receivable is transferred from contract assets to trade and other receivables on receipt of the certificate. Revenue is received net of retentions. On practical completion half the retention is received, with the remaining retention received at the end of the warranty period, which is normally between 12 and 24 months.

Notes to the Financial Statements continued

For the year ended 31st December 2023

6 Finance Income and Costs

	2023 £m	2022 £m
Finance income		
Interest on bank balances	**0.1**	–
Total	**0.1**	–
Finance costs		
Interest on lease liabilities	**(0.3)**	(0.2)
Interest on bank overdrafts and loans	**(1.0)**	(0.6)
Interest cost in respect of retirement benefits	**(0.6)**	(0.4)
Total	**(1.9)**	(1.2)

7 Operating Profit

Operating Profit is Stated After Charging

	2023 £m	2022 £m
Depreciation of property, plant and equipment	**3.1**	3.0
Project-related raw materials and consumables recognised as an expense	**114.5**	111.4
Fees payable to the Company's auditors for the audit of:		
The Company and consolidation	**0.6**	0.4
Subsidiary companies	**0.1**	0.1
Employee benefit expense (see note 8)	**97.0**	88.0

No non-audit services were provided by the Company's auditors during the year (2022: Nil)

8 Employee Benefit Expense

(i) Employee Benefit Expense

	2023 £m	2022 £m
Staff costs during the year were as follows:		
Wages and salaries	**82.7**	76.2
Share awards and options granted to Directors and Employees (see note 18)	**1.7**	1.0
Social security costs	**8.8**	8.2
Other Pension costs	**3.8**	2.6
Total employee benefit expense	**97.0**	88.0

Details of Director remuneration are included in the Annual Report on Remuneration on pages 57 to 63.

(ii) Monthly Average Number of Employees

	2023 Number	2022 Number
Staff (including Directors)	**550**	510
Operatives	**802**	784
Total	**1,352**	1,294

Notes to the Financial Statements continued

For the year ended 31st December 2023

9 Taxation

	2023 £m	2022 £m
Current tax expense		
UK corporation tax payable on profit for the year	**1.3**	1.7
Adjustment in relation to prior years	**(0.5)**	(0.4)
Deferred tax expense		
Arising on:		
Adjustment in relation to prior years	**0.1**	–
Origination and reversal of temporary differences	**0.2**	0.6
Total income tax expense	**1.1**	1.9
Reconciliation of tax charge		
Profit before tax for the year	**7.6**	10.3

The tax charge for the year is lower than the standard rate of Corporation tax in the UK of 23.52% (19% for January 2023 to March 2023, and 25% for April 2023 to December 2023) (2022: 19%). The differences are explained below:

Tax at standard UK tax rate of 23.52% (2022: 19%)	**1.8**	1.9
Tax effect of:		
Adjustment in relation to prior years	**(0.4)**	(0.4)
Permanently disallowable/non-taxable items	**(0.3)**	0.4
Total income tax expense	**1.1**	1.9

	2023 £m	2022 £m
Deferred tax charged to other comprehensive income	**0.1**	2.4

10 Earnings Per Share

(i) Basic Earnings Per Share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of Ordinary shares in issue during the year.

	2023	2022
Earnings:		
Profit attributable to owners of the Company (£m)	**6.5**	8.4
Weighted average number of Ordinary shares in issue (000s)	**47,119**	43,056
Basic earnings per share (pence)	**13.75p**	19.60p

(ii) Diluted Earnings Per Share

Diluted earnings per share is calculated by adjusting the weighted average number of Ordinary shares outstanding to assume conversion of dilutive potential Ordinary share options granted under the Save As You Earn schemes (see note 18).

For the share options, a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2023	2022
Earnings:		
Profit attributable to owners of the Company (£m)	**6.5**	8.4
Weighted average number of Ordinary shares in issue (000s)	**47,119**	43,056
Adjustments:		
Savings Related Share Option Schemes	**88**	187
Weighted average number of Ordinary shares for diluted earnings per share (000s)	**47,207**	43,243
Diluted earnings per share (pence)	**13.73p**	19.51p

Notes to the Financial Statements continued

For the year ended 31st December 2023

11 Intangible assets

	Goodwill £m
Cost	
At 1st January 2022, 31st December 2022 and 31st December 2023	**27.5**
Accumulated impairment	
At 1st January 2022, 31st December 2022 and 31st December 2023	**(2.2)**
Net book value	
At 1st January 2022, 31st December 2022 and 31st December 2023	**25.3**

Cash generating unit

We test goodwill by comparing the carrying value of goodwill with its recoverable amount based on the value in use of the cash generating unit to which the goodwill has been allocated. Cash generating units are defined as the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other groups of assets. In recent years goodwill has been allocated and assessed at an operating segment level (i.e. London, UK South, UK North), based on the segment in which the historic acquisition arose. As discussed in note 5 however, the Group has moved to one operating segment because discrete financial information is now only provided to the Chief Operating Decision Maker (CODM) at an entity level, in recognition of how the business operates. So due to this, and a reassessment of how cash inflows are generated amongst assets of the Group, this level also represents the lowest level for cash generating unit purposes for testing goodwill.

Value in use has been calculated using budgets and forecasts approved by the Board covering the period 2024 to 2025, which take into account secured orders, business plans and management actions. The results of the period subsequent to 2025 have been projected using 2025 forecasts with 2% per annum growth assumed to perpetuity. The extrapolated cash flow projections have been discounted using a pre-tax discount rate derived from the Group's cost of capital.

Assumptions

The key assumptions, to which the assessment of the recoverable amounts is sensitive, are the projected revenue and operating margin to 2025 and beyond, and the discount rate applied. The assumptions applied are as follows:

	2023	2022
Pre-tax discount rate	**13.7%**	12.0%
Average annual revenue growth (2023–2025) (2022: 2022–2025)	**15%**	2.3%-11.9%
Operating margins (2024-2025) (2022: 2023-2025)	**3.10%**	3.30%

Sensitivities

Management has considered the level of headroom resulting from the impairment tests, and performed further sensitivity analysis by changing the base case assumptions applicable. The sensitivities tested related to changes in profitability and discount rate, including consideration of how many times the value in use exceeded its carrying value. This analysis has indicated that no reasonably possible changes in any individual key assumption would cause the carrying amount to exceed its recoverable amount.

At 31st December 2023, based on these valuations, no increase in the impairment provision was required against the carrying value of goodwill (2022: £nil).

Notes to the Financial Statements continued

For the year ended 31st December 2023

12 Property, Plant and Equipment

Group	Properties £m	Leasehold improvements £m	Plant machinery and vehicles £m	Total £m
Cost or valuation				
At 1st January 2022	5.7	2.0	5.7	13.4
Additions	4.4	1.1	3.7	9.2
Disposals	–	–	(0.5)	(0.5)
Reclassification	0.2	0.1	(0.3)	–
Revaluation	(0.2)	–	–	(0.2)
At 31st December 2022	**10.1**	**3.2**	**8.6**	**21.9**
Additions	0.2	0.1	2.4	2.7
Disposals	(0.8)	(0.1)	(0.6)	(1.5)
Reclassification	(0.2)	0.2	–	–
Transfer from depreciation	(0.6)	(0.5)	0.3	(0.8)
Revaluation*	(0.5)	–	–	(0.5)
At 31st December 2023	**8.2**	**2.9**	**10.7**	**21.8**
Accumulated depreciation and impairment				
At 1st January 2022	(1.4)	(1.4)	(3.1)	(5.9)
Charge for the year	(1.0)	(0.3)	(1.7)	(3.0)
Disposals	–	–	0.5	0.5
At 31st December 2022	**(2.4)**	**(1.7)**	**(4.3)**	**(8.4)**
Charge for the year	(1.0)	(0.3)	(1.8)	(3.1)
Disposals	0.1	0.1	0.5	0.7
Transfer to cost	0.6	0.5	(0.3)	0.8
At 31st December 2023	**(2.7)**	**(1.4)**	**(5.9)**	**(10.0)**
Net book value				
At 1st January 2022	4.3	0.6	2.6	7.5
At 31st December 2022	7.7	1.5	4.3	13.5
At 31st December 2023	**5.5**	**1.5**	**4.8**	**11.8**

* The revaluation of £0.5m includes an immaterial adjustment of £0.3m

The net book values shown adjacent at 31st December 2023 reflect the following right-of-use assets: Properties £3.5m (2022: £4.4m) and Plant, machinery and vehicles £4.1m (2022: £3.5m). Additions in the year for right-of-use assets were £0.1m for Properties (2022: £4.4m) and £2.2m for Plant, machinery and vehicles (2022: £3.0m). The depreciation charge for right-of-use assets was £1.0m for Properties (2022: £0.8m) and £1.3m for Plant, machinery and vehicles (2022: £1.2m).

The Group's freehold land and buildings were last valued at 31 December 2023 based on an external valuation provided by an independent valuer. The external valuation was conducted on the basis of market value as defined by the RICS Valuation Standards, and was determined by reference to recent market transactions on arm's length terms. The book and fair value of the properties at 31st December 2023 was £2.0m (2022: £2.8m), with the reduction primarily due to the sale of a property for £0.7m. The fair value measurement is categorised as level 3 within the fair value hierarchy.

The net book value of the freehold properties on a historical cost basis would have been £2.0m (2022: 2.2m). The Group has granted a charge in favour of the TClarke Group Retirement and Death Benefits Scheme over these properties up to a maximum value of £2.0m, to secure the future pension obligations of the scheme.

Notes to the Financial Statements continued

For the year ended 31st December 2023

13 Deferred Taxation

Group	Revaluations £m	Retirement benefit obligation £m	Other £m	Total £m
(Liability)/asset at 1st January 2022	(0.1)	6.3	0.2	6.4
Charged to income statement	–	(0.4)	–	(0.4)
Charged to other comprehensive income	–	(2.4)	–	(2.4)
(Liability)/asset at 31st December 2022	(0.1)	3.5	0.2	3.6
Credited/(Charged) to income statement	0.1	(0.3)	(0.1)	(0.3)
Charged to other comprehensive income	–	(0.1)	–	(0.1)
Asset at 31st December 2023	**–**	**3.1**	**0.1**	**3.2**

The amount of deferred tax recoverable within one year is insignificant. The deferred tax asset arises in respect of the deficit on the retirement benefit obligation. A deficit reduction plan is in place to reduce this deficit over a number of years (see note 22). The deferred tax asset will be recovered over time as the deficit is reduced. There were £0.4m unrecognised deferred tax assets at 31 December 2023 (2022: £0.4m).

The net deferred tax asset reported on the Statement of Financial Position can be analysed as follows:

	2023 £m	2022 £m
Deferred tax liabilities	**–**	(0.1)
Deferred tax assets	**3.2**	3.7
Total	**3.2**	3.6

The main rate of UK corporation for the period is currently 25%. The deferred taxation balances have been measured using this rate.

14 Inventories

	2023 £m	2022 £m
Raw materials and consumables, net of provision	**0.5**	0.5

15 Contract assets/liabilities

	2023 £m	2022 £m
Contracts in progress at the reporting date		
Contract assets	**84.2**	54.3
Contract liabilities	**(7.2)**	(7.7)
Total	**77.0**	46.6

At 31st December 2023, retentions held by customers of the Group for contract work amounted to £23.9m (2022: £22.2m). These amounts are included in trade and other receivables (see note 16).

Contract asset amounts are shown net of impairment of £nil (2022: £nil).

Onerous contract provisions are made on loss-making contracts the Group is obliged to complete. As at 31 December 2023 the Group held a provision of £1.1m related primarily to two long term contracts (2022: £0.2m). Due to the nature of the provisions the timing of any potential future outflows is uncertain. However they are expected to be utilised within the Group's normal operating cycle, and accordingly are classified as current liabilities within contract liabilities.

Notes to the Financial Statements continued

For the year ended 31st December 2023

15 Contract assets/liabilities (continued)

Significant changes in contract assets/liabilities during the year are as follows:

	2023		2022	
	Contract assets £m	**Contract liabilities £m**	Contract assets £m	Contract liabilities £m
As at 1 January	**54.3**	**(7.7)**	51.7	(2.9)
Performance obligations satisfied in year	**445.6**	**7.7**	391.2	2.9
Cash received for performance obligations not yet satisfied	**–**	**(7.2)**	–	(7.7)
Amounts transferred to trade receivables	**(415.7)**	**–**	(388.6)	–
At 31 December	**84.2**	**(7.2)**	54.3	(7.7)

16 Trade and Other Receivables

	2023 £m	2022 £m
Trade receivables – gross	**38.8**	36.7
Trade receivables – allowances for credit losses	**(0.2)**	(0.4)
Net trade receivables	**38.6**	36.3
Other receivables (including retentions) - gross	**26.2**	24.7
Other receivables (including retentions) - allowances for credit losses	**(0.8)**	(0.9)
Net other receivables (including retentions)	**25.4**	23.8
Prepayments	**0.9**	1.5
Total	**64.9**	61.6
Movements in provision for expected credit losses		
At 1st January	**(1.3)**	(0.2)
Utilised/(Provided) in year	**0.3**	(1.1)
At 31st December	**(1.0)**	(1.3)

	2023 £m	2022 £m
Net trade receivables are due as follows		
Due within 3 months	**29.6**	30.0
Due in 3 to 6 months	**–**	–
Due in 6 to 12 months	**–**	–
Due after more than one year	**–**	–
Overdue	**9.0**	6.3
Total	**38.6**	36.3
The ageing of trade receivables past due but not impaired is as follows		
30 days or less	**8.0**	5.3
31–60 days	**0.8**	1.0
60–90 days	**0.1**	–
Greater than 90 days	**0.1**	–
Total	**9.0**	6.3

The expected credit losses on trade receivables and contract assets are estimated based on past default experience of the debtor and an analysis of the debtor's current financial position adjusted for factors that are specific to the debtors such as the ageing of the debt, together with any applicable macro-economic factors or emerging trends.

	2023 £m	2022 £m
Trade and other receivables are analysed as follows on the statement of financial position:		
Current assets	**52.9**	55.3
Non-current assets	**12.0**	6.3
Total	**64.9**	61.6

Notes to the Financial Statements continued

For the year ended 31st December 2023

17 Trade and Other Payables

	2023 £m	2022 £m
Current		
Trade payables (including retentions)	65.8	51.5
Other taxation and social security	3.2	6.4
Accruals	56.3	37.7
Other payables	0.8	0.5
Total	**126.1**	96.1
Non-current		
Trade payables (including retentions)	3.1	2.5
Total	**3.1**	2.5
Trade payables payment terms are as follows:		
30 days or less	38.1	39.5
31 to 60 days	27.6	13.7
Greater than 60 days	3.2	0.8
Total	**68.9**	54.0

18 Capital and Reserves

(i) Components of Owners' Equity

The nature and purpose of the components of owners' equity are as follows:

Component of owners' equity	Description and purpose
Share capital	Amount subscribed for share capital at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value, net of allowable expenses.
Revaluation reserve	Cumulative gains recognised on revaluation of land and buildings above depreciated cost.
Retained earnings	Cumulative net gains and losses recognised in the income statement and the statement of comprehensive income.

Retained earnings include shares in TClarke plc purchased in the market and held by the TClarke Employee Share Ownership Trust ('the Trust') to satisfy options under the Company's Share incentive schemes. The number of shares held by the trust at 31 December 2023 was 437,831 (2022: 1,110,376) with a cost of £0.6m (2022: £1.4m). All of the shares held by the Trust were unallocated at the year-end and dividends on these shares have been waived. Based on the Company's share price at 31 December 2023 of £1.36 (2022: £1.20), the market value of the shares was £0.6m (2022: £1.3m).

The cost of shares held in the Trust has moved as follows:

	2023 £m	2022 £m
Opening cost of shares	**1.4**	1.2
Cost of shares purchased by Trust	**0.8**	1.6
Cost of shares distributed by Trust	**(1.6)**	(1.4)
Closing cost of shares	**0.6**	1.4

Notes to the Financial Statements continued

For the year ended 31st December 2023

18 Capital and Reserves (continued)

(ii) Share Capital and Premium

Allotted, called up and fully paid (nominal value 10p per share)	**Number of shares**	**Share capital £m**	**Share premium £m**
At 31st December 2023	**52,850,780**	**5.3**	**13.6**
At 31st December 2022	44,101,443	4.4	4.5

During the year the Company raised net proceeds of £10.1m by way of an over subscribed placing of new ordinary shares in the Company (after deducting costs of £0.6m). The issue price was 122p per share representing a 14% discount to the closing price of 141.5p on 5 July 2023. The placing was for 8,749,337 ordinary shares with a nominal value of 10p.

All shares rank equally in respect of shareholder rights.

(iii) Save As You Earn Scheme

The following options granted to employees and Directors of the Group under approved Save As You Earn ('SAYE') share option schemes were outstanding at the end of the year:

	Number of options	Grant date	Exercise period	Exercise price	Fair value at date of grant
TClarke plc 2021 Sharesave Scheme ('2021 SAYE Scheme)	1,066,130	06/10/2021	01/12/2024 to 31/05/2025	124.2	30.1p

In accordance with the scheme rules, all employees of the Group with at least six months' continuous service were eligible to participate in the scheme; the only vesting condition being that the individual remains an employee of the Group over the savings period. The impact of recognising the fair value of employee share option plan grants as an expense was £0.1m for the year ended 31st December 2023 (2022: £0.1m). The scheme is open to all eligible employees including the Executive Directors. Under the rules of the scheme all participating employees have entered into an approved Save As You Earn contract ('SAYE contract') under which the employee agrees to make monthly contributions, of between £10 to £500 for a period of three years, at the end of which the employee may use part or all of the proceeds to acquire the shares under option. Options will be exercisable within a period of six months commencing on the date of maturity of the participant's SAYE contract. The fair value at date of grant was calculated using a Black-Scholes model reflecting a three year option life, an annual risk free rate of 0.3% and annualised volatility of 9.69%.

The number of options outstanding during the year were as follows:

	2023 Number	**2023 Weighted average exercise price (p)**	2022 Number	2022 Weighted average exercise price (p)
At 1st January	**1,179,122**	**124.20**	1,585,821	116.49
Granted	**–**	**–**	–	–
Exercised	**–**	**–**	(218,582)	74.88
Lapsed	**(112,992)**	**124.20**	(188,117)	124.16
At 31st December	**1,066,130**	**124.20**	1,179,122	124.20

The weighted average remaining contractual life of the options at 31 December 2023 was 517 days (2022: 882 days). All options will become exercisable within 2024 (1st December 2024).

(iv) Long-term Incentive Plan

All employees, including Executive Directors, are eligible to participate in the TClarke Long-term Incentive Plan ('the Plan') at the discretion of the Remuneration Committee. Awards may be made in the form of approved options, unapproved options, conditional awards of shares and matching awards of shares. Awards may be made in the six-week periods after adoption of the Plan and after the announcement of the Group's interim or final results. No award may be made more than ten years after the date on which the Plan was last approved by shareholders (5th May 2021). Options and awards of shares are subject to performance conditions as determined by the Remuneration Committee.

Notes to the Financial Statements continued

For the year ended 31st December 2023

18 Capital and Reserves (continued)

(iv) Long-term Incentive Plan (continued)

The total number of shares issued pursuant to the Plan, when aggregated with the total number of shares issued pursuant to any other employee share scheme in the ten years immediately preceding the date upon which an award is made, shall not exceed 10% of the Company's issued share capital at the date of the grant. Our practice is to only issue shares for the Save As You Earn Scheme; shares for the Long-term Incentive Plan are satisfied through market purchases.

At 31st December 2023, 2,471,489 conditional share awards were outstanding (2022: 2,733,956 outstanding).

	Conditional shares	Conditional shares	Conditional shares
Date of grant	28/04/2021	16/03/2022	27/03/2023
Number of awards	808,084	784,246	879,159
Share price at date of grant	135.50p	150.25p	134.75p
Exercise price	–	–	–
Contract life	3 years	3 years	3 years

The conditional share awards and options will vest subject to continued employment with the Group and satisfaction of the following performance conditions over a three-year period ending 31st December preceding the earliest vesting date.

For 50% of the 2021, 2022 and 2023 awards the following performance conditions apply:

Annual growth rate in underlying EPS above RPI[1]	Proportion of award vesting
Less than 3%	Nil
3%	25%
Between 3% and 10%	Between 25% and 100% on a straight-line basis
Above 10%	100%

1 The base point is based on average underlying EPS for the three years ending with the year preceding date of grant.

For 50% of the 2022 and 2023 awards CPI rather than RPI is used.

The remaining 50% of the 2021 award performance conditions are as follows:

Annual growth rate in underlying EPS above RPI[1]	Proportion of award vesting
Less than 20%	Nil
Between 20% and 30%	Between nil and 100% on a sliding scale
Above 30%	100%

The remaining 50% of the 2022 and 2023 awards was made to incentivise the achievement of the Company's 3 year ambitious organic growth plan, achievement of which should substantially enhance earnings per share. This element of the award will be subject to satisfaction of the Total Shareholder Return (TSR) performance condition as set out below:

TSR*	Proportion of award vesting
Less than 35%	Nil
35%	25%
Between 35% and 50%	Between 25% and 100% on a straight-line basis
Above 50%	100%

* * Base point share price for the 2022 award is the 3-month average to 31 December 2021. The share price at maturity is the 3-month average to 31 December 2024. Base point share price for the 2023 award is 150p. The share price at maturity is the 3-month average to 31 December 2025.

Notes to the Financial Statements continued

For the year ended 31st December 2023

18 Capital and Reserves (continued)

(v) Share-based Payment Expense

The charge to the income statement takes into account the number of shares and options that are expected to vest. The impact of recognising the fair value of Long-term Incentive Plan grants as an expense is a £1.7m charge for the year ended 31 December 2023 (2022: £0.8m charge).

(vi) Dividends Paid

	2023 £m	2022 £m
Final dividend of 4.1p (2022: 4.1p) per Ordinary share paid during the year relating to the previous year's results	**1.8**	1.8
Interim dividend of 1.375p (2022: 1.25p) per Ordinary share paid during the year	**0.7**	0.5
Total	**2.5**	2.3

The Directors are proposing a final dividend of 4.525p (2022: 4.1p) per Ordinary share totalling £2.4m (2022: £1.8m).

This dividend has not been accrued at the reporting date.

19 Notes to the Statement of Cash Flows

(i) Reconciliation of operating profit to net cash generated from/(used in) operating activities

	2023 £m	2022 £m
Operating profit	**9.4**	11.5
Depreciation charge	**3.1**	3.0
Equity-settled share-based payment expense	**1.8**	0.8
Pension deficit reduction contribution	**(1.3)**	(1.5)
Defined benefit pension scheme credit	**(0.1)**	(0.7)
Operating cash flows before movement in working capital	**12.9**	13.1
(Increase) in inventories	**–**	(0.1)
(Increase) / Decrease in Contract assets and liabilities	**(30.4)**	2.2
(Increase) in Trade and Other Receivables	**(3.7)**	(3.8)
Increase in Trade and Other Payables	**30.3**	0.8
Cash generated from operations	**9.1**	12.2
Corporation tax paid	**(0.5)**	(1.6)
Interest received	**0.1**	–
Net cash generated from operating activities	**8.7**	10.6

(ii) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and other short-term highly liquid investments that are readily convertible into cash, less bank overdrafts, and are analysed as follows:

	2023 £m	2022 £m
Cash and cash equivalents	**29.3**	22.5

Notes to the Financial Statements continued
For the year ended 31st December 2023

20 Bank Overdrafts and Bank Loans
The Group's banking facilities comprise a £5.0m overdraft facility and a £25.0m revolving credit facility ('RCF'), both with National Westminster Bank plc, with the level of usage available dependent on covenant compliance. The RCF charges commitment fees at market rates and drawings bear interest at a margin of 1.9% above SONIA. Interest is charged on the overdraft at 2.00% above base rate. The RCF includes financial covenants in respect of interest cover and net leverage ratios which are tested quarterly. The RCF is available until 31 August 2026 and the overdraft facility is subject to annual review. The Group was compliant with its obligations under the RCF and the overdraft facility throughout the year.

All operating companies within the Group are included within the Group banking arrangement, and National Westminster Bank plc has a floating charge over the assets of the Group.

At 31st December 2023 the Group had unused overdraft facilities of £5.0m (2022 £5.0m) and had drawn down £10.0m of the RCF (2022: £15.0m). Net cash at 31st December 2023 was £19.3m (2022: £7.5m).

21 Related Party Transactions
(i) Key management personnel

The key management personnel of the Group comprise members of the TClarke plc Board of Directors and the Group Management Board. The key management personnel compensation is as follows:

	2023 £m	2022 £m
Short-term benefits	**4.2**	4.4
Share-based payments	**1.7**	1.5
Post-employment employee benefits	**0.1**	–
Total	**6.0**	5.9

More information on Director remuneration can be found on pages 57 to 63.

(ii) Transactions with subsidiary companies

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. A full list of subsidiary companies can be found on page 106. Transactions with the TClarke Employee Share Ownership Trust are disclosed in note 18 (i).

(iii) Transactions with retirement benefit schemes

Details of transactions between the Group and retirement benefit schemes in which its employees participate are detailed in note 22.

(iv) Directors' Material Interests in Contracts with The Company

No director held any material interest in any contract with the Company or any Group company in the year or in the subsequent period to 26th March 2024.

Notes to the Financial Statements continued

For the year ended 31st December 2023

22 Retirement benefit obligations

Defined Contribution Schemes

The Group operates defined contribution pension schemes for all qualifying employees of all its operating companies. The assets of these schemes are held separately from those of the Group in funds under the control of the trustees.

The total cost charged to the income statement of £3.6m (2022: £3.1m) represents contributions payable to these schemes by the Group at rates specified in the rules of the separate plans.

Defined Benefit Scheme

The Group operates a funded defined benefit scheme for qualifying employees. The scheme is registered with HMRC and is administered by the trustees.

With effect from 1st March 2010, the benefit structure was altered from a final salary scheme with an accrual rate of 1/60th to a Career Average Revalued Earnings scheme with an accrual rate of 1/80th. No other post-retirement benefits are provided. The assets of the scheme are held separately from those of the participating companies.

The most recent triennial actuarial valuation of the scheme, carried out at 31st December 2021 by D. Pettit, Fellow of the Institute of Actuaries, showed a deficit of £19.8m, which represented a funding level of 71%. Following agreement of the valuation, deficit reduction contributions were agreed at £1.3m per annum. The Group continues to provide security in the form of a charge over the Group's property portfolio up to a combined value of £2.0m.

From 1st April 2020, the service contribution increased from 21.4% to 22.4% of pensionable payroll (including employee contributions, which, increased from 10% to 12% of pensionable payroll).

As part of a Group reorganisation, a subsidiary company, TClarke Services Limited, became the principal employer of the scheme with effect from 23rd December 2016, and the pension scheme liability and related deferred tax asset were transferred to TClarke Services Limited at that date. The Company and its subsidiary, TClarke Contracting Limited, have provided a guarantee to the trustees of the scheme in respect of TClarke Services Limited's obligations to the pension scheme.

The key assumptions used to value the pension scheme liability in the financial statements are set out below:

	2023 %	2022 %
Average rate of increase in salaries	**3.07**	3.26
Rate of increase of pensions in payment	**2.94**	3.05
Discount rate	**4.51**	4.77
Inflation assumption (RPI)	**3.00**	3.12
Inflation assumption (CPI)	**2.57**	2.76

The mortality assumptions used in the valuation were:	**2023 Years**	2022 Years
Life expectancy at age 65 for current pensioners		
– Men	**21.0**	21.2
– Women	**23.0**	23.2
Life expectancy at age 65 for future pensioners (current age 45)		
– Men	**22.0**	22.1
– Women	**24.1**	24.3

The amounts recognised in the consolidated statement of financial position are as follows:

	2023 £m	2022 £m
Present value of funded obligations	**42.3**	40.6
Fair value of plan assets	**(30.5)**	(27.7)
Deficit of funded plans	**11.8**	12.9

Notes to the Financial Statements continued

For the year ended 31st December 2023

22 Retirement benefit obligations (continued)

The movement in the defined benefit obligation is as follows:

	Present value of obligation £m	Fair value of plan assets £m	Total £m
At 1st January 2022	73.4	(49.5)	23.9
Current service cost	**0.3**	**–**	**0.3**
Settlement gain	**(0.6)**	**–**	**(0.6)**
Interest expense/(income)	**1.3**	**(0.9)**	**0.4**
Total	**1.0**	**(0.9)**	**0.1**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense	**–**	**22.3**	**22.3**
Change in demographic assumptions	**(0.3)**	**–**	**(0.3)**
Gain from change in financial assumptions	**(29.6)**	**–**	**(29.6)**
Experience gain	**(1.6)**	**–**	**(1.6)**
Total	**(31.5)**	**22.3**	**(9.2)**
Contributions			
Employers	**–**	**(1.9)**	**(1.9)**
Employees	**0.5**	**(0.5)**	**–**
Payment from plans			
Benefit payments	**(2.8)**	**2.8**	**–**
At 31st December 2022	**40.6**	**(27.7)**	**12.9**

	Present value of obligation £m	Fair value of plan assets £m	Total £m
At 31st December 2022	**40.6**	**(27.7)**	**12.9**
Current service cost	**0.3**	**–**	**0.3**
Interest expense/(income)	**1.9**	**(1.3)**	**0.6**
Total	**2.2**	**(1.3)**	**0.9**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense	**–**	**(0.3)**	**(0.3)**
Loss from change in financial assumptions	**1.3**	**–**	**1.3**
Experience gain	**(1.2)**	**–**	**(1.2)**
Total	**0.1**	**(0.3)**	**(0.2)**
Contributions			
Employers	**–**	**(1.8)**	**(1.8)**
Employees	**0.5**	**(0.5)**	**–**
Payment from plans			
Benefit payments	**(1.1)**	**1.1**	**–**
At 31st December 2023	**42.3**	**(30.5)**	**11.8**

Current service cost and settlements are included in administrative expenses.
Interest expense is included in finance costs.
Remeasurement gains and losses have been included in other comprehensive income/expense.

Notes to the Financial Statements continued

For the year ended 31st December 2023

22 Retirement benefit obligations (continued)

Plan assets are held in professionally managed multi-asset funds, cash and bank accounts managed by the trustees, and an insurance annuity contract. Plan assets are comprised as follows:

	2023				2022			
	£m Quoted	£m Unquoted	£m Total	%	£m Quoted	£m Unquoted	£m Total	%
Equities	13.2	1.3	14.5	48%	12.2	1.9	14.1	51%
Bonds/Derivatives	13.6	–	13.6	45%	10.6	–	10.6	38%
Property	0.7	–	0.7	2%	1.1	–	1.1	4%
Cash	–	0.9	0.9	3%	–	1.1	1.1	4%
Insurance annuity contracts	–	0.8	0.8	2%	–	0.8	0.8	3%
Other	–	–	–	–	–	–	–	–
Total	27.5	3.0	30.5	100%	23.9	3.8	27.7	100%

Through the defined benefit pension scheme the Group is exposed to a number of risks, the most significant of which are set out below.

Asset Volatility

The objective of the investment strategy is to have sufficient assets to pay benefits to members as they fall due. The scheme assets are invested in a diversified portfolio of growth assets (such as multi-asset funds and equities) and matching assets (such as bonds held in multi-asset funds and cash). Multi-asset funds include property investments. In addition, the scheme holds a number of annuity policies which are used to back a number of pensions in payment, reducing the volatility of the results.

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, this will create a deficit. A proportion of scheme assets are held in equities, which are expected to outperform bond yields in the long term while providing volatility and risk in the short term.

The Group believes that due to the long-term nature of scheme liabilities and the strength of the Group, it is appropriate to continue to hold a proportion of the assets in equities.

Change in Corporate Bond Yields

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the scheme's bond holdings.

Inflation Risk

Some of the pension obligations are linked to inflation, and higher inflation will lead to higher liabilities. Caps are in place for inflationary increases which protect the scheme against the impact of extreme inflation. The majority of the plan's assets are largely unaffected by inflation, meaning that any increase in inflation will also increase the deficit.

Life Expectancy

Pension obligations are payable for the life of the member, and where elected by the member, the member's spouse.

Increases in life expectancy will result in increases in scheme liabilities.

Age Profile

The weighted average duration of the unsecured liabilities is approximately 16 years.

Notes to the Financial Statements continued
For the year ended 31st December 2023

22 Retirement benefit obligations (continued)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease by 5%	Increase by 4%
Inflation assumption	0.25%	Increase by 2%	Decrease by 3%
Rate of increase in salaries	1%	Increase by 1%	Decrease by 1%
Life expectancy	1 year	Increase by 3%	Decrease by 3%

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

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

23 Obligations Under Leases
In addition to the recognition of right-of-use-assets in note 12 the impact of the Group's lease arrangements on the financial statements is shown below.

31st December 2023	**Properties £m**	**Plant machinery and vehicles £m**	**Total £m**
Lease liability	**4.0**	**3.8**	**7.8**
Total value of lease payments	**1.4**	**1.5**	**2.9**
Total payments for short-term and low value leases	**–**	**–**	**–**
Interest expense	**0.2**	**0.1**	**0.3**

31st December 2022	Properties £m	Plant, Plant machinery and vehicles £m	Total £m
Lease liability	5.1	3.3	8.4
Total value of lease payments	1.0	1.2	2.2
Total payments for short-term and low value leases	–	–	–
Interest expense	0.1	0.1	0.2

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight line basis over the lease term.

24 Contingent Liabilities
Group banking facilities of £30m and surety bond facilities of £70m are supported by cross guarantees given by the Company and participating companies in the Group. All operating companies within the Group are included within the Group banking arrangement, and National Westminster Bank plc has a floating charge over the assets of the Group. There are contingent liabilities in respect of surety bond facilities, guarantees and collateral warranties under contracting and other arrangements entered into in the normal course of business.

Group's Defined Benefit Pension
As part of a Group reorganisation, a subsidiary company, TClarke Services Limited, became the principal employer of the scheme with effect from 23rd December 2016, and the pension scheme liability and related deferred tax asset were transferred to TClarke Services Limited at that date. The Company and its subsidiary, TClarke Contracting Limited, have provided a guarantee to the trustees of the scheme in respect of TClarke Services Limited's obligations to the pension scheme.

Notes to the Financial Statements continued
For the year ended 31st December 2023

25 Financial Instruments
(i) Capital Risk Management
The Group manages its capital to ensure that each entity within the Group will be able to: continue as a going concern; to maintain a strong financial position to support business development, tender qualification and procurement activities; and to maximise the overall return to shareholders over time. Dividends form an important part of the overall return to shareholders. The Group is mindful of the need to ensure that the dividend is covered by earnings over the business cycle and paid out of cash reserves in order to secure the long-term interests of shareholders. The Board considers that it has sufficient capital to undertake its activities for the foreseeable future.

The capital structure of the Group consists of net funds, including cash and cash equivalents, bank loans and overdrafts and lease obligations, and equity attributable to equity holders of the Parent Company, comprising issued capital, reserves and retained earnings. The Group does not use derivative financial instruments.

The capital structure of the Group at 31st December 2023 and 2022 was as follows:

	2023 £m	2022 £m
Cash and cash equivalents	**29.3**	22.5
Less borrowings	**(10.0)**	(15.0)
Net cash	**19.3**	7.5
Obligations under leases	**7.8**	8.4
Total equity	**53.4**	38.7

(ii) Financial Assets and Liabilities
Details of the significant accounting policies and methods adopted, including the criteria for recognition, the bases of measurement and the bases on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3. The fair value of the Group's and the Company's financial assets and financial liabilities is not materially different to the carrying value. All financial assets and liabilities are measured at amortised cost.

Financial Assets
The Group's financial assets comprise trade and other receivables held at amortised cost, and cash and cash equivalents as follows:

31st December 2023	**Cash and cash equivalents £m**	**Trade and other receivables[1] £m**	**Total £m**
Carrying value	**29.3**	**64.0**	**93.3**
Contractual cash flows			
Less than one year	**29.3**	**52.0**	**81.3**
One to two years	**–**	**10.0**	**10.0**
Two to three years	**–**	**1.5**	**1.5**
More than three years	**–**	**0.5**	**0.5**
Total	**29.3**	**64.0**	**93.3**

31st December 2022			
Carrying value	22.5	60.1	82.6
Contractual cash flows			
Less than one year	22.5	53.5	76.0
One to two years	–	6.3	6.3
Two to three years	–	0.3	0.3
More than three years	–	–	–
Total	22.5	60.1	82.6

1 Trade and other receivables exclude prepayments, and are not discounted on grounds of materiality

Notes to the Financial Statements continued
For the year ended 31st December 2023

25 Financial Instruments (continued)

Financial Liabilities – Analysis of Maturity Dates
The carrying values of the Group's financial liabilities (held at amortised cost) and maturity profile of the associated contractual cash flows are shown below. As the carrying value of the Group's obligations under leases are discounted the contractual cash flows differ from the carrying values. Trade and other payables are not discounted on grounds of materiality.

31st December 2023	Bank loans £m	Trade and other payables[1] £m	Obligations under leases £m	Total £m
Carrying value	**10.0**	**126.0**	**7.8**	**143.8**
Contractual cash flows				
Less than one year	**10.2**	**122.9**	**3.1**	**136.2**
One to two years	**0.2**	**3.1**	**2.8**	**6.1**
Two to three years	**0.1**	**–**	**1.7**	**1.8**
More than three years	**–**	**–**	**1.1**	**1.1**
Total	**10.5**	**126.0**	**8.7**	**145.2**

31st December 2022	Bank loans £m	Trade and other payables[1] £m	Obligations under leases £m	Total £m
Carrying value	15.0	92.2	8.4	115.6
Contractual cash flows				
Less than one year	15.2	89.7	2.7	107.6
One to two years	0.2	2.4	2.4	5.0
Two to three years	0.2	0.1	2.0	2.3
More than three years	0.1	–	1.9	2.0
Total	15.7	92.2	9.0	116.9

1 Trade and other payables exclude other taxation and social security.

Changes in liabilities arising from financing activities

	1 January 2023 £m	Cash flows £m	New leases £m	Other £m	31 January 2023 £m
Current interest-bearing loans and borrowing (excluding items listed below)	15.0	(5.0)	–	–	10.0
Current lease liabilities (Note 23)	2.7	(2.9)	0.7	2.1	2.6
Non-current lease liabilities (Note 23)	5.7	–	1.6	(2.1)	5.2
Total liabilities from financing activities	**23.4**	**(7.9)**	**2.3**	**–**	**17.8**

	1 January 2022 £m	Cash flows £m	New leases £m	Other £m	31 January 2022 £m
Current interest-bearing loans and borrowing (excluding items listed below)	15.0	–	–	–	15.0
Current lease liabilities (Note 23)	1.6	(2.2)	1.6	1.7	2.7
Non-current lease liabilities (Note 23)	1.3	–	5.8	(1.4)	5.7
Total liabilities from financing activities	**17.9**	**(2.2)**	**7.4**	**0.3**	**23.4**

(iii) Financial Risk Management
Financial risk management is integral to the way in which the Group is managed. The overall aim of the Group's financial risk management policies is to minimise any potential adverse effects on financial performance and net assets.

The Group does not enter into any derivative transactions and has minimal exposure to exchange rate movement as its trade is based in the United Kingdom.

The financial risks to which the Group is exposed comprise credit risk, market risk and liquidity risk.

The Group seeks to manage these risks as follows:

Credit Risk
Credit risk is the risk of financial loss to the Group if a client or counterparty to a financial instrument fails to meet its contractual obligations (i.e defaulting) and arises primarily in respect of the Group's trade receivables and contract assets.

Notes to the Financial Statements continued
For the year ended 31st December 2023

25 Financial Instruments (continued)
The degree to which the Group is exposed to this credit risk depends on the individual characteristics of the contract counterparty and the nature of the project. The Group's credit risk is also influenced by general macroeconomic conditions. The Group does not have any significant concentration risk in respect of contract assets or trade receivable balances at the reporting date with receivables spread across a wide range of clients. Due to the nature of the Group's operations, it is normal practice for clients to hold retentions in respect of contracts completed. Retentions held by clients at 31 December 2023 were £23.9m (2022: £22.2m). These will be collected in the normal operating cycle of the Group.

The Group manages its exposure to credit risk through the application of its credit risk management policies, including assessing the credit worthiness of prospective clients prior to accepting a contract and requesting progress payments on contract work in progress.

The Group manages the collection of retentions through its post completion project monitoring procedures and ongoing contract with clients to ensure that potential issues that could lead to the non-payment of retentions are identified and addressed promptly. The directors always estimate the loss allowance on contract assets and trade receivables at the end of the reporting period at an amount equal to lifetime expected credit losses. Taking into account the historical default experience and the future prospects in the industry, the loss allowance for contract assets is not material.

The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Details of the provision for expected credit losses are shown in note 16, including a reconciliation of movements in the year. There has not been any significant change in the gross amounts of trade receivables that has affected the estimation of the loss allowance.

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and spread across the Group's operating segments. Accordingly, the directors believe that there is no further credit provision required in excess of the provision for impairment losses. At the reporting date, there were no trade and other receivables which have had renegotiated terms that would otherwise have been past due. Financial assets are written off and derecognised when the Group has no reasonable expectation of recovering the balance.

Liquidity Risk
Liquidity risk is the risk that the Group will not generate sufficient cash and liquid funds to be able to settle its financial liabilities as and when they fall due. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by monitoring cash flows and by matching the maturity profiles of financial assets and liabilities within the bounds of its contractual obligations.

The Group's facilities comprise a £25.0m RCF and a £5.0m overdraft facility. The RCF is a committed facility available until 31st August 2026 and is subject to quarterly financial covenant tests. Management has prepared three-year cash flow projections that demonstrate that the Group will be able to meet these financial covenants. There have been no other significant changes to the nature of financial risks or the Group's objectives and policies for managing these risks.

Based on a base rate of 5.25%, provided that the Group is utilising its banking facilities, the effect of a delay/acceleration in the maturity of the Group's trade receivables at the statement of financial position date would be to decrease/increase profit by approximately £0.3m (2022: £0.2m) for each month of delay/acceleration, and the effect of a delay/acceleration in the maturity of the Group's trade payables at the reporting date would be to increase/decrease profit by approximately £0.3m (2022: £0.2m) for each month of delay/acceleration. If the facilities are unused, there is no impact on profit.

Cash Flow Interest Rate Risk
The Group is exposed to changes in interest rates on its bank deposits and borrowings. Surplus cash is placed on short-term deposit at fixed rates of interest. Bank overdrafts are at floating rates, at a fixed margin of 2.00% above base rates. The interest rate on amounts drawn down under the RCF are set at 1.9% above SONIA. The Group's lease obligations are at fixed rates of interest determined at the inception of the lease.

The effect of each 1% increase in interest rates on the Group's borrowings at the reporting date would be to reduce profits by approximately £0.1m (2022: £0.1m) per annum. Details of the Group's and the Company's bank facilities are disclosed in note 20.

Company Statement of Financial Position

As at 31st December 2023

TClarke plc Registered number 00119351

	Note	2023 £m	2022 £m
Non-current assets			
Investments	1	**44.1**	44.1
Total non-current assets		**44.1**	44.1
Current assets			
Amounts owed by subsidiary undertakings		**23.6**	12.9
Trade and other receivables		**0.2**	0.1
Current tax receivables		**1.8**	1.3
Cash and cash equivalents		**11.2**	8.9
Total current assets		**36.8**	23.2
Total assets		**80.9**	67.3
Current liabilities			
Bank loans		**(10.0)**	(15.0)
Amounts owed to subsidiary undertakings		**(14.1)**	(2.3)
Other tax and social security		**(0.9)**	(4.3)
Trade and other payables		**(0.1)**	(0.2)
Total current liabilities		**(25.1)**	(21.8)
Net current assets		**11.7**	1.4
Non-current liabilities			
Amounts owed to subsidiary undertakings		**(29.1)**	(28.3)
Total non-current liabilities		**(29.1)**	(28.3)
Total liabilities		**(54.2)**	(50.1)
Net assets		**26.7**	17.2
Equity			
Share capital		**5.3**	4.4
Share premium		**13.6**	4.5
Retained earnings		**7.8**	8.3
Total equity		**26.7**	17.2

The Company has taken advantage of section 408 of the Act and consequently the statement of comprehensive income (including the profit and loss account) of the Parent Company is not presented as part of these accounts. The profit after tax for the year was £0.9m (2022: £2.2m).

The notes on pages 105 to 106 form part of these financial statements.

The financial statements of the Company were approved by the Board and authorised for issue on 26th March 2024 and signed on its behalf by:

Iain McCusker
Director

Mark Lawrence
Director

Company Statement of Changes in Equity

For the year ended 31st December 2023

	Attributable to owners of the parent			
	Called up share capital £m	Share premium £m	Retained earnings £m	Total Equity £m
At 1st January 2022	4.4	4.2	9.2	17.8
Comprehensive income				
Profit for the year	–	–	2.2	2.2
Other comprehensive income	–	–	–	–
Total comprehensive income	–	–	2.2	2.2
Transactions with owners				
Share-based payment expense	–	–	0.8	0.8
Acquisition of shares by ESOT	–	–	(0.8)	(0.8)
Shares allotted in respect of share option schemes	–	0.2	(0.8)	(0.6)
SAYE option cost	–	–	0.1	0.1
Dividends paid	–	–	(2.3)	(2.3)
Total transactions with owners	–	0.2	(3.0)	(2.8)
At 31st December 2022	**4.4**	**4.4**	**8.4**	**17.2**
Comprehensive income				
Profit for the year	**–**	**–**	**0.9**	**0.9**
Other comprehensive income	**–**	**–**	**–**	**–**
Total comprehensive income	**–**	**–**	**0.9**	**0.9**
Transactions with owners				
New shares issued in the year	**0.9**	**9.2**	**–**	**10.1**
Share-based payment expense	**–**	**–**	**1.7**	**1.7**
Transactions in own shares in respect of share awards	**–**	**–**	**(0.8)**	**(0.8)**
SAYE option cost	**–**	**–**	**0.1**	**0.1**
Dividends paid	**–**	**–**	**(2.5)**	**(2.5)**
Total transactions with owners	**0.9**	**9.2**	**(1.5)**	**8.6**
At 31st December 2023	**5.3**	**13.6**	**7.8**	**26.7**

The notes on pages 105 to 106 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31st December 2023

Basics of Accounting
The separate financial statements of the Company are presented as required by the Companies Act 2006 ('the Act'). The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the Company has prepared its financial statements in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The Company's accounting policies are consistent with those described in the consolidated accounts of TClarke plc, except that, as permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of a cash flow statement and related party transactions. Where required, equivalent disclosures are given in the consolidated accounts. In addition, disclosures in relation to share capital (note 18 (ii)) dividends (note 18 (vi)) and Bank overdrafts and bank loans (note 20) have not been repeated here as there are no differences to those provided in the consolidated accounts. There are no critical judgements the directors have made within the Company financial statements.

These financial statements have been prepared on the going concern basis as set out in note 2 to the Group accounts on page 79, and under the historical cost convention. The financial statements are presented in pounds sterling, which is the Company's functional currency, and unless otherwise stated have been rounded to the nearest £0.1m.

Investments in subsidiaries are recorded at cost, being the fair value of consideration paid, and subsequently at cost less provisions for impairment. Cost includes the fair value of equity-settled share-based payment arrangements relating to options to acquire shares in TClarke plc granted to subsidiary employees under Savings Related Share Option schemes.

An annual impairment review of the carrying value of the Company's subsidiaries is undertaken at 31st December each year in conjunction with the goodwill impairment review (see note 11 of consolidated financial statements), using the same underlying cash flow projections and other key assumptions. The impairment provision comprises the entire cost of subsidiaries where operations have ceased, or a reduction to recoverable amount where there has been a significant reduction in underlying trading and significant losses have been incurred, such that the Group is unable to recover the cost of the investment through its net asset value or future trading.

Amounts owed by subsidiary undertakings are initially recorded at their fair value. Subsequent to their initial recognition, the balances are measured at amortised cost. By virtue of cross guarantees which exist across the group, and all group companies having access to the Group banking arrangement, the subsidiaries had access to sufficient facilities to enable them to repay the balances, if demanded, at the reported date, and as such do not represent a credit risk. Therefore no adjustment has been made to the value of the balances for any expected credit loss provisions.

Amounts owed to group undertakings falling due after more than one year comprise 10 year variable rate unsecured loan notes, earning interest at 2.5% above base rate. All other amounts owed by/to group undertakings are unsecured, interest free and repayable on demand.

Notes to the Financial Statements continued

For the year ended 31st December 2023

1 Investments

All subsidiaries are wholly and directly owned by TClarke plc unless otherwise stated, and all are incorporated within the United Kingdom.

Principal operating company	Type of shares
TClarke Contracting Limited	Ordinary
Group services company	
TClarke Services Limited	Ordinary
Property holding company	
Weylex Properties Limited	Ordinary

Non-trading and dormant companies	
Eton Associates Limited	Ordinary
TClarke Europe Limited	Ordinary
Anglia Electrical Services Limited	Ordinary
D G Robson Mechanical Services Limited	Ordinary
G.D.I. Electrical Co. Limited	Ordinary
J.J. Cross Limited	Ordinary
J.J. Cross Services Limited*	Ordinary
Mitchell and Hewitt Limited	Ordinary
T. Clarke East Limited	Ordinary
TClarke Leeds Limited	Ordinary
TClarke Newcastle Limited	Ordinary
T Clarke North West Limited	Ordinary
T. Clarke (Scotland) Limited	Ordinary
TClarke South East Limited	Ordinary
TClarke South West Limited	Ordinary
Waldon Security Limited**	Ordinary

* Shares held by J.J. Cross Limited. ** Shares held by TClarke South West Limited.

All subsidiary companies have their registered office at 30 St Mary Axe, London EC3A 8BF apart from T. Clarke (Scotland) Limited whose registered office is at Eurocentral Parklands Avenue, Holytown, Motherwell, Scotland ML1 4WQ.

Investments comprise:

	Subsidiary undertakings	
	2023 £m	2022 £m
Cost		
At 1st January	**53.7**	53.7
Capital Contributions	**–**	–
At 31st December	**53.7**	53.7
Impairment		
At 1st January	**(9.6)**	(9.6)
At 31st December	**(9.6)**	(9.6)
Net book value		
At 31st January	**44.1**	44.1
At 31st December	**44.1**	44.1

Shareholder Information

Company Details
Registered office:
30 St Mary Axe
London EC3A 8BF
Telephone: 020 7997 7400
Email: info@tclarke.co.uk
Company registration number: 00119351

The TClarke plc Website
Shareholders are encouraged to visit our website www.tclarke.co.uk for further information about the Company. The dedicated investor section on the website contains information specifically for shareholders, including regulatory announcements and copies of the latest and past financial statements.

Registrar
The Company's shareholder register is maintained by our Registrar, Link Group. If you have any queries relating to your TClarke plc shareholding, you should contact Link Group directly by one of the methods below:

Email: shareholderenquiries@linkgroup.co.uk
Telephone: 0371 664 0300
By post: 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL
Shareholder portal: www.signalshares.com
If you are yet to register, you will need your investor code.

Analysis of Shareholdings
The tables below show an analysis of Ordinary shareholdings as at 31st December 2023.

	Shares	Percentage	Holdings	Percentage
Individuals	6,200,256	11.73%	673	79.18%
Banks or nominees	44,687,976	84.56%	151	17.76%
Other corporations	1,962,548	3.71%	26	3.06%
Totals	52,850,780	100%	850	100%
Number of shares held:				
1 to 5,000	959,187	1.82%	511	60.12%
5,001 to 10,000	723,117	1.37%	98	11.53%
10,001 to 50,000	3,321,156	6.28%	153	18%
50,001 to 500,000	12,528,430	23.71%	69	8.11%
500,001 to 1,000,000	4,431,025	8.38%	6	0.71%
1,000,001 +	30,887,865	58.44%	13	1.53%
Totals	52,850,780	100%	850	100%

Substantial Shareholdings
As at 31 December 2023, the following information has been disclosed to the Company under the FCA's Disclosure Guidance and Transparency Rules ('DTR 5'), in respect of notifiable interests in the voting rights in the Company's issued share capital:

Name of holder	Total voting rights [1]	% of voting rights [2]
Regent Gas Holdings Limited	11,366,218	21.51%
Interactive Investor	4,841,568	9.16%
Hargreaves Lansdown, stockbrokers	4,210,694	7.97%
Canaccord Genuity Wealth Management	3,173,055	6.00%

[1] Total voting rights attaching to the ordinary shares at the Company at the time of disclosure to the Company.
[2] Percentage of total voting rights at the date of disclosure to the Company.
As at 26th March 2024, the Company had not been notified of any changes to major shareholdings.

Independent Auditors
Mazars LLP
30 Old Bailey
London EC4M 7AU

Corporate Broker
Cavendish Capital Markets Limited
One Bartholomew Close
London EC1A 7BL
Tel: 020 7397 8900

Investor Relations
RMS Partners Limited
160 Fleet Street
London EC4A 2DQ
Tel: 020 3735 6551

Financial Calendar

Annual General Meeting
29th May 2024

Final Dividend for 2023

Ex-dividend	16th May 2024
Record date	17th May 2024
Payment due	14th June 2024

Half Year Results Announcement
12th September 2024

Interim Dividend for 2024

Ex-dividend	26th September 2024
Record date	27th September 2024
Payment due	25th October 2024

Trading Update Release
28th November 2024

These dates are indicative only and may be subject to change.

Dividend Reinvestment Plan
A dividend reinvestment plan ('DRIP') is available to shareholders. Those shareholders who have not elected to participate in the DRIP and who would like to do so, should contact our Registrar, Link Group on 0371 664 0381. The last day for election for the final dividend for 2023 is 24th May 2024.

TClarke

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