



**ANDREWS
SYKES**



Andrews Sykes Group plc

Annual Report and Financial Statements 2024



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Summary of Results

	12 months ended 31 December 2024 £'000	12 months ended 31 December 2023 £'000
Revenue from continuing operations	75,942	78,747
Adjusted EBITDA* from continuing operations	30,933	30,622
Operating profit	23,187	22,737
Profit after tax for the financial period	16,798	17,758
Net cash inflow from operating activities	20,323	24,946
Net funds	7,152	4,570
Cash and cash equivalents	23,181	19,967
Total interim and final dividends paid	10,841	35,743
Basic earnings per share from total operations (pence)	40.13p	42.24p
Interim and final dividends paid per equity share (pence)	25.90p	85.30p
Proposed final dividend per equity share (pence)	14.00p	14.00p

* Earnings before interest, taxation, depreciation, profit on sale of plant and equipment and amortisation as reconciled on the consolidated income statement.

Chairman's Statement

Overview and financial highlights

Overview and outlook

Andrews Sykes' trading remained strong during 2024 and we are pleased to report that the Group as a whole has again delivered a record level of operating profitability. We are thankful for and proud of our team members who have made this possible by continuing to provide our customers with an essential 24 hour service offering.

2024 was not without its challenges, with revenue opportunities being constrained by the unseasonably cool summer weather experienced in the UK and across much of Europe. However, our long-standing commitment to tight cost control and leveraging our strong relationships with customers have allowed us to not only maintain but increase our operating profitability over the previous year.

The Group continued to develop its relationships with key customers throughout the UK and Europe which has underpinned the strong results reported. These key accounts provide a consistent revenue stream. Whilst turnover is down in the second half of the year as compared to the prior year, mainly due to reduced revenue opportunities presented by poor summer temperatures, the focus on our key accounts means the Group has still produced operating profit growth despite reporting a lower revenue.

During the year we have been working on plans to enter the Saudi Arabian market which is currently experiencing a well publicised construction boom in an effort to diversify the Saudi Arabian economy. We are delighted to announce that a new subsidiary incorporated in Saudi Arabia opened in early 2025 and will be managed by our UAE management team who have done such a good job in turning around our existing business in the Middle East. This market represents a significant growth opportunity in 2025 and beyond.

Our new German subsidiary, Klimamieten AS GmbH, has experienced a difficult first year with limited revenue generated so far; undoubtedly impacted by the wider stagnant German economic situation. We remain hopeful of future growth in this large market.

We remain encouraged by how our highly experienced management team has consistently adapted the business to overcome market and operational issues and take advantage of new revenue opportunities.

Positive trading momentum has continued into the current year, with overall performance in the year to date in line with the Board's expectations. The Group is confident in its core markets, its revenues and its profits.

2024 trading summary

The Group's revenue for the year ended 31 December 2024 was £75.9 million, a decrease of £2.8 million, or 3.6%, compared with last year. Of this £2.8 million decrease, £1.5 million was a result of the previously taken decision to cease operating within the French market. A further £0.9 million decrease was as a result of stronger Sterling exchange rates versus the Euro and the Dirham. Excluding these two factors, underlying turnover was down year on year just £0.4 million or 0.5%. Despite this decrease in revenue, through careful cost management and commercial negotiations for the early exit of previously vacated lease properties, operating profit has increased by 2.0%, or £0.5 million, from £22.7 million last year to £23.2 million in the year under review. Turnover for the second half of the year was down 5.9%, or £2.3 million, on the corresponding period last year and reflects the cooler weather experienced across the UK and Europe over the summer months in 2024 which limited revenue opportunities in comfort cooling.

Decreasing interest rates in the UK and Europe over 2024 contributed to decreased returns on cash reserves which, coupled with an increased interest charge from the increased value of right-of-use lease obligations, has meant net finance income decreasing from £0.9 million last year to a net nil in the current year. Profit before taxation was £23.2 million (2023: £23.6 million) and profit after taxation was £16.8 million (2023: £17.8 million).

The Group has reported a decrease in the basic earnings per share of 2.11p, or 5.0%, from 42.24p in 2023 to 40.13p in 2024. This is mainly attributable to the above decrease in the Group's net finance income and increased tax charges.

The Group continues to generate strong net cash inflows. Net cash inflow from operating activities was £20.3 million compared with £24.9 million last year.

Cost control, cash generation and working capital management continue to be priorities for the Group, with stocks maintained at the same level as last year. Capital expenditure is concentrated on assets with strong returns; in total £5.5 million was invested in the hire fleet this year. In addition, the Group invested a further £1.1 million in property, plant and equipment. These actions will ensure that the Group's infrastructure and revenue generating assets are sufficient to support future growth and profitability. Hire fleet utilisation, condition and availability continue to be the subjects of management focus.

Operating performance

The following table splits the results between the first and second half years:

	Turnover £'000	Operating profit £'000
1st half 2024	38,387	9,726
1st half 2023	38,843	9,713
2nd half 2024	37,555	13,461
2nd half 2023	39,904	13,024
Total 2024	75,942	23,187
Total 2023	78,747	22,737

The above table reflects the continued progress of the business, with second half profitability being improved on £2.3 million lower revenue.

The turnover of our main business segment in the UK decreased from £44.4m last year to £43.1m with operating profit increasing from £15.0m to £15.4m. This result was reflective of the poor summer weather experienced with the UK having the lowest average summer temperature since 2015, mitigated by commercial successes in the early lease exit from previously vacated properties. Air conditioning hire was down £2.8m or 33.9% on the prior year. Pump hire continues to grow with revenues at record levels for the seventh year in a row and 2.0% higher than 2023.

Our European businesses also recorded decreases in turnover, from £26.7 million last year to £23.6 million, and operating profit decreasing from £8.7 million to £8.2 million in 2024. £1.5 million of the revenue reduction was a result of ceasing our loss making French operations. Northern Europe in particular was impacted by the same cooler summer temperatures as seen in the UK and has been reflected in decreased chiller and air conditioning hire revenues. Each of our European subsidiaries reported lower turnover levels during 2024. Stronger Sterling exchange rates also negatively impacting our European subsidiaries reported revenues by £0.7 million as compared to 2023.

The turnover of our hire and sales business in the Middle East has increased from £5.6 million last year to £7.7 million, and operating profit increased from £0.4 million to £1.1 million in the year under review. This result marks a strong turnaround driven by the new local management who were installed during the summer of last year. The increased operating profit is reflective of the increased revenue allied with expected credit losses remaining under control, with a charge of £0.1 million in 2024 compared to £0.2 million in 2023. It is pleasing that as the year progressed core hire revenues increased, with revenues in the second half of the year 11.8% up on the first half of the year. Management are confident of this trend continuing.

Our fixed installation and maintenance business in the UK saw a decrease in turnover from £2.1m to £1.6m and returned a small operating profit, an increase of £0.1 million from the small operating loss reported in 2023.

Central overheads were £1.5 million in the year compared with £1.3 million in 2023.

Profit for the financial year

Profit before tax was £23.2 million this year compared with £23.6 million last year; a decrease of £0.4 million. This is largely attributable to the £0.5 million increase in operating profit offset by net interest income reducing by £0.9 million due to lower interest receivable and higher interest charged on right-of-use lease obligations.

Tax charges increased from £5.8 million in 2023 to £6.4 million this year. The overall effective tax rate increased from 24.7% in 2023 to 27.6% this year, primarily driven by the introduction of corporation tax for the first time in the United Arab Emirates and the full year impact of the increase in UK corporation tax from 19% to 25% in April 2023. A detailed reconciliation of the theoretical corporation tax charge based on the accounts profit multiplied by the applicable tax rate and the actual tax charge is given in note 10 to the consolidated financial statements. Profit for the financial year was £16.8 million compared with £17.8 million last year.

Chairman's Statement

Overview and financial highlights

Defined benefit pension scheme

As reported last year, the Company has successfully de-risked its defined benefit scheme by completing a buy-in deal. This transaction means that future liabilities are fully de-risked and the Company will not be required to contribute significant cash payments into the pension scheme to fund adverse liability movements. As such no cash contributions into the scheme were made during 2024. The defined benefit pension scheme surplus after the application of an asset restriction has increased from £1.6m as at 31 December 2023 to £1.8m at the year end primarily as a result of UK tax legislation introduced in April 2024 reducing the asset restriction charge levied on the defined benefit pensions scheme surplus.

Equity dividends

The Company paid two dividends during the year. On 21 June 2024, a final dividend for the year ended 31 December 2023 of 14.00 pence per ordinary share was paid. This was followed on 1 November 2024 by an interim dividend for 2024 of 11.90 pence per ordinary share. Therefore, during 2024, a total of £10.8 million in cash dividends was returned to our ordinary shareholders.

The Board has decided to propose a final dividend of 14.0 pence per ordinary share. If approved at the forthcoming Annual General Meeting, this dividend, which in total amounts to £5.9 million, will be paid on 20 June 2025 to shareholders on the register as at 23 May 2025.

Share buybacks

As at 6 May 2025, there remained an outstanding general authority for the directors to purchase 5,232,343 ordinary shares, which was granted at last year's Annual General Meeting.

The Board believes that it is in the best interests of shareholders to have this authority in order that market purchases may be made in the right circumstances if the necessary funds are available. Accordingly, at the next Annual General Meeting, shareholders will be asked to vote in favour of a resolution to renew the general authority to make market purchases of up to 12.5% of the ordinary share capital in issue.

Net funds

Net funds increased by £2.6 million from £4.6 million at 31 December 2023 to £7.2 million at 31 December 2024. Net funds include cash and cash equivalents of £23.2 million (2023: £20.0 million) less right-of-use lease obligations of £16.0 million (2023: £15.4 million).

JJ Murray

Executive Chairman

6 May 2025

Strategic Report

Operational performance

Principal objectives and strategy

The Andrews Sykes Group is one of the market leaders in the rental of specialist hire equipment, offering bespoke solutions to our customers for their temporary or emergency needs. Our product range includes pumping equipment, air conditioning, chillers, heaters, boilers, dehumidifiers and ventilation units.

We aim to provide the most modern, technically advanced and environmentally friendly rental equipment in the market. Our products and services are supplied throughout the UK, Europe and the Middle East, via a network of depots which are supported by regional agents. Having been originally established in the UK in 1857, we now have over 30 locations and operate with around 450 staff worldwide. Our operations in mainland Europe began over 50 years ago in Rotterdam and now extend to depots located throughout the Netherlands, Belgium, Luxembourg, Italy, Germany and Switzerland. In the Middle East, we have been operating from Dubai since the 1970s and now have locations in Dubai, Abu Dhabi and Sharjah, with agents and partners based throughout the Middle East.

In addition to renting our products, we provide our equipment for sale along with a full service and repair back up. In the UK, we also have a specialist air conditioning installation, service and maintenance subsidiary, which provides a nationwide coverage from a base in Birmingham.

By providing a premium level of service 24 hours per day, 365 days per year, we have become the preferred suppliers to many major businesses and operations spanning a huge range of industries and geographic locations. Our reputation for providing high levels of training to our staff whilst maintaining a strict health and safety workplace, within an environmentally conscious culture, makes us an employer of choice for our industry.

Continual investment in new technology ensures that we provide our customers with new solutions to overcome their operational challenges. We constantly review and refresh our fleet of rental equipment to ensure that we set the standards within the rental industry throughout the UK, Europe and the Middle East.

Future development of the business

Our success has been centred on providing technically advanced climate rental and pumping products to numerous geographic locations and market sectors. We plan to continue to develop new products and services within our specialist portfolio whilst continuing to expand our geographic coverage both within existing territories and new markets. During 2024, we continued to develop new products and have a number of new developments ready for launching in 2025, which will extend our product offering to both new and existing customers.

Although our business benefits from extreme climate conditions and is affected by regional economic influences, we aim to provide acceptable levels of success without relying on advantageous market conditions, whilst optimising favourable conditions when they arise. At the same time, the company continues to carefully control its cost base to ensure that satisfactory levels of profit can be achieved even during difficult market conditions. In 2024, the UK and Northern Europe summer temperatures were more subdued than previous years but the group controlled costs and produced a record operating profit. This reflects the flexibility in our group businesses and their ability to adapt to circumstances and service our markets safely and securely on a sustainable basis moving forward.

Strategic Report

Operational performance (continued)

Hire and sales UK

Andrews Sykes Hire Limited

Our main UK trading subsidiary, Andrews Sykes Hire, has 22 locations covering the UK and employing around 280 members of staff. During the year, we continued to develop both our product range and service offering, with further investments in our hire fleet, depots and infrastructure. The profit for 2024 of £15.4 million was an increase of £0.4 million, or 3%, on 2023. This result, we believe, shows the ability of the business to react to changing customer demands and market circumstances, and to flex the cost base of the business quickly to adapt to customer demand.

Hire and sales Europe

Summary

Turnover of the European hire and sales business sector decreased from £26.7 million last year to £23.6 million in the current year; a decrease of £3.1 million or 12% compared with last year. Operating profit decreased by £0.5 million, or 5%, from 2023 to 2024. A reconciliation of the result of this and other business sectors to the consolidated results for the year is given in note 5 to the financial statements.

Andrews Sykes BV

With over 50 years of experience in the Dutch market, we currently have four depots strategically located throughout the Netherlands providing full coverage of the country. Our Dutch business also provides back-up support to our operations in Belgium and Luxembourg. This subsidiary experienced a solid performance with total revenue 3% below that of the previous record year.

Andrews Sykes BVBA

Our Belgian subsidiary is based in Brussels and provides the full range of Andrews Sykes climate rental products throughout Belgium. Trading in three depots in both French and Flemish languages, the business has dual language branding, literature and website for the Belgian market. Turnover decreased 21% as compared to that of the previous record year.

Andrews Sykes Sarl

Our operation in Luxembourg was opened in 2014 and is strategically located to provide the full range of our climate rental products throughout the country. This subsidiary recorded a 28% decline in revenue during the year, heavily impacted by the negative economic situation in Luxembourg. Our Luxembourg subsidiary works in conjunction with our Belgian operation, with administration and technical support provided from Brussels.

Nolo Climat SRL

Nolo Climat is our Italian subsidiary, which opened in 2011. Our main depot is strategically located close to the centre of Milan where it is well placed to cover the Lombardy region and the North of Italy, with further depots located in Bologna, Verona and Toscana. Following the progress made in recent years, this business reported a 7% turnover reduction against the previous record year.

Andrews Sykes Climat Location SAS

Our French subsidiary was established in 2012 and, following the decision to cease trading during the previous year, is in the process of winding down operations and exiting from the remaining depot locations. Turnover for 2024 was £1.5 million adverse to 2023.

Climat Location SA

Climat Location SA is our Swiss subsidiary, which opened in 2013; this operation was established to service the French cantons. We are now exploring further opportunities within the German cantons. Our Swiss business experienced a subdued year with turnover decreasing 28% on the prior year.

Klimamieten AS GmbH

Klimamieten is our German subsidiary, which was incorporated during the previous year and started to trade in December 2023. Germany has experienced a difficult first year with limited revenue generated so far, undoubtedly impacted by the wider stagnant German economic situation.

Hire and sales Middle East

Khansaheb Sykes LLC

Khansaheb Sykes is our long-established pump hire and dewatering business, which is based in the UAE with locations in Sharjah, Abu Dhabi and Dubai. These centres also provide a base from which we cover other parts of the Middle East for both pump sales and hire. We have agents based throughout the Middle East, including Oman, Kuwait, Bahrain and Qatar, which allows us to provide our products and services in these local markets. The business has enjoyed a revival in fortunes under their new management with revenues increasing 37% compared to 2023 and operating profit increasing 166%.

UK installation business

Andrews Air Conditioning and Refrigeration Limited

Andrews Air Conditioning and Refrigeration (AAC&R) is our UK-based fixed air conditioning, service, maintenance and installation business. This subsidiary provides a specialist service to customers who have, or require, permanently installed air conditioning systems. In 2024, turnover decreased by 26% as compared to 2023.

Group summary

The overall group result for 2024 shows an increase in operating profit of £0.5 million, or 2%, when compared to 2023, which was a good result given the revenue challenges faced by the group during 2024.

The Andrews Sykes business remains strong: the experience of our senior management team, coupled with our development plans, provide optimism for further progress in 2025 as we navigate through the current macroeconomic climate in which we operate. The group continues to develop new sales channels and propositions, which will enable the business to take advantage of favourable market conditions and opportunities as they arise. At the same time, the company continues to carefully control its cost base and ensure that satisfactory levels of profit can be achieved even during difficult market conditions.

Strategic Report

Review of risks, uncertainties and financial performance

Key performance indicators (KPIs)

The group's principal KPIs are as follows:

	12 months ended 31 December 2024	12 months ended 31 December 2023
	£'000	£'000
Average revenue per employee	£170	£164
Operating profit from continuing operations	£23,187	£22,737
Operating cash flow as a percentage of operating assets employed (1)	95.5%	131.9%
Net funds	£7,152	£4,570
Net funds to equity percentage	15.5%	11.3%
Basic EPS from continuing operations (pence)	40.13p	42.24p

(1) Cash generated from operations before defined benefit pension scheme contributions. Operating assets are net assets employed excluding pension assets and liabilities, loans, deferred and corporation tax balances, bank deposit accounts and cash.

Non-financial KPIs monitored internally by the Board include staff absenteeism and energy consumption. These are disclosed below:

	12 months ended 31 December 2024	12 months ended 31 December 2023
Staff absenteeism as a % of total working days	1.64%	1.01%
Energy consumption (MWh)	8,186	7,729

The average revenue per employee and the operating cash flow as a percentage of operating assets employed are indicative ratios used to monitor the revenue generation of the group relative to its fixed resources. The average revenue per employee continues to be high and indicates a strong underlying operating performance and high staff utilisation levels. The increase in the year is the result of both decreased turnover and decreased headcount driven by operational efficiencies. Operating cash flow as a percentage of operating assets continues to demonstrate both strong working capital management and high levels of asset utilisation. The decreased percentage is driven by a decreased operating cash inflow largely driven by the cash settlement of amounts previously provided, thus producing a working capital outflow during the year.

Net funds are monitored by the Board as being indicative of the long-term financial stability of the group and to assist in directing capital investment decisions.

The net funds-to-equity percentage is indicative of the group's strength and capacity for taking on additional finance as and when the need arises.

The basic earnings per share (EPS) is the traditional ratio used by the group to monitor its performance relative to its equity base. This, in the long term, ultimately drives the share price and gives a good indication of how well the directors and staff are delivering the success of the company for the benefit of the members as a whole. The EPS decreased this year by 5.0% from 42.24p in 2023 to 40.13p in 2024, primarily due to the decrease in net finance income and increased tax expense, partially offset by an increased operating profit. Achieving an EPS of 40.13p is regarded as a good result versus the record for the group achieved in the prior year.

The group uses Bradford Factor scoring across all entities, a common means of measuring worker absenteeism. In using this measure to manage absenteeism, the group has managed to keep overall staff absenteeism low. The increased staff absenteeism metric during the year was due to several employees going on long-term sick. The Board are pleased with the overall level as, excluding the long-term sick, the staff absenteeism % was comparable to the prior year. The group would seek a reduction in 2025.

The Board notes that the increase in energy consumption is due to a full year of occupying the new head office location and the increased litres of diesel used in delivering our products. The Board will continue in its efforts to operate in a more environmentally friendly way and seek to limit our energy consumption in the following year.

Operating profit

The consolidated operating profit was £23.2 million for the year under review, an increase of £0.5 million, or 2%, compared with last year's operating profit of £22.7 million. Note 5 to the financial statements analyses these results by business segment and this can be summarised as follows:

	12 months ended 31 December 2024 £'000	12 months ended 31 December 2023 £'000
Hire and sales UK	15,417	15,009
Hire and sales Europe	8,194	8,663
Hire and sales Middle East	1,068	401
UK installation business	17	(48)
Subtotal	24,696	24,025
Unallocated costs and eliminations	(1,509)	(1,288)
Consolidated operating profit	23,187	22,737

A review of the performance of each business sector is given in the operational performance section of this Strategic Report.

Adjusted EBITDA* as disclosed in these financial statements is reconciled to operating profit as below:

	12 months ended 31 December 2024 £'000	12 months ended 31 December 2023 £'000
Adjusted EBITDA*	30,933	30,622
Depreciation and impairment losses	(5,968)	(6,002)
Depreciation and impairment of right-of-use assets	(2,929)	(2,814)
Profit on the sale of plant and equipment	869	673
Profit on the sale of right-of-use assets	282	258
Operating profit	23,187	22,737

* Earnings before interest, taxation, depreciation, profit on sale of plant and equipment and amortisation as reconciled on the consolidated income statement.

Strategic Report

Review of risks, uncertainties and financial performance (continued)

Cash flow from operating activities

The table below summarises the group's cash flow from operating activities compared with the previous year:

	12 months ended 31 December 2024 £'000	12 months ended 31 December 2023 £'000
Operating profit	23.2	22.7
Depreciation and profit on the sale of plant and equipment	5.1	5.3
Depreciation and profit on disposal of right-of-use assets	2.6	2.6
Adjusted EBITDA*	30.9	30.6
Pension scheme administration costs in excess of defined benefit pension scheme contributions	0.1	0.1
Interest paid	(1.0)	(0.8)
Tax paid	(6.6)	(6.1)
Net working capital movements	(3.1)	1.1
Net cash inflow from operating activities	20.3	24.9
Reconciliation to operating cash flow as a percentage of operating assets employed KPI:		
Net cash inflow from operating activities	20.3	24.9
Pension scheme administration costs in excess of defined benefit pension scheme contributions	(0.1)	(0.1)
Operating cash flow	20.2	24.8
Non-current assets (excluding deferred tax and retirement benefit pension surplus)	34.2	33.3
Current assets (excluding cash, other financial assets and taxation)	20.3	21.7
Current liabilities (excluding taxation)	(18.4)	(19.2)
Non-current liabilities	(15.0)	(15.9)
Operating assets	21.1	18.8
Operating cash flow as a percentage of operating assets employed KPI	95.5%	131.9%

* Earnings before interest, taxation, depreciation, profit on sale of plant and equipment and amortisation as reconciled on the consolidated income statement.

As demonstrated by the table above, the group continues to generate strong operating cash flows.

As well as cost control, management of working capital continues to be a priority. Whilst trading activity levels have decreased, working capital has also increased by £3.1 million comparable to prior year, largely a result of the group cash settling during the year amounts previously provided for. Total outstanding debtor days at the year-end decreased slightly from 67 days at the end of 2023 to 61 days at the end of the current year. Although still high in UK terms, the debtor day statistic in both years includes our subsidiary in the Middle East, whose debtor days were 121 days (2023: 113 days). The decrease in the overall group debtor days is a result of the increased activity in the Middle East with the UK debtor days improving from 67 days in 2023 to 54 days in 2024, reflective of the focus on collecting cash. The group's average debtor days for current unimpaired debts improved from 41 days last year to 29 days this year.

Adequate provisions continue to be made for expected credit losses and impairment of trade debtors. In 2024, debts written off against the expected credit loss provision were £2,384,000 compared with £348,000 last year, and there was a net credit of £232,000 (2023: net charge of £959,000) to the income statement from the expected credit loss provision, which was calculated on a consistent basis each year. Of these figures, £2,270,000 (2023: £159,000) of the debts written off and £128,000 (2023: £201,000) of the expected credit loss charge related to external debtors of our subsidiary in the Middle East.

Employer-defined benefit pension contributions of £Nil (2023: £120,000) have been made by the group to the pension scheme in 2024. Pension scheme costs charged within administration expenses in the income statement, in accordance with IAS 19 (2011), amounted to £166,000 (2023: £267,000). Pensions are discussed in more detail on page 18, and in note 16 to the financial statements.

Strategic Report

Task force on climate-related financial disclosures

Non-financial and sustainability information statement

Task force on climate-related financial disclosures

The Task Force on Climate-related Financial Disclosures ("TCFD") provides a disclosure framework for companies to explain how they are responding to the risks and opportunities arising from climate change. The Companies Act 2006 s414, s414CA and 414CB requires AIM-listed companies with more than 500 employees to make disclosures consistent with the recommendations of the TCFD and provide an explanation including details of the steps being taken to ensure future compliance. Although the group's headcount has dropped below 500 employees in the current year, this is expected to be reversed in future years so the group has decided to voluntarily comply with the TCFD requirements.

Responding to the risks and opportunities arising from climate change is an integral part of our business and is embedded throughout the group. The statement below explains how the group has complied with the requirements of The Companies Act 2006 s414, s414CA and s414CB by including climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures. It addresses all the disclosure requirements of the TCFD and links to additional information located elsewhere within the Annual Report.

Governance

Board-level oversight

The Group's Board of directors is responsible for setting the group's strategy, taking into account all relevant risks and opportunities, including those related to climate matters. As such, the Board will drive and be responsible for all climate-related risks and opportunities. The Board driving these climate-related risks and opportunities underlines the importance of addressing these issues.

Whenever the Board meet, climate change will be on the agenda. In addition to the main Board, the group will make use of various Board Committees to support the gathering and embedding of climate impacts within the group as follows:

- **The Audit Committee** is responsible for overseeing and ensuring compliance with the group's disclosure obligations. This Committee ordinarily meets twice a year.
- **The Remuneration Committee** integrates the Group's climate performance metrics into the group's key personnel variable remuneration where relevant and will ensure that climate targets are embedded into incentive schemes over time.

Management-level oversight

While the Board will retain oversight of all climate-related issues, the group recognises the importance of creating a structure that enables the Board to make informed decisions. As such the group's Executive Strategy Team, headed by the Group Managing Director, a full Board member, and including senior personnel from the UK and each overseas subsidiary, will have overall responsibility for the day-to-day operation of climate-related issues. The Executive Strategy Team meets on a monthly basis and allows the Group Managing Director to advise and inform the Board on how the group should adapt its business strategy by considering climate change risks and opportunities.

Strategic Report

Task force on climate-related financial disclosures

(continued)

During the previous year, the group established a specific ESG Committee headed by the newly created role of Group Head of ESG, who reports into the Executive Strategy Team. The Group Head of ESG reports directly to the Executive Strategy Team. To ensure continuity of message and to underline the importance of climate-related issues, several members of the Executive Strategy Team are members of the ESG Committee. The ESG Committee receives direction from the Executive Strategy Team, oversees delivery of the ESG agenda, and reviews and reports back progress against key ESG priorities. The ESG Committee includes leaders from the following functions: Transport, Property, Operations Support, Finance, Commercial, Technical, Procurement and Operations. This Committee meets not less than quarterly.



Strategy

The Group undertook a material issues assessment to identify the significant risks and opportunities for the Group from an ESG perspective, the results of which are detailed on the following pages. The Group believes climate-related matters represent opportunities and pose certain risks for the Group. The Group believes that its market position and financial strength bring it a competitive advantage in responding to these risks and maximising the opportunities. Specifically, the Group has identified opportunities arising from the development of new products and services, which support the transition to a lower carbon economy, the shift in customer preference from ownership to rental and the overall benefits to the environment as a whole which arise from sharing assets over their life cycle.

The Group considers the range of climate related risks and opportunities over the short, medium and long term. In assessing these time horizons, the Group has defined short term as being over the next two years, medium term as being three to five years and long term being five to 10 years. When considering the impacts of physical risks, a longer-term horizon of more than 10 years is used. These risks and opportunities are factored into the Group's strategic planning.

When determining future risks and exposure to the Group's business, two future scenarios have been considered: A less than 2°C emission scenario pathway and a 4°C emissions scenario:

- **Less than 2°C emission scenario.** This scenario represents a transition to the low-carbon economy. Risks and the associated timeframes are more immediate, with the potential for accelerated policy changes and changing technology demands in favour of this transition.
- **4°C emissions scenario.** In this scenario, there is an increased likelihood of more extreme weather events such as flooding, extreme summer temperatures and wildfires, meaning the impact of climate change on physical risks would start to have a much greater impact on possibly all of the Group's global locations.

Transitional risks

The below table details the principal transition risks identified by the Group split into four key areas; Policy and Legal, Technology, Market and Reputation for a less than 2°C emission scenario. The timeframe over which these risks are considered to have a material impact, and details of the impacts, are also given below.

Risk Type	Risk Description	Timeframe	Impact
Policy and Legal	Not meeting compliance requirements of advancing climate regulation	Medium	Possible reputational damage and fines. Loss of customers if not complying with legislation. This would impact higher-emission areas of the business and associated revenue streams. This could also cause equipment and services to become obsolete such as diesel equipment, resulting in potential asset impairment.
Technology	Obsolescence of high-carbon equipment	Long	A significant proportion of our fleet contains a diesel engine. This could lead to this equipment becoming obsolete, resulting in potential asset impairment and accelerated capital expenditure to replace obsolete assets.
	Low-carbon equipment more expensive than high-carbon equipment	Medium	The shift to low- or zero-emission technologies will increase the initial capital cost of assets meaning gross margin deterioration unless rental prices can be increased.
	Technological changes may not keep up with customer demand	Long	The ability to replace high-carbon equipment with low-carbon equipment in isolated locations without power supply could be hindered, resulting in a loss of revenue.
Market	Customer demand for low-carbon equipment may outstrip supply	Short	Loss of revenue to competitor if demand for low-carbon equipment outstrips ability to supply.
	Increased energy/fuel prices adversely impacting fuel-based equipment demand	Short	Loss of revenue on fuel sales and lower unit hire unless low-carbon alternative available.
Reputation	The group not meeting science-based targets and net zero commitments on emissions	Medium	Possible reputational damage and fines. Loss of customers if not complying with legislation.

Physical risks

The group has operations based in UK, Europe and the Middle East. The majority of the group's suppliers are also based in these regions. The impact of climate change has already been seen in many of these regions with increased flooding, the record summer temperatures in 2022 for the UK and Europe, and the extreme heat event in Southern Europe in 2023 as examples. Certain of the group's locations will be more prone to the risks below, for instance the Middle East will be less prone to heat waves with temperatures being consistently high and a local infrastructure designed to cope for this scenario. A 4°C emissions scenario considered for principal physical risks highlights the increased risks of climate change over the very long term.

Risk Type	Risk Description	Timeframe	Impact
Acute	Increased risk of floods/heatwaves in UK and Europe	Very long	This could negatively impact operating efficiency and increase costs as business operations and human capital may be significantly affected.
Chronic	Increased record temperatures	Very long	This could cause a health risk for employees making certain locations unsafe to work in for certain periods.

Climate-related Opportunities

The table below highlights the opportunities that the transition to a low-carbon economy and the physically changing environment may present to the Group:

Risk Type	Risk Description	Timeframe	Impact
Products and services	Increased demand for products with low-carbon emissions	Medium	Potential new revenue streams and growth
Extreme weather events	Increased flooding and record temperatures	Long	The group can provide climate-related specialist hire equipment generating additional revenue
Climate leadership	The group could become sector climate leaders	Medium	Reputational enhancement increasing the group's ability to win new customers focused on low-emission transition

Strategic Report

Task force on climate-related financial disclosures

(continued)

The group believes the diverse product offering and geographical spread of its locations present significant risk mitigation to the physical risks brought about by the extreme weather events or changing weather patterns. The group's products are in high demand to respond to the consequences of extreme weather events, such as flooding or record summer temperatures. Climate change and the increased frequency of extreme weather events that it brings about could lead to increasing demand for the group's products and services.

In addition, the increasing complexity and cost of keeping pace with the latest regulatory legislation makes it more difficult for customers to maintain compliance. Low-carbon equipment has tended to be more complicated to maintain and has an increased initial capital cost than traditional high-carbon equipment. As such, the group believes there will be an increasing demand shift from customers purchasing a new asset to rental of that asset from an industry specialist such as Andrews Sykes, which will provide an additional economic push to move from direct ownership to rental of equipment. The group believes that this, coupled with the environmental benefits for customers of renting rather than owning assets, will contribute to a larger rental market. Given the group's strong balance sheet and cash reserves, the group is well placed and confident in its ability to be able to capitalise on this increase in demand.

Resilience of the group's strategy

The group, with its long history, has proved it has a business model that is both resilient and adaptable in the face of change. The group benefits from a geographically diversified operating structure such that it is not reliant on any one particular depot location for the continuation of its business. The group's strategy seeks to take advantage of these benefits presented by the group's business model, whilst also recognising the risks inherent in the business and the environment in which it operates, including the environmental considerations of climate change. The group discusses climate-related matters on a regular basis through the various Committees as previously described and assesses how changes may affect the group's operations and how the business would respond under those circumstances. The group has outlined the thinking under two climate scenarios, an increase in average temperatures by 2°C or less and an increase in average temperatures by more than 4°C.

2°C or less scenario

In a 2°C or less scenario, the group believes that the risks and opportunities faced will primarily be related to transition risks. In this scenario, as the group and our suppliers and customers look to reduce carbon emissions, the group is likely to face increasing costs whether that be through increased cost of our rental fleet or other operational costs from increased energy costs or property rates increasingly being tied to the efficiency of the property. In order to minimise these costs, we are working with our suppliers and other parties to move to newer more efficient technologies where possible and find operational savings that energy efficient products offer.

In the near- to medium-term, production capacity will likely constrain the availability of new technology. The group expects to have sufficient time to be able to transition our rental fleet to the latest technology gradually under the normal economic replacement cycle of the fleet. The group believes there will be an increasing demand shift from customers purchasing a new asset to rental of that asset from an industry specialist such as Andrews Sykes which will provide an additional economic push to move from direct ownership to rental.

We expect rental and transportation rates to reflect the increased cost of rental and transportation equipment, enabling us to maintain similar levels of gross margin. As the disposal of old rental fleet is not a significant driver of operating profit for the group, an anticipated reduction in the second-hand value of the group's older, less environmentally friendly equipment is not anticipated to have a material impact on the group's results.

4°C or more scenario

In a 4°C scenario, we would expect to see an increase in physical risks (i.e. increased instances of extreme weather events) in addition to the transition risks discussed above. As previously discussed, the group benefits from a geographically diversified operating structure such that it is not reliant on any one particular depot location for the continuation of its business. This geographical diversification provides some mitigation to the immediate impact of physical risks on our operations and enables us to plan for the longer term. In a 4°C scenario, there is an increased likelihood of more extreme weather events such as flooding, extreme summer temperatures, wildfires and other natural disasters, which would cause damage to our operations resulting in lost revenue and higher rectification costs.

In any scenario, the speed of the transition of assets from high carbon to low carbon will be constrained by the availability of new technologies and manufacturing capacity. The group believes that its long-standing supply relationships with key equipment suppliers will aid in this transition and allow for equipment to be transitioned within the group's regular replacement cycle.

Risk management

Identifying and assessing climate-related risks

To establish the Group's exposure to climate-related risk, a list of risks, including physical and transition risks, has been developed by the ESG Committee. Physical risks are either acute (for instance arising from flooding) or chronic (e.g. rising global temperatures). Transition risks can include policy and regulation, technological, market, reputation or legal risks. This list of risks has been assessed to evaluate the likelihood and materiality of impact and incorporates both financial and non-financial factors. This approach will be regularly reviewed and updated by the ESG Committee.

Managing climate-related risks

Having created a detailed climate-related risk list, the ESG Committee has identified and refined the risks according to their materiality and are then embedded into the ESG Committee's risk management framework where climate-related controls and mitigation activities are sought from internal stakeholders, as well as any climate risk specialists as required. On at least a six-monthly basis, the Executive Strategy Team assess the Group's comprehensive list of climate-related risks and opportunities for materiality based on their likelihood and impact. This approach is aligned with the Group's risk management framework and based on current expectations of climate trajectories and global action. The Executive Strategy Team then decide whether to transfer, control or mitigate each risk and embed into the Group's overall risk management framework.

Integrating climate-related risk into overall risk management

The process for identifying, assessing and managing climate-related risks is the same as for all the risks faced by the group. The Board has overall responsibility for risk management and implementation of the risk management policy; included within this is responsibility for climate-related risks.

Climate-related risk management is integrated in our overall risk management. As described above, the group's climate-related risks are integrated into the group's overall risk register and used by the Board to assess the group's principal risks. All risks and opportunities identified in this disclosure are, therefore, listed in the group's risk register.

The group's risk management processes ensure that risks are promptly identified, assessed and responded to.

The group's Risk Committee monitors the actions taken across the group to manage its risks and ensure that adequate assurance is obtained over them. In addition, the group's Risk Committee ensures that risks have been appropriately assessed in relation to risk rating.

Metrics and targets

The group has been disclosing Scope 1 and 2 emissions for the group's UK subsidiaries since 2020 in accordance with Streamlined Energy and Carbon Reporting ("SECR"). This gives some trend analysis but does not include all the subsidiaries of the group. In FY23, the group has adopted the Greenhouse Gas ("GHG") Protocol methodology to calculate the entire group's GHG emissions. The use of this metric will allow for aggregation and comparison across organisations and jurisdictions. FY23 will be the first year of consolidated group GHG emissions and, as such, will form a baseline for the assessment of future years.

The group has set the following metrics to reduce exposure to climate-related risks:

	1 January 2024 to 31 December 2024 Tonnes CO ₂ e	1 January 2023 to 31 December 2023 Tonnes CO ₂ e
Scope 1: Combustion of fuel and operation of facilities	2,300.21	2,237.19
Scope 2: Electricity, heat, steam and cooling purchased for own use	220.04	250.39
Total Scope 1 and Scope 2 emissions	2,520.24	2,487.58
Scope 3: Electricity	20.17	21.53
Scope 3: Waste	19.02	28.11
Scope 3: Transport – other business travel	102.52	234.00
Total Scope 3 emissions	141.71	283.64
Total Scopes 1, 2 and 3	2,661.95	2,771.22
Tonnes of CO ₂ e per £m turnover	35.05	35.19

Strategic Report

Task force on climate-related financial disclosures

(continued)

The group is working towards an estimate of the group's Scope 3 emissions and to understand how these will evolve going forward. The most significant components of the group's Scope 3 emissions relate to the group's customers' use of our assets during the rental period. Measuring Scope 3 emissions will involve a significant application of judgement. Accordingly, even when developed, the group's Scope 3 emissions will always be subject to a significant degree of estimation uncertainty.

During the year, the group achieved a 109.27 tonne CO₂e reduction, or 3.9%, on the prior year (2013: 613.30 tonnes of CO₂e reduction, or 18.1%). This was largely achieved due to the 141.93 tonne of CO₂e reduction in the Scope 3 emissions as a result of reduced other business travel. The Scope 2 emissions have reduced by 30.35 tonnes of CO₂e, or 12.1%, due to the reduction in the amount of UK depots operating following our amalgamation into fewer, larger regional hubs and the increasing use of energy-efficient lighting and heating methods used across the group. The Scope 1 emissions have increased by 63.02 tonnes of CO₂e, primarily due to the increased delivery emissions in the UK as a result of operating from fewer depots meaning, on average, longer delivery journeys. The business is in the process of transitioning its fleet of vehicles away from internal combustion engines to those using hybrid and full electric technology. This shift will lead to a reduction in the future Scope 1 emissions. The business continues to promote video conferencing and a reduction in business travel in cars where possible. The group's tonnes of CO₂e per £m turnover has decreased 0.4% in the year, from 35.19 to 35.05. Whilst this is significantly below the annual 5% reduction targeted, the group is currently considering several projects that will reduce Scope 1 and 2 emissions.

The group has set a near-term target to reduce Scope 1 and 2 emissions by 5% per year and to achieve a 35% reduction in the total CO₂ from the 2023 baseline level by 2030. We will develop a long-term plan to reach net zero by 2050, in line with the UK commitments. Our road map will focus on Scope 1 and 2 emissions showcasing a full breakdown of all carbon-related activities.

In order to achieve these targets, the group is working on creating detailed plans covering all aspects of the group's operations, including, but not limited to, our product offering, vehicle fleet, properties, operations and supply chain, all over multi-year timeframes. Target areas include:

- near term: use of Hydrotreated Vegetable Oil (HVO) fuels, route optimisation, telematics, use of heat pump technology and sourcing renewable energy
- medium term: transition to lower carbon transport fleet and renewable energy generation
- long term: decarbonisation of hire fleet equipment

The group's pathway to reducing carbon will specifically focus on targets that cover our transport fleet, fuel usage, energy and waste consumption. Currently, 32% of our UK fleet is either full electric or hybrid, an increase of 2% on the prior year. As our vehicles are largely leased for, on average, 48-60 months, the group has an up to five-year replacement cycle. As reported last year, the group's aim is that, by 2030, 80% of our car fleet is either full electric or hybrid and 30% of our commercial fleet is full electric or hybrid. Good progress is being made on the car fleet transition with the UK currently having 92% of cars as either full electric or hybrid, with 47% being full electric. To further support this, we aim to install electric charging points at all of the large hub depots throughout the group. In addition, by 2030, we aim to reduce our internal energy consumption by 30%. The group aims to reduce its electricity usage through the installation of LED lighting throughout our depot network along with various other energy-saving initiatives including the installation of Automated Meter Readings meters throughout our depots.

Details of the group's policies on its employees and social matters can be found on page 19 under the disclosures on directors' duties and Section 172(1) statement. Details of the group's policies and procedures in respect to human rights and anti-bribery matters can be found on page 23 within the Directors' Report.

Strategic Report

Review of risks and uncertainties

Principal risks and uncertainties

The group's principal risks are as follows:

Going concern

The directors are required to consider the application of the going concern concept when approving financial statements. Full details of these considerations are given in note 1 on page 42.

The group has considerable financial resources and a wide operational base. Based on the detailed forecast prepared by management, the Board has a reasonable expectation that the group has adequate resources to continue to trade for the foreseeable future, at least 12 months from the date of approving these financial statements, even in the reasonable worst-case scenario identified by the group. Accordingly, the Board continues to adopt the going concern basis when preparing this Annual Report and Financial Statements.

Strategic risks

In common with all entities operating in a dynamic marketplace, the group faces a number of strategic risks. Management has developed long-term business plans to manage the impact of these risks to ensure that the group continues to deliver a satisfactory performance in future years. The main strategic risks faced by the business, together with the actions taken by management to mitigate their impact, are set out below.

Competitive risks

Competition, product innovations and industry changes are regarded as the main strategic risks. These are mitigated by investment in new environmentally friendly, technologically advanced products and equipment, and providing service levels that are recognised as being among the best in the industry. Market research and customer satisfaction studies are undertaken to ensure that our products and services continue to meet the needs of our customers. Our pricing is regarded as competitive to the market place.

Technological risks

In order to remain competitive, management recognises the need to invest in appropriate IT equipment and software to ensure we continue to meet the demands of customers and remain operationally efficient. Consequently, the communication network, website, data capture systems and customer relationship systems are all being constantly reviewed and updated to ensure they remain at the forefront of industry standards. The group is currently working through an upgrade of its existing IT systems. A new group-wide ERP system has been rolled out to the UK and Europe with the Middle East expected to go live during 2025.

Climate risk

The potential impact of the weather has been reduced over the past few years by the expansion of our non-weather-related business. The group also has a diverse product range of pumps, heaters and air conditioning and environmental control equipment, which enables it to take maximum advantage of the opportunities presented by any extremes in weather conditions whenever they arise. This, combined with our policy of reducing fixed costs and linking them to a sustainable level of turnover, enables the group to achieve a satisfactory level of profits, even in non-extreme weather conditions. Further information can be found under the task force on climate related financial disclosures on pages 11 to 16.

Financial risks

There has been no change during the year, or since the year end, to the type of financial risks faced by the group or the group's management of those risks.

The key risks, which are discussed in more detail in note 27 to the consolidated financial statements, are:

- interest rate risk;
- market risk;
- credit risk; and
- funding and liquidity risk.

Strategic Report

Review of risks and uncertainties (continued)

Andrews Sykes group pension schemes Defined benefit pension scheme

The group had, for many years, operated a defined benefit pension scheme for the benefit of the majority of its UK employees. This scheme provided a pension based on the employee's final salary and length of service. This scheme was closed to new entrants on 29 December 2002. Existing members are no longer eligible to make contributions to the scheme and no further pension liabilities accrue as a result of any future service.

The group has adopted the requirements of IAS 19 (2011) Employee Benefits and the scheme surplus has been calculated in accordance with the rules set out in the standard by an independent qualified actuary. The results were based on the last full actuarial valuation as at 31 December 2022 (2023: 31 December 2022) and have been rolled forward by an independent qualified actuary to 31 December 2024. The net surplus, after asset restrictions for withholding taxes, at the year end amounted to £1.8 million (2023: £1.6 million) and this has been recognised as a separate item, within non-current assets, on the face of the consolidated balance sheet.

A reconciliation of the surplus at the beginning of the year of £1.6 million to the surplus as at 31 December 2024 of £1.8 million is as follows:

	£m
Opening IAS 19 surplus less asset restriction recognised in the financial statements	1.6
Contributions paid by the group into the scheme	-
Actual loss on scheme assets	(1.4)
Actuarial gain on scheme liabilities	1.4
Net pension charge	(0.1)
Movement on asset restriction	0.3
Closing IAS 19 surplus less asset restriction recognised in the financial statements	1.8

The assumptions adopted by the directors, including mortality assumptions and discount rates, used to arrive at the above surplus are set out in note 16 to the financial statements.

Defined benefit scheme funding valuation

The last triennial funding valuation was as at 31 December 2022. The formal 2022 funding valuation, including a revised schedule of contributions, was agreed between the pension scheme trustees and the board of directors in December 2023 and was effective from 1 January 2024. In accordance with this schedule of contributions, and in line with the actions taken by the group during the year as already described, the group are not required to make any further regular contributions into the scheme. This replaces the agreed schedule of contributions from the previous triennial valuation as at 31 December 2019 which required the company to pay £10,000 per month for the period 1 January 2023 to 31 December 2025, or until a revised schedule of contributions is agreed, if earlier. Consequently, the group has made total contributions to the pension scheme of £Nil during 2024 (2023: £120,000) and expects to make no contributions to the pension scheme during 2025.

Defined contribution pension scheme and auto enrolment

The group operates the Andrews Sykes Stakeholder Pension Plan, for which the majority of UK employees are eligible. The scheme is managed on behalf of the group by Legal & General. Both the employer and employee contributions vary, generally based upon the individual's length of service with the company.

The group has adopted the requirements of auto enrolment for all eligible UK employees.

Contributions for both existing members and members that have been auto enrolled are made to the same scheme. The UK operates a salary sacrifice arrangement for pension contributions meaning the employer makes all pension contributions instead of the employee and employer making contributions. As such, the employers' contribution rates vary from 8% to 15%. The current period charge in the income statement amounted to £1,198,000 (2023: £1,175,000). The contributions are used to purchase a specific fund for the individual employee with both gains and losses from changes in the fund's market value accruing to that employee.

Share buybacks

The company did not repurchase any shares during the year. In the prior year, the company repurchased 289,301 shares at a price between 510p and 665p per share for each of these shares. The company has repurchased its own ordinary shares for cancellation and these purchases enhanced earnings per share and were for the benefit of all shareholders.

At the forthcoming 2025 Annual General Meeting, shareholders will be asked to vote in favour of a resolution to renew the general authority to make market purchases of up to 12.5% of the ordinary share capital in issue. Any purchases will only be made on the London Stock Exchange and they will only be bought back for cancellation provided they enhance earnings per share. If this resolution is passed, it should not be taken to imply that shares will be purchased but the Board believes that it is in the best interests of shareholders if it has this authority in order that market purchases may be made in the right circumstances if the necessary funds are available.

Directors' duties and Section 172(1) statement

The directors of the company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in Section 172 of the Companies Act 2006 and are summarised as follows:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of the shareholders as a whole, and in doing so, to have regard, amongst other matters, to:

- the likely consequences of any decision in the long term;
- 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 environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between shareholders of the company.

As part of their induction, a director is briefed on his/her duties and he/she can access professional advice on these either from the company secretary or from an independent adviser. This support is available throughout the period a director holds office as well as on initial induction. The directors fulfil their duties partly through a governance framework. The company complies with the Quoted Companies Alliance (QCA) corporate governance code and details of compliance are set out in the corporate governance code on the company's website.

The following paragraphs summarise how the directors fulfil their duties:

Risk management

We aim to provide dependable high-quality services to our business partners in the UK, Northern Europe and the Middle East. We often provide business critical solutions to key businesses and are instrumental in helping our customers achieve their goals. As we expand our businesses, we face a number of challenges and risks, which the directors address on a daily basis. These risks, and how they are addressed, are summarised in the principal risks and uncertainties section of this Strategic Report on pages 17 to 18 and paragraph 4 of the corporate governance code on the company's website.

Our employees

The company is committed to being a responsible employer. Our behaviour is aligned with the expectations of our employees and, together, we provide a first-class service to our clients, 24 hours per day, all year round.

The group operates a training and development programme for its employees. By improving employee skill levels, the group aims to encourage staff retention and provide opportunities for internal promotion. Regular personal development reviews are conducted, with training and development plans being devised for each employee. Employees also have access to third-party assistance to provide them with support on personal issues.

The group recognises the need to ensure effective communications with employees to encourage involvement in the group's performance and achieve a common awareness of factors affecting that performance. Policies and procedures have been developed to suit the needs of each subsidiary undertaking, taking into account factors such as numbers employed and location, including newsletters and communication meetings. Team talks are held regularly with departmental heads and any issues raised are noted, followed up and action taken as appropriate.

Strategic Report

Review of risks and uncertainties (continued)

Business relationships

Our business strategy prioritises organic growth. We regard customer relationships as being of the utmost importance and our key account customers, which account for, approximately, 50% of our business, are visited by a customer relationship manager on a quarterly basis to ensure we are meeting their expectations. The next largest 25% of customers are actively managed by desktop reviews supported by contact by telephone, and the remaining customers accounts are subject to periodic internal reviews to ensure no issues are apparent.

We employ a supply chain manager who is responsible to the directors for ensuring that suppliers are aware of our requirements and have sufficient resources and abilities to meet our demands. Key suppliers are met regularly on a face-to-face basis and there is a non-conformance process in place. The company has certification to ISO 9001:2015.

Externally, the group has strong relationships with a number of key suppliers, and many of these relationships have been in place for 10 years or more. Regular meetings are held with these suppliers to ensure that relationships are optimised, with new innovation high on the agenda. We communicate with our customers in many ways and channel feedback via a line-management structure, which is much flatter than many companies within our sector. Customer communication ranges from social media through to high-level contract reviews. Customer feedback is monitored by senior management on a regular basis. Executive and non-executive directors communicate with shareholders directly and make themselves available for such meetings.

Community and the environment

The group's corporate policies are based on our ethical values and can be found on the "Our Policies" page on our website. In recent years, many of our product innovations have been focused on environmental improvements covering initiatives such as reduced emissions and fuel efficiency. We have a long list of accreditations, including ISO 9001, ISO 14001 and ISO 45001:2018, details of which can be found on the "Accreditations" page of the company's website.

We pride ourselves in providing our staff with a good working environment within a strong ethical culture. The group's HR policies are regularly reviewed by the senior operations team, are provided to all staff both on commencement of employment and are available at all times via a company intranet site. The group has a large number of long-serving staff members, many with 30-plus years' service, which is a testament to our working culture. We engage with a number of community trusts and charities to offer opportunities to those who have had difficulties finding employment.

Business conduct

Our business strategy is to differentiate our services from those of our competitors by providing our customers with a first-class level of service 24 hours per day, all year round. Our reputation is among the best in the industry and means we are the employer and service provider of choice for many individuals and businesses alike.

Shareholders

The company is committed to openly engaging with our shareholders. The company has a controlling shareholder that owns 86.90% of the shares in issue and this shareholder has a number of representatives on the Board. A relationship agreement has been entered into with this shareholder (originally dated 10 December 1999 and updated on 21 September 2018), which confirms that the company's business and affairs will be managed for the benefit of shareholders as a whole.

Further details of how the directors fulfil their obligations with shareholders are given in the corporate governance code on the company's website.

Principal decisions taken during the year

During the year, the Board approved a significant capital expenditure for a new product range within the UK pump sector. A decision was made to invest £0.5 million within water treatment plant. In reaching this decision, the Board considered the group's overall cash levels, the return on each asset along with its expected utilisation and the potential for expansion of the water treatment division. The Board concluded that the capital expenditure was within an acceptable amount and the expected returns would be earnings enhancing so the investment was made.

During the year, the Board made the decision to enter the Saudi market and started the process of incorporating a new subsidiary based in the country, a process which was completed in early 2025. In making the decision, the Board considered the Saudi Vision 2030 and the efforts to diversify the Saudi economy, which is promoting significant growth of the construction sector within Saudi Arabia. The significant growth prospects within the Saudi market coupled with our local management's prior experience of operating within Saudi Arabia have convinced the Board that by entering this option, this market will be a benefit for the group.

Signed on behalf of the Board:

CD Webb

Director

6 May 2025

Unit 601, Axxess 10 Business Park

Bentley Road South

Wednesbury

WS10 8LQ

Directors' Report

Principal activity

The principal activity of the group continues to be the hire, sale and installation of a range of equipment, including pumping, portable heating, air conditioning, drying and ventilation equipment. A review of the group's activities and an indication of likely future developments are set out in the chairman's statement and the Strategic Report on pages 2 to 21.

The principal activity of the company is that of an investment holding company.

Financial management objectives and policies

Financial management objectives and policies are discussed in the Strategic Report on page 8.

Results and equity dividends

The results for the financial year are set out in the consolidated income statement on page 37.

The company paid two dividends during the year. On 21 June 2024, a final dividend for the year ended 31 December 2023 of 14.00 pence per ordinary share was paid. This was followed on 1 November 2024 by an interim dividend for 2024 of 11.90 pence per ordinary share. Total dividend payments made during the year amounted to £10,841,000 (2023: £35,743,000).

The Board has decided to propose a final dividend of 14.00 pence per share. If approved at the forthcoming Annual General Meeting, this dividend, which, in total, amounts to £5.86 million, will be paid on 20 June 2025 to shareholders on the register as at 23 May 2025.

Directors

The directors in office at 6 May 2025 are shown on page 30.

In accordance with the Company's articles of association, Mr JJ Murray, Mr AJ Kitchingman and Mr EDOA Sebag will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming 2024 Annual General Meeting.

Directors' interests

Other than the beneficial interests disclosed below, no director in office at 31 December 2024 had any disclosable interests in the share capital of the company or any subsidiary undertaking.

	Ordinary one pence shares	
	At 31 December 2024	At 31 December 2023
JJ Murray	231,800	231,800
JP Murray	1,160,886	1,160,886

There were no changes to the above shareholdings between 31 December 2024 and 6 May 2025 or the date of resignation, if earlier.

Substantial shareholdings

At 6 May 2025, the company had been notified of the following interest of 3% or more in the company's issued ordinary share capital:

	Number	Percentage
EOI Sykes Sarl	36,377,213	86.90%

Directors' share options

None of the directors in office at 31 December 2024 held any options to subscribe for ordinary shares at either 31 December 2024 or 31 December 2023. There have been no changes in the directors' share options during the period from 31 December 2024 to 6 May 2025.

Health, safety and the environment

Andrews Sykes Group plc aims to achieve world-class performance in health and safety by providing our staff with a safe environment in which to work, thereby helping to eliminate injuries and work-related ill health. Health and safety officers are appointed at each location and receive periodic training to keep abreast of both legislative requirements and technological advances. This is further enhanced with regular internal audits by our own fully qualified health and safety managers, along with training, induction and awareness programmes for our staff.

The group aims to continually improve its performance in order to meet changing business and regulatory requirements, to minimise the effect of our activities on the environment, and to provide products and services that fully and consistently meet the requirements of our customers, both now and in the future. In the UK, the group has met the mandatory requirements of the Energy Savings Opportunity Scheme (ESOS) and has certification to the ISO 9001:2015, ISO 14001:2015, CEMARS (in accordance with ISO 14064-1:2006) and ISO 45001:2018 standards. In the UAE, the group has certification to ISO 9001:2015 and ISO 14001:2015.

Business ethics, modern slavery and human rights

Senior employees across the group receive regular business ethics training to ensure they are aware of their obligations and responsibilities with regard to the UK Bribery Act. The group's Anti-Bribery Committee monitors and oversees compliance with the UK Bribery Act. Anti-corruption and bribery policies are maintained and reviewed on a regular basis with relevant guidance incorporated into our employee handbooks and available on our website.

Human rights and modern slavery are important aspects of our business ethics. We have group-wide policies in place covering these areas, all of which protect our employees, our business and our suppliers. These policies are embedded in our everyday business operations. Modern slavery is an abuse of human rights and we have a separate modern slavery policy that commits the group to ensuring there is no modern slavery in our business or our supply chain. Any suspicion that our policy is being breached, or is at risk of being breached, can be reported through our anonymous whistleblowing procedures.

SECR disclosures

These disclosures have been prepared in accordance with the requirements of the measure-step of the CEMARS programme, which is based on the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) and ISO 14064-1:2006 Specification with Guidance at the Organisation Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals. Where relevant, the disclosures are aligned with industry or sector best practice for emissions measurement and reporting.

The data reported is for Andrews Sykes Hire Limited. The parent company's consumption is immaterial to the group and is, therefore, not disclosed separately in this Directors' Report.

Directors' Report

(continued)

GHG emissions and energy use for period 1 January 2023 to 31 December 2024

	1 January 2024 to 31 December 2024	1 January 2023 to 31 December 2023
Emissions from activities for which the company own or control including combustion of fuel and operation of facilities tCO ₂ e (Scope 1)	1,841.04	1,750.56
Emissions from purchase of electricity, heat, steam and cooling purchased for own use tCO ₂ e (Scope 2, location-based)	157.47	154.16
Total gross Scope 1 and Scope 2 emissions tCO ₂ e	1,998.51	1,904.72
Energy consumption used to calculate above emissions (kWh)	8,186,314.39	7,728,586.95
Gas (kWh)	292,208.96	174,937.00
Electricity (kWh)	760,533.80	744,445.00
Transport fuels (kWh)	7,133,571.63	6,809,204.95
Other energy sources (Scopes 1 & 2)	N/A	N/A
Total gross Scope 1 and Scope 2 emissions by unit turnover/revenue (tCO ₂ e/£M)	44.74	40.79
Methodology	ISO14064 Part 1 2018 and CEMARS	ISO14064 Part 1 2018 and CEMARS
Emissions from other activities tCO ₂ e (Scope 3): Electricity	13.92	13.34
Emissions from other activities tCO ₂ e (Scope 3): Waste	N/A	N/A
Emissions from other activities tCO ₂ e (Scope 3): Transport - other	67.67	53.76
Total gross Scope 3 emissions tCO ₂ e	81.59	67.10
Total gross Scope 1, Scope 2 and Scope 3 emissions tCO ₂ e	2,080.10	1,971.82
Total gross GHG emissions per unit turnover/revenue (tCO ₂ e/£M)	46.54	42.22
Third-party verification	Verified to ISO14064 Part 1 2018 and CEMARS	Verified to ISO14064 Part 1 2018 and CEMARS

Energy efficiency action

In accordance with our efforts to mitigate and control our emissions, we have the following initiatives in operation in the business.

We continue to invest in hybrid and electric vehicles within our transport fleet where possible.

Fuel consumption is constantly monitored by our internal transport department to measure performance throughout the businesses.

Awareness training is given to all staff on driving behaviours, whilst vehicles are fitted with tracking software that enables the management of vehicle routes, idling times, and efficient driving style and behaviour in order to optimise fuel consumption.

In our depots, we continue to fit LED lighting with PIR sensor technology as depots are refurbished and maintained to reduce energy consumption. Moving to newer, more efficient depot locations is also enabling the more efficient heating and lighting of our operations and reducing the level of gas and electricity usage.

During 2024, the transition of our fleet of vehicles towards hybrids and full electric vehicles has continued with 47% of our car fleet fully electric and a further 45% hybrid. Whilst these have reduced the reduced carbon emissions, the move to fewer, larger depots has meant an additional 158 tCO₂e has been emitted in the delivery of our products, offsetting the reduction from transmissions to electric cars. As vehicles come to the end of their lease period and are renewed with full electric vehicles, the business should see a reduction in the fuel consumption into next year and beyond, particularly when our commercial fleet move to hybrid or electric variants. In addition, the business carries out meetings via online conferences where possible, in order to reduce fuel consumption.

In our hire fleet, continued investments in environmentally friendly equipment continues to be a feature of our product design and specification to drive investment in a fleet that is environmentally friendly.

Employment of disabled persons

The group makes every reasonable effort to give disabled applicants, and existing employees who become disabled, equal opportunities for work, training and career development in keeping with their individual aptitudes and abilities.

Employee and other stakeholder engagement

The group operates a training and development programme for its employees. By improving employee skill levels, the group aims to encourage staff retention and provide opportunities for internal promotion. Regular personal development reviews are conducted, with training and development plans being devised for each employee. Employees also have access to third-party assistance to provide them with support on personal issues.

The group recognises the need to ensure effective communications with employees to encourage involvement in the group's performance and achieve a common awareness of factors affecting that performance. Policies and procedures have been developed to suit the needs of each subsidiary undertaking, taking into account factors such as numbers employed and location, including newsletters and communication meetings. Team talks are held regularly with departmental heads and any issues raised are noted, followed up and action is taken as appropriate.

Externally, the group has strong relationships with a number of key suppliers, and many of these relationships have been in place for 10 years or more. Regular meetings are held with these suppliers to ensure that relationships are optimised, with new innovation high on the agenda. We communicate with our customers in many ways and channel feedback via a line management structure, which is much flatter than many companies within our sector. Customer communication ranges from social media through to high-level contract reviews. Customer feedback is monitored by senior management on a regular basis. Executive and non-executive directors communicate with shareholders directly and make themselves available for such meetings.

Corporate governance

The group has chosen to apply the Quoted Companies Alliance (QCA) corporate governance code (the "code") following the change to the AIM Rules for Companies in September 2018, which required AIM companies to comply with a recognised corporate governance code.

The company's corporate governance disclosures are included on the company's website, www.andrews-sykes.com.

Application of the code:

Code Principle	How Andrews Sykes applies the Principle
1. Establish a strategy and business model which promote long-term value for shareholders	<p>The principal activity of Andrews Sykes Group plc (the "company") and its subsidiaries (the "group") is the hire, sale and installation of a range of equipment, including pumping, portable heating and air conditioning. The group operates from depots in the UK, Italy, the Netherlands, Belgium, Luxembourg, Switzerland, Germany and the UAE.</p> <p>Shareholder value in the medium term to long term is intended to be delivered by driving operational excellence across the group and growing within selected markets and geographies. The Board believes that the presence and requirements of a longstanding controlling shareholder helps focus the company's strategy on long-term shareholder value creation.</p> <p>The group's strategy and business model is discussed, agreed and reviewed on a regular basis by the Board and is set out each year in the company's Annual Report with updates (as appropriate) provided in the full-year and half-year financial results announcements. The group's financial statements can be found in the "Corporate Publications" section of the company's website. The presence and requirements of a longstanding majority shareholder has resulted in a strategy with the key aim of creating long-term shareholder value.</p>

Directors' Report

(continued)

Code Principle	How Andrews Sykes applies the Principle
2. Embed effective risk management, considering both opportunities and threats, throughout the organisation	<p>The group's principal risks, and plans to mitigate these risks, are identified and set out in the company's Annual Report.</p> <p>The Board considers carefully the key risks impacting upon the group based on the information presented to it and makes key decisions taking into account a range of risks, both internal and external to the company, including its supply chain.</p> <p>Key elements of the group's system of internal controls are:</p> <ul style="list-style-type: none"> ● Control environment - the Board has put in place an organisational structure with clearly defined lines of responsibility and delegation of authority. This is under the direct supervision of the Managing Director, supported by appropriate policy statements. ● Risk management - the Managing Director is responsible for identifying risks facing the business and for putting in place procedures to mitigate and monitor risks. Risks are assessed and monitored at Board level on an ongoing basis, as well as during the annual business planning process. ● Information systems - the group has a comprehensive system of financial reporting. The annual budget is approved by the Board. Actual results and variances compared with the budget are reported to the Board monthly, supported by detailed management commentaries. Revised forecasts are regularly prepared and reported to the Board. ● Control procedures - policies and procedures manuals are maintained at all significant business locations. In particular, there are clearly defined policies for capital expenditure, including appropriate authorisation levels. Larger capital projects and major investments and divestment decisions require Board approval. ● Monitoring systems - internal controls are monitored by executive management. <p>The Board routinely considers the effectiveness of the company's system of internal controls. The Board has established an Audit Committee, further details of which are set out below. The Audit Committee considers risk and internal control as a fundamental part of its responsibilities.</p> <p>The Board reports upon internal financial controls in accordance with the ICAEW's guidance "Internal Control and Financial Reporting".</p>

Code Principle	How Andrews Sykes applies the Principle
3. Maintain the Board as a well-functioning, balanced team led by a Chair	<p>The Board consists of seven members, led by Jean-Jacques Murray, the executive Chairman who manages and provides leadership to the Board to ensure that it is effective in its task of setting and implementing the Company's direction and strategy.</p> <p>There is one other executive member of the Board - Carl Webb, the Group Managing Director, who develops and implements the group's strategy, manages performance and ensures the Board is informed about business matters. Carl was appointed to the Board on 5 March 2021 to assume the day to day responsibilities, supported by the Andrews Sykes senior management team, and ensure the continuity of the company's established strategy. Whilst not a full Board member, Ian Poole the company secretary and group finance director, provides financial reporting advice to the Board and is responsible for maintaining the group's financial records.</p> <p>There are five non-executive directors of whom one, Andrew Kitchingman, is independent. The other non-executive directors Jean-Pierre Murray (vice Chairman), Marie-Claire Leon, Emmanuel Sebag and Xavier Mignolet, are all associated with EOI Sykes Sarl (the company's 86.90 % shareholder) and are not considered independent.</p> <p>The non-executive directors provide oversight and scrutiny of the performance of the executive team to ensure that the company's key strategic objectives are met, as well as representing the shareholders of the company. None of the non-executive directors participate in any performance-related remuneration/share option schemes.</p> <p>The company has only one independent non-executive director whereas the Code recommends that boards have at least two independent non-executive directors. The Board considers that there is sufficient independence on the Board taking into account the shareholder base of the company. For this reason the Board has no current plans to appoint an additional independent non-executive director but will keep the matter under review.</p> <p>Andrews Sykes and EOI have entered into a relationship agreement (originally dated 10 December 1999 and updated on 21 September 2018) in which EOI has provided certain assurances to Andrews Sykes with regard to its relationship with Andrews Sykes. The agreement confirms that the business and affairs of Andrews Sykes shall be managed by the Board in accordance with Andrews Sykes' Memorandum and Articles of Association and with applicable laws and all relevant statutory provisions for the benefit of shareholders as a whole. Any transactions or other relationships between EOI and Andrews Sykes will be at arm's length and on a normal commercial basis. Where appropriate, Board members associated with EOI must declare their interest and take no part in decisions.</p> <p>The managing director works full time in the business and is contracted to make such contribution and time commitment as is required for the fulfilment of his duties. The non-executive directors are required to prepare for and to attend Board meetings and meetings of such Board committees of which they are members. They are expected to commit sufficient time to enable them to fulfil their duties. Each director has access to the company secretary who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. Each director also has the right to take independent professional advice in connection with his or her duties at the company's expense.</p> <p>Further details of the seven Board members and their experience are provided in the directors and advisers section of the Annual Report and on the Directors section of the company's website. The directors maintain their knowledge through a combination of technical and market bulletins and attendance at seminars.</p>

Directors' Report

(continued)

Code Principle	How Andrews Sykes applies the Principle
4. Ensure that, between them, the directors have the necessary up-to-date experience, skills and capabilities	<p>The Board is considered to comprise individuals with a good blend of relevant experience in the company's sector, the financial and the public markets and with the necessary experience and strategic and operational skills required to drive the group forward.</p> <p>The directors' biographies and skill sets are detailed in Annual Report and on the Directors section of the company's website.</p> <p>Each director keeps up to date with their specialist experience and knowledge by following relevant information and publications. From time to time, this is supported by the company's advisers and specialist consultants.</p>
5. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	<p>The Board's performance is primarily measured by the financial performance of the group and its ability to meet key business objectives. In recent years, the financial performance of the group has been strong which has encouraged the Board to believe that its membership is appropriate. The Board also consider that the stability of its membership over recent years has been a major contributor to the company's success. We do, however, recognise that, from time to time, new Board members will add value and bring fresh ideas. In addition to financial results, the Board is also measured on its ability to meet key business objectives, such as the group's geographic growth within mainland Europe.</p> <p>The Chairman evaluates the Board performance informally on a regular basis and formally at least twice per year. The group reviews succession and contingency plans frequently and takes great care and consideration when selecting new Board members.</p>
6. Promote a corporate culture that is based on ethical values and behaviours	<p>The group has a long-established heritage and reputation based on sound ethical values and the Board considers this to be of great ongoing value. Many companies within our market sector envy our reputation and we frequently optimise this commercially and by attracting new staff.</p> <p>The group's corporate policies are based on our ethical values and can be found on the Our Policies page on our website. In recent years, many of our product innovations have been focussed on environmental improvements covering initiatives such as reduced emissions and fuel efficiency. We have a long list of accreditations, including ISO9001, ISO14001, OHSAS18001 and ISO45001:2018, details of which can be found on the Accreditations page of the company's website.</p> <p>We pride ourselves in providing our staff with a good working environment within a strong ethical culture. The group's HR policies are regularly reviewed by the senior operations team, are provided to all staff both on commencement of employment and are available at all times via a company intranet site. The group has a large number of long serving staff members, many with 30 years plus service, which is a testament to our working culture. We engage with a number of community trusts and charities to offer opportunities to those that have had difficulties finding employment.</p>
7. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	<p>The company reports on its financial performance and updates on its corporate governance at least two times each year, at the half-year and full-year financial results. The financial results are also communicated to the stock market via RNS announcements.</p> <p>These reports and announcements are available on the Corporate Publications and Announcements section of the company's website. Copies of previous years' reports since 2010 are also on the company's website.</p> <p>The Board pays particular attention to the votes cast by the shareholders at the AGM. In the event that a significant proportion (>20% including proxies) of independent votes are cast against a resolution at a General Meeting of the Company, the Board intends, on a timely basis, to explain any action it has taken, or will take, as a result of that vote.</p>

Summary of attendance at meetings

Director	Board meetings	Remuneration Committee	Audit Committee
Number of meetings in the year	2	1	1
JJ Murray	2	1	N/A
AJ Kitchingman	2	1	1
MC Leon	2	N/A	N/A
X Mignolet	2	N/A	1
JP Murray	2	N/A	N/A
EDOA Sebag	2	N/A	N/A
C Webb	2	N/A	N/A

The remuneration committee comprises JJ Murray as chair and AJ Kitchingman. The committee reviews the performance of executive directors and sets the basis of their service agreements with due regard to the interest of the shareholders. Details of the directors' remuneration are set out in note 9. Due to there only being one other executive director apart from the Chairman, the Directors consider the disclosures given in note 9 are adequate and a separate Remuneration Committee Report is not included in these financial statements.

The Audit Committee comprises AJ Kitchingman as Chair and X Mignolet. The Audit Committee is responsible for ensuring that the financial performance of the group is properly monitored, controlled and reported on. In addition, during the year the Audit Committee were involved in the appointment of Crowe U.K. LLP as auditor. The Audit Committee considers risk and internal control as a fundamental part of its responsibilities. It meets the auditor to discuss the audit approach and the results of the audit. The Audit Committee considers the need to introduce an internal audit function each year. After taking into consideration the current size and complexity of the group, the Committee believes that it would not be cost effective to have an internal audit function and the Committee feels that sufficient control is obtained through the scope and quality of management's ongoing monitoring of risks. As such, and given the inclusion of the independent Audit Report on pages 32 to 36, the directors consider no addition Audit Committee Report to be required.

Directors' and officers' liability insurance

Directors' and officers' third-party indemnity insurance is in place for all directors and officers in office as at 31 December 2024 and subsequently.

Financial risks

Financial risks are discussed in the Strategic Report under principal risk and uncertainties section on page 17.

Post-balance sheet event

The directors are not aware of any material post-balance sheet events.

Foreign branches

The company does not have any foreign branches outside the UK.

Auditor

Crowe U.K. LLP, appointed by the Board since the last Annual General Meeting, has expressed its willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

In the case of each of the persons who are directors of the company at the date when this report was approved:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Signed on behalf of the Board:

JJ Murray
Executive Chairman

Unit 601, Axxess 10 Business Park
Bentley Road South
Wednesbury
WS10 8LQ

6 May 2025

Directors and Advisers

Chairmen

JJ Murray MBA - Executive Chairman

Age 58. Chairman of the Remuneration Committee. Executive Chairman of London Security plc, LS UK Fire Group Limited and Ansul S.A.

JP Murray- Non-Executive Vice Chairman

Age 56. Non-executive Vice Chairman of London Security plc.

Executive director

CD Webb

Age 58. Managing Director. Industry specialist, having managed the group's UK hire and sales business for the last 20 years. Appointed Group Managing Director on 5 March 2021.

Non-executive directors

AJ Kitchingman FCA

Age 60. Appointed senior independent non-executive director on 10 July 2018. Chairman of the Audit Committee and member of the Remuneration Committee. Chairman of Mpac Group plc and HC Slingsby plc. Non-executive director of London Security plc.

MC Leon BS

Age 61. Non-executive director of London Security plc.

X Mignolet (HEC-Economics)

Age 60. Director of London Security plc, Ansul S.A. and Importex S.A. Member of the Audit Committee.

EDOA Sebag MBA

Age 57. Director of London Security plc and LS UK Fire Group Limited. Member of the Remuneration Committee.

Company Secretary

IS Poole FCA

Appointed Company Secretary on 25 June 2021. Group Finance Director.

Registered Office and Company Number

Unit 601, Access 10 Business Park
Bentley Road South
Wednesbury
West Midlands
WS10 8LQ
Company number: 00175912

Registrar

Equiniti Limited
Highdown House
Yeoman Way
Worthing
West Sussex
BN99 3HH

Nominated Advisor

Houlihan Lokey UK Limited
1 Curzon Street
London
W1J 5HD

Stockbroker

Zeus Capital Ltd
82 King Street
Manchester
M2 4WQ

Auditor

Crowe U.K. LLP
Black Country House
Rounds Green Road
Oldbury
B69 2DG

Bankers

HSBC plc

Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have to prepare the group financial statements in accordance with UK-adopted international accounting standards and the parts of the Companies Act 2006 that applies to companies applying UK-adopted international accounting standards and have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the group financial statements, state whether applicable UK-adopted international accounting standards and the parts of the Companies Act 2006 that applies to companies applying UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- for the company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy, at any time, the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Independent Auditor's Report to the Members of Andrews Sykes Group plc

Opinion

We have audited the financial statements of Andrews Sykes Group plc (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2024, which comprise:

- the Consolidated income statement for the year ended 31 December 2024;
- the Consolidated statement of comprehensive income for the year ended 31 December 2024;
- the Consolidated and Company balance sheets as at 31 December 2024;
- the Consolidated cash flow statement for the year then ended;
- the Consolidated and Company statements of changes in equity for the year then ended; and
- the notes to the financial statements, including material accounting policies.

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 Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2024 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 Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the 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 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.

Conclusions relating to going concern

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

- 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 company's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
- Making enquiries of the directors to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the group's and the company's future financial performance;
- Reviewing the group budget provided by management and challenging the assumptions made;
- Checking the numerical accuracy of management's budget;
- Challenging the key assumptions used in the budgets including downside sensitivities of reduced sales volumes;

- Reviewing the availability of facilities and cash reserves in the context of both the budgets and downside scenarios, including an assessment of compliance with applicable covenants;
- Procedures to review and evaluate the historical accuracy of management's past budgets.
- Reviewing the disclosures made in the financial statements relating to going concern and agreeing it is consistent with management's 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 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.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £1,250,000, based on 5% of Group profit before tax. Materiality for the Company financial statements as a whole was set at £857,000 based on 2.4% of net assets.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. This is set at £875,000 for the group and £600,000 for the parent.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £63,000. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

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 critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

Our group audit scope included an audit of the group and the company financial statements. Based on our risk assessment, two components including the company were subject to full scope audit performed by the group audit team. Under the direction and oversight of the group audit partner one component within the UAE was audited by a member firm of the Crowe Global network who undertook specified audit procedures for the UAE,

A further seven components were subject to group audit risk assessment processes to identify specific material balances, disclosures and other specific audit areas requiring further testing to be performed by the group audit team.

Additionally, the group audit team also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information. The component materialities applied in our group audit ranged from £63,000 to £735,000

Independent Auditor's Report to the Members of Andrews Sykes Group plc (continued)

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) that we identified. These matters included 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.

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

Key audit matter	How the scope of our audit addressed the key audit matter
Useful economic lives <p>Property, plant and equipment is depreciated over the economic lives of the assets. Useful economic lives (UELs) are based on management's estimates of the period that the assets will generate revenue, which are reviewed annually for continued appropriateness.</p> <p>This estimation impacts the depreciation expense recorded in the financial statements and the carrying value of these assets.</p> <p>There are several points of judgement that management apply when setting the UELs and notably, due to various factors, there are a significant amount of hire assets held on the balance sheet at nil net book value but which are still generating revenue when required</p>	<ul style="list-style-type: none">● Performed a substantive analytical review over depreciation charges in the year to assess whether the depreciation rates have been correctly applied in accordance with the policies● Challenged management's assessment of useful economic lives by reviewing the fixed asset register for fully depreciated assets. Where assets were identified to still be held in reserve confirmed via testing that this is appropriate by reference to hire records● Verified the existence and condition of assets to determine if UEL life is appropriate● Review industry data to benchmark the UEL● Reviewed accounting policies to determine if such policies align with accounting standards and these have been consistently applied across periods and similar asset classes.● Reviewed fixed asset register to identify useful life assigned to each asset● Checked for unusual or inconsistent useful life periods● Considered whether the asset is impaired, and impairment testing has been performed in accordance with IAS 36. Reviewed the effect of impairment on the expected useful life of the assets.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion

on these matters individually and we express no such opinion.

Other information

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

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the 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.

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

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

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 31, 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 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.

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

The extent to which our procedures can detect 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 the industry in which they operate, we considered non-compliance with the following laws and regulations to potentially have a material effect on the financial statements: compliance with AIM rules for companies, employment regulation, health and safety regulation and anti-money laundering regulation.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as: tax legislation, pension legislation, the Companies Act 2006.

Independent Auditor's Report to the Members of Andrews Sykes Group plc (continued)

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 the structure of the group, and considering the risk of acts by the group and the company which were contrary to the applicable laws and regulations, including fraud;
- Inquiring of the financial directors, management and, where appropriate, those charged with governance, as to whether the group and the parent company are in compliance with laws and regulations. We also discussed their policies and procedures regarding compliance with laws and regulations;
- Reviewing minutes of directors' meetings in the year, and until the date of this audit report; and
- Discussing the laws and regulations listed above amongst the engagement team, and remaining alert to any indications of non-compliance.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements. This included the risk of management override of controls. We determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in revenue recognition (which we pinpointed to the cut-off assertion) and manipulation of the Useful Economic Lives of assets, and significant one-off or unusual transactions.

Our procedures in relation to fraud included but were not limited to:

- Making enquiries of both the financial and non-financial directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls management have established to mitigate fraud risks;
- Discussing the risks of fraud amongst the engagement team;
- Addressing the risks of fraud through management override of controls by performing journal entry testing;

There are inherent limitations in the audit procedures described above and 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 remained 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's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Mark Evans (Senior Statutory Auditor)

for and on behalf of
Crowe U.K. LLP
Statutory Auditor

Black Country House
Rounds Green Road
Oldbury
B69 2DG
6 May 2025

Consolidated Income Statement

For the year ended 31 December 2024

		Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
	Note		
Continuing operations		£000	£000
Revenue	4	75,942	78,747
Cost of sales		(26,743)	(27,017)
Gross profit		49,199	51,730
Distribution costs		(11,335)	(11,451)
Administrative expenses		(14,909)	(16,583)
Decrease/(increase) in credit loss provision		232	(959)
Operating profit		23,187	22,737
Adjusted EBITDA*		30,933	30,622
Depreciation		(5,968)	(6,002)
Depreciation of right-of-use assets		(2,929)	(2,814)
Profit on the sale of plant and equipment		869	673
Profit on the sale of right-of-use assets		282	258
Operating profit		23,187	22,737
Finance income	6	1,060	1,618
Finance costs	7	(1,060)	(759)
Profit before tax	8	23,187	23,596
Tax expense	10	(6,389)	(5,838)
Profit for the year attributable to equity holders of the parent company		16,798	17,758
There were no discontinued operations in either of the above periods.			
Earnings per share from continuing and total operations:			
basic (pence)	11	40.13	42.24
diluted (pence)	11	40.13	42.24
Interim, final and special dividends paid per equity share (pence)	30	25.90	85.30
Proposed final dividend per equity share (pence)	30	14.00	14.00

* Earnings before interest, taxation, depreciation, profit on sale of plant and equipment, amortisation and other gains and losses.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

		Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
	Note		
Profit for the year		16,798	17,758
Other comprehensive income			
Currency translation differences on foreign operations		(464)	(421)
Net other comprehensive expense that may be recycled to profit and loss		(464)	(421)
Remeasurement of defined benefit pension assets and liabilities	16	(49)	(5,988)
Related asset restriction		275	2,012
Net other comprehensive income/(expense) that will not be recycled to profit and loss		226	(3,976)
Other comprehensive expense for the year net of tax		(238)	(4,397)
Total comprehensive income for the period attributable to equity holders of the parent company		16,560	13,361

Consolidated Balance Sheet

At 31 December 2024

		31 December 2024 £'000	31 December 2023 £'000
	Note		
Non-current assets			
Property, plant and equipment	12	19,403	19,344
Right-of-use assets	13	14,874	13,959
Deferred tax asset	15	-	126
Retirement benefit pension surplus	16	1,786	1,618
		36,063	35,047
Current assets			
Stock	17	2,394	2,405
Trade and other receivables	18	17,888	19,251
Current tax assets	19	769	904
Cash and cash equivalents	20	23,181	19,967
		44,232	42,527
Total assets		80,295	77,574
Current liabilities			
Trade and other payables	21	15,865	17,858
Current tax liabilities	22	471	950
Right-of-use lease obligations	23	2,556	2,429
		18,892	21,237
Non current liabilities			
Deferred tax liabilities	15	185	-
Right-of-use lease obligations	23	13,473	12,968
Provisions	24	1,560	2,903
		15,218	15,871
Total liabilities		34,110	37,108
Net Assets		46,185	40,466
Capital and reserves			
Share capital	25	419	419
Share premium		13	13
Retained earnings		42,231	36,048
Translation reserve		3,273	3,737
Other reserve		249	249
Total equity		46,185	40,466

These consolidated financial statements of Andrews Sykes Group plc, company number 00175912, were approved and authorised for issue by the Board of directors on 6 May 2025 and were signed on its behalf by:

JJ Murray
Executive Chairman

Consolidated Cash Flow Statement

For the year ended 31 December 2024

		Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
	Note		
Operating activities			
Profit for the year after tax		16,798	17,758
<i>Adjustments to reconcile profit for the year to net cash inflow from operating activities:</i>			
Taxation charge	10	6,389	5,838
Finance costs	7	1,060	759
Finance income	6	(1,060)	(1,618)
Profit on sale of plant and equipment	8	(869)	(673)
Profit on disposal of right-of-use assets	8	(282)	(258)
Depreciation of property, plant and equipment	12	5,968	6,002
Depreciation and impairment of right-of-use assets	13	2,929	2,814
Difference between pension contributions paid and amounts recognised in the Consolidated Income Statement	16	166	147
Movements in stocks	17	(1,196)	(550)
Decrease in receivables	18	901	41
(Decrease)/increase in payables	21	(1,541)	1,289
Movement in provisions	24	(1,310)	221
Cash inflow from continuing operations		27,953	31,770
Interest paid	7	(1,015)	(759)
Corporation tax paid		(6,615)	(6,065)
Net cash inflow from operating activities		20,323	24,946
Investing activities			
Disposal of plant and equipment		1,162	1,145
Purchase of property, plant and equipment		(5,387)	(4,060)
Cash on deposit with greater than three month maturity		-	16,700
Interest received excluding foreign exchange gains	6	952	1,202
Net cash (outflow)/inflow from investing activities		(3,273)	14,987
Financing activities			
Capital repayments for right-of-use lease obligations		(2,920)	(2,759)
Equity dividends paid	30	(10,841)	(35,743)
Share repurchase		-	(1,863)
Net cash outflow from financing activities		(13,761)	(40,365)
Net increase/(decrease) in cash and cash equivalents		3,289	(432)
Cash and cash equivalents at the start of the year		19,967	20,518
Effect of foreign exchange rate changes		(75)	(119)
Cash and cash equivalents at the end of the year	20	23,181	19,967

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Translation reserve £'000	Capital redemption reserve £'000	UAE legal reserve £'000	Netherlands legal reserve £'000	Attributable to equity holders of the parent £'000
Balance at 31 December 2022	421	13	59,872	4,158	159	79	9	64,711
Profit for the year	-	-	17,758	-	-	-	-	17,758
Other comprehensive income for the year net of tax	-	-	(3,976)	(421)	-	-	-	(4,397)
Total comprehensive income	-	-	13,782	(421)	-	-	-	13,361
Dividends paid*	-	-	(35,743)	-	-	-	-	(35,743)
Share repurchase	(2)	-	(1,863)	-	2	-	-	(1,863)
Total of transactions with shareholders	(2)	-	(37,606)	-	2	-	-	(37,606)
Balance at 31 December 2023	419	13	36,048	3,737	161	79	9	40,466
Profit for the year	-	-	16,798	-	-	-	-	16,798
Other comprehensive income/(expense) for the year net of tax	-	-	226	(464)	-	-	-	(238)
Total comprehensive income/(expense)	-	-	17,024	(464)	-	-	-	16,560
Dividends paid*	-	-	(10,841)	-	-	-	-	(10,841)
Total of transactions with shareholders	-	-	(10,841)	-	-	-	-	(10,841)
Balance at 31 December 2024	419	13	42,231	3,273	161	79	9	46,185

* See note 30 for further details.

Translation reserve

The translation reserve represents the cumulative translation differences on the foreign currency net investments held at the year end since the date of transition to IFRS.

Capital redemption reserve

The capital redemption reserve has arisen on the cancellation of previously issued shares and represents the nominal value of those shares cancelled.

UAE legal reserve

Local legislation in the United Arab Emirates requires Khansaheb Sykes LLC to maintain a non-distributable reserve equal to 50% of its share capital.

Netherlands legal reserve

The Netherlands legal reserve represents the required minimum aggregate share capital and capital reserve needed to be retained under Dutch law by Andrews Sykes BV.

Group Accounting Policies

For the year ended 31 December 2024

1 General information

Legal status and country of incorporation

Andrews Sykes Group plc, company number 00175912, is a public company limited by shares incorporated in England and Wales. The Andrews Sykes Group is one of the market leaders in the rental of specialist hire equipment, offering bespoke solutions to our customers for their temporary or emergency needs. Our product range includes pumping equipment, air conditioning, chillers, heaters, boilers, dehumidifiers and ventilation units. The address of the registered office is Unit 601, Axxess 10 Business Park, Bentley Road South, Wednesbury, West Midlands, WS10 8LQ.

Basis of preparation

These financial statements have been prepared in accordance with UK-adopted international accounting standards and the parts of the Companies Act 2006 that applies to companies applying UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006. Therefore, the group financial statements comply with the "AIM Rules for Companies".

The accounts are presented on the historical cost basis of accounting except for:

- a) Properties held at the date of transition to IFRS that are stated at deemed cost; and
- b) Pension scheme assets and liabilities calculated at fair value in accordance with IAS 19.

Going concern

The Board remains satisfied with the group's funding and liquidity position and have no external loans in place. The Group continues to make payments to suppliers in accordance with agreed terms and all fiscal payments to the UK and overseas government bodies have been and will continue to be made on time.

The directors are required to consider the application of the going concern concept when approving financial statements. The principal element required to meet the test is sufficient liquidity for a period from the end of the year until at least 12 months subsequent to the date of approving the accounts. Management has prepared a detailed "bottom-up" budget, including profit and loss and cash flow for the financial year ending 31 December 2025, and has extrapolated this forward until the end of May 2026 in order to form a view of an expected trading and cash position for the required period. This base level forecast fully incorporates management's expectations around the performance of the group and was prepared on a cautiously realistic basis. This forecast takes into account specific factors relevant in each of our businesses. These 2025 forecasts have been reviewed and approved by the Board.

Whilst profitability and cash flow performance to the end of March 2025 have been close to expectation, in order to further assess the company's ability to continue to trade as a going concern, management have performed an exercise to assess a reasonable but plausible downside scenario and the impact of this on profit and cash. For the purposes of the cash forecast, only the below assumptions have been incorporated into this forecast:

- Normal level of dividends will be maintained during the 12 months subsequent to the date of approving the accounts.
- No new external funding is sought.
- Hire turnover and product sales reduced by 18% versus budget - a variance level seen across any individual product class for 2025 and 2024 actual results versus budgets.
- All overheads continue at the base forecast level apart from overtime and commission and repairs and marketing, which are reduced by 5% and travel costs reduced by 2.5%.
- All current vacancies are filled immediately; and
- Capital expenditure is reduced by 5%.

The above factors have all been reflected in the forecast for the period ending 12 months subsequent to the date of approving the accounts. The Board considers this scenario to be extremely unlikely. The headline numbers at a group level would be:

- group turnover for the 12 months ending 31 December 2025 is forecast to be adverse to the 31 December 2024 figures. Operating profit is below the profit for 2024; and
- closing net funds as at the end of May 2026 are forecast to be comparable to the level reported at 31 December 2024.

Under this reasonable but plausible downside scenario, the group has sufficient net funds throughout 2025 and up to the end of May 2026, to continue to operate as a going concern.

A final sensitivity analysis was performed in order to assess by how much group turnover could fall before further external financing would need to be sought. Under this scenario it was assumed that:

- capital expenditure falls proportionately to turnover;
- temporary staff are removed from the group; and
- various overheads decrease proportionately with turnover.

Given these assumptions, and for modelling purposes only, assuming dividends are maintained at normal levels, group turnover could fall to below £40 million on an annualised basis without any liquidity concerns. Due to the level of confidence the Board has in the future trading performance of the group, this scenario is considered highly unlikely to occur.

The group has considerable financial resources and a wide operational base. Based on the detailed forecast prepared by management, the Board has a reasonable expectation that the group has adequate resources and management experience to continue to trade for the foreseeable future, and at least 12 months from the date of approving these financial statements, even in the reasonable but plausible downside scenario identified by the group. Management have also considered the risks previously identified around climate change and their potential impact on the forecasts produced and has not identified any significant risks that impact the going concern assumption. Accordingly, the Board continues to adopt the going concern basis when preparing this Annual Report and Financial Statements.

Functional and presentational currency

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Sterling, which is the functional currency of the company, and the presentation currency for the consolidated financial statements. Foreign operations are included in accordance with the accounting policy as set out in note 2.

Adoption of International Financial Reporting Standards

On 1 January 2006, the group adopted IFRS for the first time when advantage was taken of the following exemptions as permitted by IFRS 1:

- The requirements of IFRS 3 Business Combinations were not applied to business combinations that occurred before the date of transition to IFRS; and
- The carrying values of freehold and leasehold properties are based on previously adopted UK GAAP valuations and these were taken as deemed cost on transition to IFRS.

IFRS has only been applied to the group's consolidated financial statements. The parent company's financial statements, which are set out on pages 76 to 83, have been prepared in accordance with FRS 102 and the Companies Act 2006. The UK subsidiaries' company financial statements will also be prepared in accordance with FRS 102 and the Companies Act 2006. Advantage will continue to be taken, where applicable, of the reduced disclosure framework, as set out in paragraph 1.12 of FRS 102, as no objections have been received from shareholders to this request.

International Financial Reporting Standards (IFRS) adopted for the first time in 2024

There were no new standards, or amendments to standards, adopted for the first time this year that had a material impact on the results of the group. The prior year comparatives have not been restated for any changes in accounting policies that were required due to the adoption of new standards this year.

Future adoption of International Financial Reporting Standards

At the date of the authorisation of these financial statements, management are not aware of any new UK-adopted international accounting standards that would have a material impact on the group's financial statements.

Group Accounting Policies

For the year ended 31 December 2024 (continued)

2 Material accounting policies

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 31 December 2024. Control is achieved when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations and goodwill

The acquisition of subsidiaries is accounted for using the acquisition method. The assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at their acquisition. Any excess of the cost over the asset valuation as calculated above is recognised as goodwill.

In accordance with the options that were available under IFRS 1 on transition to IFRS, the group elected not to apply IFRS 3 retrospectively to past business combinations that occurred before 1 January 2006, the date of transition to IFRS. Accordingly, goodwill amounting to £37,206,000, which had previously been offset against reserves under UK GAAP, was not recognised in the opening IFRS balance sheet.

Property, plant and equipment

Additions to property, plant and equipment are stated at purchase cost including directly attributable costs. The group does not have a revaluation policy.

Freehold land is not depreciated. Depreciation of other property, plant and equipment is provided on a straight-line basis and charged to cost of sales and administrative expenses in the income statement using rates calculated to write down the cost of each asset to its estimated residual value over its estimated useful life as follows:

Property:	
Freehold and long leasehold buildings	2%
Short leasehold buildings	Period of the lease
Equipment for hire:	
Heating, air conditioning and other environmental control equipment	14% to 33%
Pumping equipment	10% to 33%
Accessories	33%
Motor vehicles	20% to 25%
Plant and machinery	7.5% to 33%

Annual reviews are made of estimated useful lives and material residual values.

More substantial repairs, such as replacement parts, are capitalised, with the asset also removed from the fixed asset register.

Profit on the sale of plant and equipment is credited within operating profit. Profit on the sale of plant and equipment are ad-hoc transactions and do not constitute a separate line of business.

Leased assets

Lessor accounting

The group does not hold any assets for hire under finance leases.

Assets held for hiring to customers under operating leases are recorded as hire fleet assets within property, plant and equipment and are depreciated over their useful lives to their estimated residual value. The group does not have any material non-cancellable operating leases. Further detail has been disclosed in the revenue note on page 50.

2 Material accounting policies continued

Lessee accounting

All leases, other than those of a short-term nature, are capitalised and included on the balance sheet as a right-of-use asset and a right-of-use lease obligation. The amount capitalised is the net present value of the future expected minimum capital payments under the group's lease obligations discounted at the group's incremental borrowing rates. The right-of-use assets are then depreciated over the term of the lease. Interest is charged to the income statement and is calculated based on the incremental borrowing rate.

For short-term leases, as defined by IFRS 16, lease payments are charged as an expense in the income statement on a straight-line basis over the lease term. This accounting policy applies for non-capital payments under all leases, for example, maintenance costs on vehicles. The commitments for such leases continue to be disclosed as operating lease obligations in note 28.

As permitted by IFRS 1 at the date of transition to IFRS, the carrying value of long leasehold properties is based on the previous UK GAAP valuations adopted in 1998 and this has been taken as deemed cost.

Impairment of non-financial assets

Property, plant and equipment are assessed for impairment when events or changes in circumstances indicate that the carrying amount may not be recovered. If there are such indications then a test is performed on the asset affected to assess its recoverable amount against carrying value.

An impaired asset is written down to the higher of value in use and its fair value less costs to sell.

Deferred and current taxation

The charge for taxation is based on the taxable profit or loss for the period and takes into account taxation deferred because of differences between the treatment of certain items for taxation and for accounting purposes. Full provision is made for the tax effects of these differences.

Current income tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to current or prior periods that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to fiscal periods to which they relate based on the taxable profit for the year.

Deferred tax is calculated using the liability method on temporary differences. This involves the comparison of the carrying amount of assets and liabilities in the consolidated financial statements with their respective tax bases. Deferred tax is provided on the difference between the carrying value of the right-of-use asset and the associated lease liability, and their respective tax bases, both calculated in accordance with IFRS 16.

The carrying amount of deferred tax assets is reviewed at each balance sheet date to ensure that it is probable that sufficient taxable profits will be available to allow the asset to be recovered. Assets and liabilities, in respect of both deferred and current tax, are only offset when there is a legally enforceable right to offset and the assets and liabilities relate to taxes levied by the same taxation authority.

Deferred and current tax are charged or credited in the income statement except when they relate to items charged directly to equity, in which case, the associated tax is also dealt with in equity.

Stocks

Stocks are valued at the lower of cost of purchase and net realisable value on a first in, first out basis. Cost comprises actual purchase price and, where applicable, associated direct costs incurred bringing the stock to its present location and condition. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate. Items of stock are periodically capitalised to property, plant and equipment and added to the hire fleet for rental out to external customers. These items of stock are transferred at cost price and capitalised within property, plant and equipment.

Group Accounting Policies

For the year ended 31 December 2024 (continued)

2 Material accounting policies continued

Financial instruments

Recognition criteria, classification and initial carrying value

Financial assets and financial liabilities are recognised on the consolidated balance sheet when the group becomes a party to the contractual provisions of the instrument.

Financial assets are recognised and derecognised on a trade date where the purchase or sale of an asset is under a contract whose terms require delivery of the investment within the time frame established by the market concerned. Financial assets are classified as “assets at amortised cost, assets at fair value through profit or loss and fair value through other comprehensive income” depending upon the nature and purpose of the financial asset. The classification is determined at the time of the initial recognition.

Financial assets are, generally, classified as assets held at amortised cost and are, initially, measured at fair value, including transaction costs incurred. No financial assets are currently classified as assets measured at fair value through profit or loss or at fair value through other comprehensive income. The categories of financial assets are trade receivables, other receivables and cash.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Financial liabilities are normally classified as “other financial liabilities” and are, initially, measured at fair value, normally cost, net of transaction costs. There are currently no financial liabilities held at “fair value through profit or loss”.

Assets held at amortised cost

Trade receivables are recognised as transaction price on initial recognition. Loans and other receivables (including cash held on ring-fenced deposit accounts) are measured on initial recognition at fair value and, except for short-term receivables where the recognition of interest would be immaterial, are subsequently remeasured at amortised cost using the effective interest rate method as reduced by appropriate allowances for estimated irrecoverable amounts.

The group makes use of a simplified approach in accounting for the expected credit losses on trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The group uses its historical experience, external indicators and forward-looking information to calculate the expected credit loss using a provision matrix.

The group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and they have been grouped based on the number of days overdue. See note 18 for an analysis of how the impairment requirements of IFRS 9 are applied.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, cash at bank and short-term highly liquid investments that are readily convertible into known amounts of cash within three months from the date of initial acquisition with an insignificant risk of a change in value.

Other financial liabilities

Other financial liabilities, including trade payables, are measured on initial recognition at fair value and, except for short-term payables where the recognition of interest would be immaterial, are subsequently remeasured at amortised cost using the effective interest rate method.

2 Material accounting policies continued

Retirement benefit costs

Defined benefit scheme

As disclosed in note 16, the group previously operated a defined benefit pension scheme for the majority of its employees. This scheme was closed to new entrants and all existing members became deferred members on 29 December 2002.

Interest income on pension assets less interest on pension scheme liabilities is shown within finance income. The rate used to calculate the expected return on pension assets is capped at a rate equivalent to the rate used to discount the scheme's liabilities. Settlement gains and losses and pension scheme administration expenses are also included within the income statement, either within administration expenses or as part of a separate disclosure where material. Actuarial remeasurement gains and losses are recognised immediately in other comprehensive income.

The defined benefit scheme is funded with the assets of the scheme held separately in trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. Full actuarial valuations are obtained triennially and are updated at each balance sheet date in accordance with IAS 19 (2011).

Net-defined benefit pension scheme surpluses are presented separately on the balance sheet within non-current assets, respectively, after the withholding tax applicable to pension scheme surpluses in the UK of 35% has been included against them. An asset restriction is applied to the associated defined benefit surplus as it is expected that the defined benefit scheme would deduct withholding tax from any surplus before a net surplus is returned to the company. No deferred taxation is recognised for the timing difference on actuarial movements on the basis that the net surplus is expected to be recovered by way of a refund on wind-up. Net-defined benefit pension scheme surpluses are only recognised to the extent of any future refunds to the scheme.

Defined contribution schemes

Employer's contributions are charged to the income statement on an accruals basis.

Net funds

Net funds are defined as including cash and cash equivalents, ring-fenced deposit accounts, bank and other loans, finance lease obligations, right-of-use lease obligations calculated in accordance with IFRS 16 and derivative financial instruments stated at current fair value.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into pounds Sterling at the financial year-end rates. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The results of overseas subsidiary undertakings are translated into pounds Sterling at average rates for the period unless exchange rates fluctuate significantly during that period, in which case, exchange rates at the date of transactions are used. The closing balance sheets are translated at the year-end rates and the exchange differences arising are transferred to the group's translation reserve as a separate component of equity and are reported within the Consolidated Statement of Changes in Equity. All other exchange differences are included within the consolidated income statement for the year. Inter-company foreign exchange gains and losses arising from financing activities are included within finance income and costs, respectively. All other exchange differences are included in operating profit.

In accordance with IFRS 1, the translation reserve was set to zero at 1 January 2006, the date of transition to IFRS. Cumulative translation differences, which are included within the translation reserve at the date of disposal of the relevant overseas company, are recognised in the consolidated income statement.

Group Accounting Policies

For the year ended 31 December 2024 (continued)

2 Material accounting policies continued

Revenue recognition

Revenue

Revenue is recorded at transaction price being the amount of consideration to which the group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties, for example, some sales or value-added taxes.

The group has the following categories of revenue:

- Rental or lease income that is recognised on a straight-line basis over the period of the hire in accordance with IFRS 16. Hire revenue includes compensation receipts for lost or damaged equipment, chargeable to the customer under the terms of the hire agreement, which is recognised on an accruals basis when the loss or damage is identified. Damage waiver elements entered into by the customers are treated as components of the underlying hire and, as such, are recognised in the same manner as the underlying lease. Any rebates are treated as variable lease income and are recognised in the income statement when it is earned.
- Hire-related activities including delivery, collection and labour charges and the provision of fuel management services are considered to be unbundled from the underlying rental lease and are recognised on a point-in-time basis in accordance with IFRS 15. These hire-related activities are disclosed in notes 4 and 5 within the same category as the underlying lease, despite them being recognised in accordance with a IFRS 15.
- Revenue for the sale of goods that is recognised at a point in time (i.e. on the delivery of goods) in accordance with IFRS 15.
- Maintenance revenue is recognised at a point in time when the service has been completed, which is normally within one day, in accordance with IFRS 15.
- Revenue relating to installation and sale of units is recognised at a point in time (i.e. when the installation is complete) in accordance with IFRS 15.

Contracts are entered into with customers to provide one of the above goods or services on a standalone basis. The standalone selling price of the related performance obligation is, therefore, clearly determined from the contract. The total transaction price is estimated as the amount of the consideration to which the group expects to be entitled in exchange for transferring the promised goods or services after deducting trade discounts and volume rebates. Trade discounts and volume rebates are estimated based on the terms of the contractually agreed arrangements.

Revenue recognised under IFRS 15 is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for any negotiated rebates, which are estimated based on historical data. Sales or revenue rebates are recognised as a separate liability to reflect the method of settlement and included as a component of accruals (see note 22). This balance also includes separate rebates for hire revenue whereby recognition and measurement criteria have been met under IFRS 16. The Group reviews its estimate at each reporting date and updates the liability accordingly.

Payment terms are between 30 and 60 days for all types of sale and, therefore, the impact of the time value of money is minimal.

Investment and interest income

Dividend income is recognised in the income statement when the group's right to receive payment has been established.

Interest income from bank deposit accounts is recognised on an accruals basis calculated by reference to the principal on deposit and the effective interest rate applicable.

Operating profit

Operating profit is defined as the profit for the period from continuing operations after all operating costs and income but before investment income, income from trade investments, finance income, finance costs, other gains and losses and taxation. Operating profit is disclosed as a separate line on the face of the income statement.

Adjusted EBITDA

Adjusted earnings before interest, taxation, depreciation, profit on the sale of plant and equipment, amortisation and non-recurring items (EBITDA) is disclosed as a separate line on the face of the consolidated income statement and reconciled to operating profit.

Adjusted EBITDA is commonly used in the industry as a non-statutory measure of the ability of the group to generate cash and management considers that its disclosure provides useful information to shareholders in conjunction with the statutory indicators.

Finance costs

Finance costs are recognised in the income statement on an accruals basis in the period in which they are incurred.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

2 Material accounting policies continued

Provisions

Dilapidation costs expected to be settled at the end of the lease term for rectification of wear and tear damage of the group's leasehold premises are provided for as an expense over the tenancy period as the wear and tear occurs. The cost of the remedial work required on the group's properties is based upon the group's previous dilapidation experience and quotes received from professional surveyors.

Restructuring costs include those costs, including redundancy and associated move costs, expected to be incurred as a result of site relocation.

France closure costs include those costs, including redundancy, legal and contractual exit costs expected to be incurred as a result of the decision to cease operations in France.

3 Use of critical accounting judgements and estimates

Estimates and judgements are continually evaluated and assessed based on historical experience and other factors, including expectations of future events that are believed to be reasonable given the circumstances prevailing when the accounts are approved.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying value of assets and liabilities are discussed below.

Judgements

Pension scheme surplus recoverability

When assessing the appropriateness of the recognition of a surplus, the directors have considered the guidance in IAS 19 and IFRIC 14, and have concluded that, because of the unconditional right to recover the related net surplus upon wind-up, and the expected manner of recovery of any surplus is via a refund, it is appropriate to recognise the asset in the consolidated financial statements. When assessing the valuation of the surplus, the directors have recognised any associated tax as an asset restriction.

Disclosure of France ceasing to trade

When assessing the disclosures required around the French subsidiary ceasing to trade during the year, the directors have considered IFRS 5 and have concluded that France is not to be classified and disclosed as a discontinued operation due to France not being disposed of or classified as held for sale.

Estimates

Pension scheme assumptions and mortality tables

As set out in note 16, the carrying value of the defined benefit pension scheme is calculated using actuarial valuations. These valuations are based on assumptions, including the selection of the most appropriate mortality table for the profile of the members in the scheme and the financial assumptions concerning discount rates and inflation. All these are estimates of future events and are, therefore, uncertain. The choices are based on advice received from the scheme actuaries that are checked from time to time with benchmark surveys. Sensitivity analysis regarding assumptions concerning longevity, discount rates and inflation is provided in note 16 on page 63.

Useful economic life of hire fleet assets included within property, plant and equipment

Management review their estimate of the useful lives of equipment for hire assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates include those relating to technological obsolescence that may change the utility of certain equipment. The group incurs maintenance spend in order to keep its fleet to a high level of repair, which often extends an individual asset's life beyond its originally assessed useful economic life. During the year, the group incurred £2.0m of repair costs. More substantial repairs, such as replacement parts, are capitalised, with the asset also removed from the fixed asset register. To provide sufficient asset availability for periods of extreme weather, the group routinely keeps Nil net book value items rather than scrap them. The profits on the disposal of hire assets represent occasional requests to sell hire assets, often to an existing customer, and are not considered by management to indicate that there is positive residual value in the entire hire assets portfolio. The group also considers market-based evidence from other comparable industry competitors when assessing the useful economic life of its assets. Information on the estimated useful lives of equipment for hire is included in the accounting policies. Further details of property, plant and equipment are disclosed in note 12.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024 (continued)

3 Use of critical accounting judgements and estimates continued

If the economic life of each of the hire fleet assets was one year less than estimated, the depreciation charge would be increased by, approximately, £1.0 million. If the economic life was one year more than estimated, the depreciation charge would be reduced by, approximately, £1.2 million.

Dilapidation estimates

The group operates from a large number of leased premises in the UK that are subject to lease clauses for rectification of wear and tear damage incurred over time. Management consider the main factors in assessing the appropriate allowance for wear and tear are the length of the expired portion of any given property lease, the Group's previous experiences of wear and tear damage and the size of each operating facility. In aiding the dilapidation assessment, the Group will make use of external professional surveyors.

If the estimate of wear and tear damage, measured as an amount per square foot per year was increased by £1 per square foot per year, the dilapidation provision created in the year would increase by, approximately, £0.5m. Similarly, if the amount per square foot per year was decreased by £1 per square foot per year, the dilapidation provision created in the year would decrease by, approximately, £0.5m. Further disclosure is included in note 24 on page 70.

4 Revenue

An analysis of the group's revenue by income stream is as follows:

	2024 £'000	2023 £'000
Continuing operations		
Hire and hire related	70,932	73,706
Sales	3,441	2,885
Maintenance	1,091	1,243
Installation including sales of units	478	913
Group consolidated revenue from the sale of goods and provision of services	75,942	78,747

5 Business and geographical segmental analysis

The group operates in the United Kingdom, Europe (The Netherlands, Belgium, Italy, France, Germany, Switzerland and Luxembourg) and the United Arab Emirates providing the hire and sale of a range of environmental control equipment. It also installs and maintains fixed air conditioning equipment within the United Kingdom.

The group operates through statutory entities that are based in each of the above locations. In the case of the main UK operation, there are separate statutory entities for hire and sales (Andrews Sykes Hire Limited) and installation and maintenance (Andrews Air Conditioning and Refrigeration Limited) as well as a separate property holding company. Each operating company has its own Divisional Director, who is responsible to the Board for that company's operating result. These Divisional Directors meet the IFRS 8 definition of segmental managers.

The group holds no external loans. The internal management accounts provided to the Board include balance sheet and cash flow information provided on both an entity only and consolidated basis. Capital expenditure and working capital movements are reviewed on an entity basis.

The Chief Operating Decision Maker is considered to be a subsection of the Board including the Chairman and Group Managing Director. The directors, therefore, consider that the group's revenue-generating operating segments that are reviewed on a regular basis by the Board, and for which discrete financial information is available, are:

Activity	Entity	Location
Hire and sales	Andrews Sykes Hire Limited	United Kingdom
	Andrews Sykes BV	The Netherlands
	Andrews Sykes BVBA	Belgium
	Nolo Climat S.R.L.	Italy
	Andrews Sykes Climat Location SAS	France
	Klimamieten AS GmbH	Germany
	Andrews Sykes Climat Location SA	Switzerland
	Khansaheb Sykes LLC	United Arab Emirates
	Andrews Sykes Luxembourg SARL	Luxembourg
Installation and maintenance	Andrews Air Conditioning and Refrigeration Limited	United Kingdom

The directors consider that the long-term economic characteristics of the hire and sales operations based in the The Netherlands, Belgium, Italy, Germany, France, Luxembourg and Switzerland are similar. These entities have similar products and services, operate in the same manner providing services to a similar customer base and incur similar risks and rewards. Whilst there is a level of currency fluctuation between these entities, the directors do not consider the currencies themselves (Euro and Swiss Franc) to be particularly volatile when compared to the group's presentational currency or to be exposed to significant fluctuations that would indicate the economic characteristics of those operations are not appropriate to be aggregated as reportable segments under IFRS 8. Whilst the operational activities of the hire and sales business in the UK are similar to those in Europe, the legal and monetary jurisdictions are distinctively different. However, the operation based in the United Arab Emirates, whilst similar in many ways, faces significantly different risks due to the local environment in which it operates. The installation business operates in a different manner and regulatory environment to the rest of the group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024 (continued)

5 Business and geographical segmental analysis continued

The reportable segments are, therefore:

Segment	Entity	Location
Hire and sales UK	Andrews Sykes Hire Limited	United Kingdom
	Andrews Sykes Properties Limited	United Kingdom
Hire and sales Europe	Andrews Sykes BV	The Netherlands
	Andrews Sykes BVBA	Belgium
	Nolo Climat S.R.L.	Italy
	Andrews Sykes Climat Location SAS	France
	Klimamieten AS GmbH	Germany
	Andrews Sykes Climat Location SA	Switzerland
	Andrews Sykes Luxembourg SARL	Luxembourg
Hire and sales Middle East	Khansaheb Sykes LLC	United Arab Emirates
Installation and maintenance	Andrews Air Conditioning and Refrigeration Limited	United Kingdom

The property holding company, Andrews Sykes Properties Limited, is considered immaterial to the Group as a whole. On this basis, and because it holds properties mainly for the use of Andrews Sykes Hire Limited, it has been included within the Hire and Sales UK segment.

Transactions between the above reportable segments are made on an arm's length basis.

The above segments exclude the results of non-revenue-earning holding companies, including Andrews Sykes Group plc. These entities' results have been included as unallocated items (overheads and expenses, corporate assets and corporate liabilities as appropriate) in the tables below.

The group has a diverse customer base with no single customer accounting for 10% or more of the group's revenue in either the current or previous financial period.

(i) Business segment

Income statement analysis for the 12 months ended 31 December 2024

	Hire & sales UK	Hire & sales Europe	Hire & sales Middle East	Installation and maintenance	Subtotal	Eliminations	Consolidated results
Revenue	£'000	£'000	£'000	£'000	£'000	£'000	£'000
External sales:							
Hire and hire related	41,062	23,205	6,665	-	70,932	-	70,932
Sales	2,037	388	1,016	-	3,441	-	3,441
Maintenance	4	-	-	1,087	1,091	-	1,091
Installations	-	-	-	478	478	-	478
Total external sales	43,103	23,593	7,681	1,565	75,942	-	75,942
Inter-segment sales	31	496	-	-	527	(527)	-
Total revenue	43,134	24,089	7,681	1,565	76,469	(527)	75,942
Segment result	15,417	8,194	1,068	17	24,696		24,696
Unallocated overheads and expenses							(1,509)
Operating profit							23,187
Finance income							1,060
Finance costs							(1,060)
Profit before Taxation							23,187
Taxation							(6,389)
Profit for the period from continuing and total operations							16,798

5 Business and geographical segmental analysis continued

Income statement analysis for the 12 months ended 31 December 2023

	Hire & sales UK £'000	Hire & sales Europe £'000	Hire & sales Middle East £'000	Installation and maintenance £'000	Subtotal £'000	Eliminations £'000	Consolidated results £'000
Revenue							
External sales:							
Hire and hire related	42,840	25,964	4,902	-	73,706	-	73,706
Sales	1,479	700	706	-	2,885	-	2,885
Maintenance	-	-	-	1,243	1,243	-	1,243
Installations	47	4	-	862	913	-	913
Total external sales	44,366	26,668	5,608	2,105	78,747	-	78,747
Inter-segment sales	240	917	100	-	1,257	(1,257)	-
Total revenue	44,606	27,585	5,708	2,105	80,004	(1,257)	78,747
Segment result	15,009	8,663	401	(48)	24,025		24,025
Unallocated overheads and expenses							(1,288)
Operating profit							22,737
Finance income							1,618
Finance costs							(759)
Profit before Taxation							23,596
Taxation							(5,838)
Profit for the period from continuing and total operations							17,758

Balance sheet information as at 31 December 2024

	Hire & sales UK £'000	Hire & sales Europe £'000	Hire & sales Middle East £'000	Installation and maintenance £'000	Subtotal £'000	Eliminations £'000	Consolidated results £'000
Segment assets	36,717	20,486	7,011	538	64,752	-	64,752
Retirement benefit pension surplus							1,786
Current tax asset							769
Unallocated corporate assets							12,988
Consolidated total assets							80,295
Segment liabilities	(21,535)	(7,958)	(2,808)	(427)	(32,728)	-	(32,728)
Current tax liabilities							(471)
Deferred tax liability							(185)
Unallocated corporate liabilities							(726)
Consolidated total liabilities							(34,110)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024 (continued)

5 Business and geographical segmental analysis continued

Balance sheet information as at 31 December 2023

	Hire & sales UK £'000	Hire & sales Europe £'000	Hire & sales Middle East £'000	Installation and maintenance £'000	Subtotal £'000	Eliminations £'000	Consolidated results as restated £'000
Segment assets	36,665	20,201	5,177	645	62,688		62,688
Retirement benefit pension surplus							1,618
Deferred tax asset							126
Current tax asset							904
Unallocated corporate assets							12,238
Consolidated total assets							77,574
Segment liabilities	(24,171)	(9,150)	(1,478)	(488)	(35,287)	-	(35,287)
Current tax liabilities							(950)
Unallocated corporate liabilities							(871)
Consolidated total liabilities							(37,108)

Other information for the 12 months ended 31 December 2024

	Hire & sales UK £'000	Hire & sales Europe £'000	Hire & sales Middle East £'000	Installation and maintenance £'000	Consolidated results £'000
Capital additions	4,523	907	1,127	-	6,557
Right-of-use asset additions	2,544	1,132	439	95	4,210
Depreciation	3,276	1,934	758	-	5,968
Right-of-use asset depreciation	1,698	1,023	160	48	2,929

Other information for the 12 months ended 31 December 2023

	Hire & sales UK £'000	Hire & sales Europe £'000	Hire & sales Middle East £'000	Installation and maintenance £'000	Consolidated results £'000
Capital additions	3,764	2,547	271	-	6,582
Right-of-use asset additions	7,020	707	8	137	7,872
Depreciation	3,078	2,155	769	-	6,002
Right-of-use asset depreciation	1,745	962	53	54	2,814

(ii) Geographical segments

The geographical analysis of the group's revenue is as follows:

	By origin		By destination	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
United Kingdom	44,668	46,471	44,297	46,229
Europe	23,593	26,667	23,980	26,895
Middle East and Africa	7,681	5,609	7,665	5,614
Rest of the World	-	-	-	9
	75,942	78,747	75,942	78,747

5 Business and geographical segmental analysis continued

The carrying amounts of segment assets and non-current assets (excluding retirement benefit pension surplus, current and deferred tax) analysed by the entity's country of origin are as set out below. There is no significant difference between the analysis by origin and that by physical location of the assets.

	Segment assets		Non-current assets	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
United Kingdom	50,243	49,548	25,197	23,536
Europe	20,486	20,201	7,413	8,714
Middle East and Africa	7,011	5,177	1,667	1,053
	77,740	74,926	34,277	33,303

6 Finance income

	2024 £'000	2023 £'000
Net pension scheme interest on pension scheme surplus (note 16)	108	388
Interest receivable on bank deposit accounts	952	1,202
Inter-company foreign exchange gains	-	28
	1,060	1,618

7 Finance costs

	2024 £'000	2023 £'000
Interest charge on right-of-use lease obligations	1,015	759
Inter-company foreign exchange losses	45	-
	1,060	759

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024 (continued)

8 Profit before taxation

The following have been charged/(credited) in arriving at the profit before taxation:

	Note	2024 £'000	2023 £'000
Net foreign exchange trading losses		86	85
Depreciation of property, plant and equipment	12	5,968	6,002
Depreciation of right-of-use assets	13	2,929	2,814
Profit on sale of plant and equipment	12	(869)	(673)
Profit on sale of right-of-use assets	13	(282)	(258)
Cost of stock recognised as an expense	17	8,480	7,680
Vehicle and travel costs		3,623	4,261
Property costs		3,169	5,462
Rehire costs		3,060	2,589
Professional services		2,049	2,710
IT and communication		1,490	1,629
Operating lease rental payments for short-term leases		292	287
Gross employment costs	9	22,481	23,113
Remuneration payable to the auditor and its associates:			
The audit of the consolidated accounts		96	98
The audit of the group's subsidiaries annual accounts		183	211
		52,755	56,010
Representing functional costs of:			
Cost of sales		26,743	27,017
Distribution costs		11,335	11,451
Administrative expenses		14,909	16,583
(Decrease)/increase in credit loss provision		(232)	959
		52,755	56,010

No fees were payable to the company's auditor in respect of non-audit services in the current or prior year.

9 Employee information

The average number of people employed by the group during the year was:

	2024 Number	2023 Number
Sales and distribution	141	155
Engineers	167	191
Managers and administration	138	133
Total employees	446	479

9 Employee information continued

The aggregate employment costs, including redundancy, of these employees were as follows:

	2024 £'000	2023 £'000
Wages and salaries	18,788	19,206
Redundancy and termination payments	60	85
Social security costs	2,435	2,647
Other defined contribution pension costs (note 16)	1,198	1,175
Employment costs	22,481	23,113

Key management compensation

Amounts paid to group individuals, including directors, having authority and responsibility for planning, directing and controlling the group's activities were as follows:

	2024 £'000	2023 £'000
Short-term employee benefits	2,596	2,855
Post employment benefits - pensions	116	134
Social security costs	411	438
	3,123	3,427

Directors' emoluments

Directors' emoluments for the current and prior financial year were as follows:

Director	2024			2023		
	Emoluments £'000	Pension £'000	Total £'000	Emoluments £'000	Pension £'000	Total £'000
AJ Kitchingman	42	-	42	42	-	42
MC Leon	20	-	20	20	-	20
JJ Murray	44	-	44	44	-	44
JP Murray	20	-	20	20	-	20
CD Webb	516	7	523	514	-	514
	642	7	649	640	-	640

No directors were granted or exercised share options during either the current or prior financial periods.

For key management personnel purposes, £79,000 (2023: £78,000) of NI contributions should be included in the above totals.

The number of directors in office at the year end to whom retirement benefits are accruing are as follows:

	2024 Number	2023 Number
Defined contribution	1	1
Defined benefit	-	-

The total amount payable to the highest-paid director in respect of remuneration was £516,000 (2023: £514,000). Company pension contributions of £7,000 (2023: £Nil) were made to a money purchase pension scheme on his behalf.

In the current and prior year, no director had an accrued annual pension under the defined benefit scheme. No contributions were paid during the current or prior period into the defined benefit scheme.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024 (continued)

10. Taxation

	2024 £'000	2023 £'000
Current tax:		
UK Corporation tax at 25% (2023: 23.5%)	3,288	3,457
Adjustments in respect of prior year	(19)	3
	3,269	3,460
Overseas tax based on the taxable profit for the period	2,223	2,275
Overseas tax adjustments in respect of prior years	586	-
	2,809	2,275
Total current tax charge	6,078	5,735
Deferred tax:		
Origination and reversal of temporary differences	325	177
Adjustments in respect of prior years	(14)	(74)
Total deferred tax charge	311	103
Tax expense reported in the consolidated income statement	6,389	5,838

The tax charge for the financial period can be reconciled to the profit before tax per the income statement multiplied by the standard effective tax rate in the UK of 25% (2023: 23.5%) as follows:

	2024 £'000	2023 £'000
Reconciliation of total tax charge		
Profit on ordinary activities before tax	23,187	23,596
Corporation tax charge at standard rate of 25% (2023: 23.5%)	5,797	5,545
<i>Adjusted by the effects of:</i>		
Expenses not deductible for tax purposes	57	79
Effects of different tax rates of overseas subsidiaries	(139)	42
Utilisation of overseas tax losses	-	(22)
Overseas tax losses not recognised	121	265
Adjustments to tax charge in respect of prior periods	553	(71)
Total tax expense reported in the consolidated income statement	6,389	5,838

11 Earnings per share

Basic earnings per share

The basic figures have been calculated by reference to the weighted average number of ordinary shares in issue and the post-tax earnings as set out below. There were no discontinued operations in either period.

	2024	
	Total earnings £'000	Number of shares
Basic earnings/weighted average number of shares	16,798	41,858,744
Basic earnings per ordinary share (pence)	40.13	
	2023	
	Total earnings £'000	Number of shares
Basic earnings/weighted average number of shares	17,758	42,043,715
Basic earnings per ordinary share (pence)	42.24	

Diluted earnings per share

There were no dilutive instruments outstanding during either the current or preceding financial period. Consequently, the diluted earnings per share is the same as the basic earnings per share for both periods.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024 (continued)

12 Property, plant and equipment

	Property £'000	Equipment for hire £'000	Motor vehicles £'000	Plant and machinery £'000	Total £'000
Cost					
At 31 December 2022	4,602	71,306	1,694	4,878	82,480
Exchange differences	(4)	(654)	(43)	(33)	(734)
Additions	-	3,735	286	39	4,060
Transferred from inventory	-	2,522	-	-	2,522
Disposals	-	(7,144)	(281)	(784)	(8,209)
At 31 December 2023	4,598	69,765	1,656	4,100	80,119
Exchange differences	(11)	(888)	(27)	(26)	(952)
Additions	92	4,328	45	922	5,387
Transferred from inventory	-	1,170	-	-	1,170
Disposals	(1)	(5,717)	(608)	(613)	(6,939)
At 31 December 2024	4,678	68,658	1,066	4,383	78,785
Depreciation					
At 31 December 2022	1,159	56,727	1,270	3,963	63,119
Exchange differences	(3)	(542)	(35)	(29)	(609)
Charge for year	89	5,488	124	301	6,002
Disposals	-	(6,796)	(278)	(663)	(7,737)
At 31 December 2023	1,245	54,877	1,081	3,572	60,775
Exchange differences	(10)	(666)	(16)	(23)	(715)
Charge for year	61	5,465	155	287	5,968
Disposals	(1)	(5,557)	(480)	(608)	(6,646)
At 31 December 2024	1,295	54,119	740	3,228	59,382
Net book value					
At 31 December 2024	3,383	14,539	326	1,155	19,403
At 31 December 2023	3,353	14,888	575	528	19,344
At 31 December 2022	3,443	14,579	424	915	19,361

The group did not have any non-cancellable contractual commitments for the acquisition of property, plant and equipment at either 31 December 2024 or 31 December 2023.

The additions value attributed to hire fleet items is a combined amount of purchased fixed assets as well as items transferred from stock during the period.

Net book value of land and buildings comprises:

	2024 £'000	2023 £'000
Freehold	3,284	3,313
Long leasehold	99	40
	3,383	3,353

13 Right-of-use assets

	Property £'000	Motor vehicles £'000	Plant and machinery £'000	Total £'000
Cost				
At 31 December 2022	12,396	6,937	790	20,123
Exchange differences	(99)	(37)	(3)	(139)
Additions	6,397	1,470	5	7,872
Disposals	(2,507)	(1,312)	(71)	(3,890)
At 31 December 2023	16,187	7,058	721	23,966
Exchange differences	(74)	(27)	(3)	(104)
Additions	453	3,757	-	4,210
Disposals	(1,207)	(1,963)	(437)	(3,607)
At 31 December 2024	15,359	8,825	281	24,465
Depreciation				
At 31 December 2022	5,666	4,160	630	10,456
Exchange differences	(66)	(29)	(3)	(98)
Charge for year	1,378	1,342	94	2,814
Disposals	(1,852)	(1,242)	(71)	(3,165)
At 31 December 2023	5,126	4,231	650	10,007
Exchange differences	(50)	(21)	(2)	(73)
Charge for year	1,372	1,507	50	2,929
Disposals	(1,007)	(1,839)	(426)	(3,272)
At 31 December 2024	5,441	3,878	272	9,591
Net book value				
At 31 December 2024	9,918	4,947	9	14,874
At 31 December 2023	11,061	2,827	71	13,959
At 31 December 2022	6,730	2,777	160	9,667

As disclosed in note 23, the right-of-use lease obligations are secured on the above assets.

The nature of the group's leasing activities are primarily around leasing property from which the entity can trade from and leasing vehicles for hire equipment transportation, servicing and general sales and administration staff.

The expense relating to short-term leases for which the group has made the use of the short-term exemption is disclosed in note 8. The lease commitments for short-term leases is disclosed in note 28 and the maturity analysis of lease liabilities is in note 23.

The interest expenses on lease liabilities is disclosed in note 7.

The capital repayment cash outflow for leases is disclosed in the consolidated cashflow statement.

The group has contractual asset hire revenue receivable of £663,000 due within less than one year after the year-end date (2023: £1,761,000). No amounts are contractually receivable after more than one year (2023: £Nil).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024 (continued)

14 Subsidiaries

A complete list of the investments in subsidiaries, including the name, country of incorporation and proportion of ownership interest, is given in note 3 to the company's separate financial statements.

With the exception of Khansaheb Sykes LLC, the group holds 100% of the issued share capital of its subsidiaries. Whilst the group only holds 49% of the issued share capital of Khansaheb Sykes LLC, this shareholding entitles the group to 90% of the profits for the period and control of the company by virtue of the right to appoint the majority of the company's directors.

The 51% shareholder has waived his right to receive the 10% profit share and, therefore, the group has consolidated 100% of the company's result for the period.

15 Deferred tax asset/(liability)

The deferred tax assets and liabilities recognised separately by the group and the movements thereon, during the current and prior periods, are as follows:

	Temporary differences on lease assets and liabilities £'000	Temporary differences on property, plant and equipment £'000	Provisions and other short-term timing differences £'000	Total £'000
Asset at 31 December 2022	414	(26)	(159)	229
Credited/(charged) to income statement (note 10)	(78)	30	(55)	(103)
Asset/(liability) at 31 December 2023	336	4	(214)	126
Credited/(charged) to income statement (note 10)	(47)	(251)	(13)	(311)
Asset/(liability) at 31 December 2024	289	(247)	(227)	(185)

The deferred tax asset and liabilities in respect of lease assets and liabilities have been shown on a net basis in the above table.

The deferred tax balances at both 31 December 2024 and 31 December 2023 have been calculated based on the rates that have been substantially enacted at the balance sheet date and which the directors anticipate will apply when the temporary differences are expected to reverse. Accordingly, a rate of 25% (2023: 25%) has been used.

The group does not have any unused capital losses or any unrecognised UK deferred tax assets or liabilities at either the current or preceding period end.

Deferred tax assets have not been recognised in respect of overseas tax losses because it is uncertain that future tax profits will be available, against which the group can utilise them. A deferred tax asset relating to overseas tax losses has not been recognised totalling £1,131,000 (2023: £1,093,000). There is no expiry date on the utilisation of these losses.

Of the above recognised deferred tax asset, approximately, £242,000 (2023: £237,000) is expected to be recovered after more than 12 months.

16 Retirement benefit pension schemes

Defined benefit pension scheme

The group operates two pension arrangements in the UK: the Andrews Sykes Group Pension Scheme ("the DB scheme") and the Andrews Sykes Stakeholder Pension Plan ("the DC Plan"), as well as overseas schemes.

The DB scheme is established under trust law and complies with the Pension Scheme Act 1993, Pensions Act 1995, Pensions Act 2004, Pensions Act 2014 and all other relevant UK legislation. Pension assets are held in separate trustee administered funds, which have equal pension rights with respect to members of either gender in so far as this is required by current legislation.

The DB scheme was closed to new members on 29 December 2002 and, over recent years, the group has taken steps to manage the ongoing risks associated with its defined benefit liabilities. During the previous year, the group completed an insurance buy-in of the scheme meaning the scheme has been derisked in terms of investment, interest rate, inflation and longevity risks. The buy-in secures an insurance asset that fully matches, subject to final price adjustments, the remaining pension liabilities of the scheme.

As at 31 December 2024, the group had a net-defined benefit pension scheme surplus, calculated in accordance with IAS 19 using the assumptions as set out below, of £2,382,000 (2023: £2,489,000). It is assumed that the scheme surplus will be recovered through a refund; as such, the applicable withholding tax of 25% has been applied to the scheme surplus giving a net surplus recognised on the balance sheet of £1,786,000 (2023: £1,618,000). This asset has been recognised in these financial statements as the directors are satisfied that it is recoverable in accordance with IFRIC 14.

The last formal triennial funding valuation was as at 31 December 2022. The valuation, including a revised schedule of contributions, was agreed between the pension scheme trustees and the Board of directors in December 2023 and was effective from 1 January 2024. In accordance with this schedule of contributions, and based on the actions take by the group during 2023 as already described, the group is no longer required to make any regular contributions into the scheme. This replaces the 31 December 2019 triennial valuation, which required the group to make regular contributions into the scheme of £10,000 per month for the period 1 January 2023 to 31 December 2024 and continuing through to 31 December 2025 or until a revised schedule of contributions was agreed, as was done in December 2023.

Consequently, the group has made total contributions to the pension scheme of £Nil during 2024 (2023: £120,000) and expects to make contributions of £Nil during 2025.

Principal risks

Historically, the principal risks related to investment, interest rate, inflation and longevity risks. However, the DB Scheme has implemented a whole Scheme buy-in, essentially fully hedging all of these risks. The following table summarises the principal risks associated with the group's DB scheme in the prior year:

Investment risk	The present value of defined benefit liabilities is calculated using a discount rate set by reference to high-quality corporate bond yields. If scheme assets underperform corporate bonds, this will create a deficit.
Interest rate risk	A fall in bond yields would increase the value of the liabilities. This would only be partially offset by an increase in the value of the bond investments held.
Inflation risk	An increase in inflation would increase the value of pension liabilities. The assets would be expected to also increase, to the extent they are linked to inflation, but this would not be expected to fully match the increase in liabilities.
Longevity risk	The present value of the defined benefit liabilities is calculated having regards to a best estimate of the mortality of scheme members. If members live longer than this mortality assumption, this will increase the liabilities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024 (continued)

16 Retirement benefit pension schemes continued

The last full actuarial valuation was carried out as at 31 December 2022. A qualified independent actuary has updated the results of this valuation to calculate the surplus as disclosed below.

The major assumptions used in this valuation to determine the present value of the scheme's defined benefit obligation were as follows:

	31 December 2024	31 December 2023
Rate of increase of pensions in payment	3.05%	3.10%
Rate of increase of pensions in deferment	2.80%	2.65%
Discount rate	5.45%	4.50%
Inflation assumption - RPI	3.20%	3.10%
Inflation assumption - CPI	2.80%	2.65%
Percentage of deferred members taking maximum tax-free lump sum on retirement	0.00%	0.00%

Assumptions regarding future mortality experience are set based on advice in accordance with published statistics. The current mortality table used is 100% S3PA CMI_2023 (2023: 100% S3PA CMI_2022), heavy tables for males and middle for females, with a 1.25% per annum long-term improvement rate for both males and females (2023: 1.25% for both males and females).

The assumed average life expectancy in years of a pensioner retiring at the age of 65 given by the above tables is as follows:

		2024 Years	2023 Years
Current pensioners at 65	Male	21.4	19.2
	Female	23.9	23.3
Future pensioners currently 45	Male	22.6	20.6
	Female	25.3	24.9

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions, which, due to the timescales covered, may not necessarily be borne out in practice. The expected return on plan assets is based on market expectation at the beginning of the period for returns over the entire life of the benefit obligation.

Valuations

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and are inherently uncertain, were as follows:

	2024 £'000	2023 £'000
Listed investments:		
Gilts	686	735
	686	735
Cash	2,496	2,612
Insurance asset (not listed investment)	25,148	27,199
Fair value of plan assets	28,330	30,546
Present value of liability	(25,948)	(28,057)
Scheme surplus	2,382	2,489
Impact of withholding tax	(596)	(871)
Net pension asset recognised on the balance sheet	1,786	1,618

16 Retirement benefit pension schemes continued

Movement in scheme assets

	2024 £'000	2023 £'000
Fair value at beginning of year	30,546	36,809
Interest income on scheme assets	1,329	1,700
Return on assets (excluding interest income)	(1,416)	(5,914)
Administrative expenses charged to the income statement	(166)	(267)
Employer contributions	-	120
Benefits paid	(1,963)	(1,902)
Fair value at end of year	28,330	30,546

The above pension scheme assets do not include any investments in the parent company's own shares or property occupied by the company or its subsidiaries at either period end. The group did not hold any unlisted investments at either period end.

Movement in scheme liabilities

	2024 £'000	2023 £'000
Benefit obligation at start of year	(28,057)	(28,573)
Interest cost	(1,221)	(1,312)
Actuarial gain/(loss) arising from:		
Demographic assumptions	(1,327)	(819)
Financial assumptions	2,759	726
Experience adjustments	(65)	19
Benefits paid	1,963	1,902
Benefit obligation at end of year	(25,948)	(28,057)

Benefit obligation at end of year

The present value of the defined benefit obligation of £25,948,000 (2023: £28,057,000) comprised, approximately, 40% relating to deferred participants and 60% relating to pensioners (2023: 40% deferred participants and 60% pensioners).

The weighted average duration of the pension scheme liabilities is 11 years (2023: 12 years).

Key assumptions – sensitivity analysis

Historically, the principal risks related to investment, interest rate, inflation and longevity risks. However, during the previous year, the scheme has implemented a whole Scheme buy-in, essentially fully hedging all of these risks and meaning the scheme is no longer impacted by discount rate, inflation or mortality assumptions.

The key assumptions used to calculate the scheme's liabilities are longevity, discount rate and the inflation assumptions (RPI and CPI).

If the average actual longevity from the age of 65 years is one year greater than that assumed, the pension scheme net surplus would increase by, approximately, £Nil (2023: £Nil). If the actual longevity is one year less than that assumed, the pension scheme net surplus would reduce by a similar amount.

A 0.1% increase in the discount rate applied to the scheme liabilities and a 0.1% increase in the inflation assumptions would reduce/increase the pension scheme net surplus by £Nil (2023: £Nil) and £Nil (2023: £Nil), respectively. A 0.1% decrease in these assumptions would increase/reduce the pension scheme net surplus by a similar amount.

The above sensitivity analyses are based on a change in an assumption whilst holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. No allowance has been made for any change in assets that might arise under any of the scenarios set out above. When calculating the sensitivity of the defined benefit net surplus to significant assumptions, the same method has been applied as when calculating the pension scheme net surplus recognised within the consolidated balance sheet.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024 (continued)

16 Retirement benefit pension schemes continued

The sensitivities shown are just one possible outcome and should not be taken as an indication of the likelihood of a change occurring in the future. Economic markets are volatile and market metrics used to derive the discount rate and price inflation assumptions could increase or decrease in the future, by more or less than the change set out.

There are other plan assets held by the scheme to cover any potential increase in plan liabilities arising from the conclusion of Guaranteed Minimum Pension Equalisation. Changes to assumptions relating to these plan assets are not considered significant.

This methodology is unchanged from last year's disclosures. The directors have presented the disclosure in the same format in order to show prior year comparatives.

Amounts recognised in the income statement

	2024 £'000	2023 £'000
Administrative expenses:		
Pension scheme administrative expenses	166	267
	166	267
Interest income on pension scheme assets	(1,329)	(1,700)
Interest expense on pension scheme liabilities	1,221	1,312
Net interest income on pension surplus (note 6)	(108)	(388)
Net pension charge/(income)	58	(121)

Remeasurement (gains)/losses recognised in other comprehensive income

	2024 £'000	2023 £'000
Return on assets (excluding interest income)	1,416	5,914
Experience adjustments	65	(19)
Actuarial (gains)/losses arising from changes in financial assumptions	(2,759)	(726)
Actuarial losses/(gains) arising from changes in demographic assumptions	1,327	819
Total remeasurement of the net-defined asset shown in other comprehensive income	49	5,988
Cumulative actuarial loss recognised in other comprehensive income	9,545	9,496

	2024 £'000	2023 £'000
Interest income on pension scheme assets	1,329	1,700
Return on assets (excluding interest income)	(1,416)	(5,914)
Actual return on plan assets	(87)	(4,214)

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy as restricted to a rate equal to the assumed discount rate applied to the scheme's liabilities. Expected yields on fixed-interest investments are based on gross redemption yields as at the balance sheet date.

Movement in surplus during the year

	2024 £'000	2023 £'000
Surplus in scheme at beginning of year	2,489	8,236
<i>Movement in year:</i>		
Employer contributions	-	120
Net pension (charge)/income	(58)	121
Actuarial gain	(49)	(5,988)
Surplus in scheme at end of year	2,382	2,489
Related asset restriction movement	(596)	(871)
Net pension asset recognised on the balance sheet	1,786	1,618

16 Retirement benefit pension schemes continued

In July 2024, the Court of Appeal upheld a June 2023 High Court ruling in the case of Virgin Media Ltd v. NTL Pension Trustees II Ltd. Whilst there are continuing uncertainties in relation to the ruling, which, in turn, have created additional uncertainty over the measurement of the defined benefit obligation, the case could call into question the value of the defined benefit obligation. At this point, it is not currently clear whether a remeasurement of the defined benefit obligation will be needed and, if in the future it becomes necessary, how the liability will change as a result. As such, the defined benefit obligation has been stated without further reference to the High Court ruling.

Defined contribution pension scheme and auto enrolment

The group operates the Andrews Sykes Stakeholder Pension Plan, to which the majority of UK employees are eligible. The UK operates a salary sacrifice arrangement for pension contributions meaning the employer makes all pension contributions instead of the employee and employer making contributions. The amount varies, generally based upon the individual's seniority and length of service with the company.

Contributions for both existing members and members who have been auto enrolled are made to the same scheme. The employer's contribution rates vary from 8% to 15%, the current average being 7.2% (2023: 7.7%). The current period charge in the income statement amounted to £912,000 (2023: £893,000).

Overseas defined contribution pension scheme arrangements

Overseas companies make their own pension arrangements, the charge for the period being £286,000 (2023: £282,000). No additional disclosure is given on the basis of materiality.

17 Stock

	2024 £'000	2023 £'000
Raw materials and consumables	71	96
Finished goods	2,323	2,309
	2,394	2,405

The cost of stock recognised as an expense in the period was £8,480,000 (2023: £7,680,000). In addition, a further £1,170,000 of items held in stock at 31 December 2023 (2023: £2,522,000 items held in stock at 31 December 2022) have been capitalised in the hire fleet this year. The net credit in the income statement for net realisable value provisions was £115,000 (2023: credit of £420,000), comprising write downs of £6,000 (2023: £252,000) and reversal of write downs of £121,000 (2023: £672,000). Inventory is stated net of impairment provisions totalling £762,000 (2023: £877,000).

18 Trade and other receivables

	2024 £'000	2023 £'000
Trade receivables	14,245	16,633
Amounts due from related parties	580	407
Prepayments	2,797	1,729
Other receivables	266	482
	17,888	19,251

The analysis of trade receivables that were past due is as follows:

	Total £'000	Not past due £'000	Past due			
			<3 months £'000	3-6 months £000	6-12 months £000	> 12 months £000
2024 Gross debtor	16,179	7,061	5,427	1,829	1,260	602
Lifetime expected credit loss	(1,934)	(30)	(169)	(477)	(656)	(602)
Net carrying amount	14,245	7,031	5,258	1,352	604	-
Expected credit loss percentage	12.0%	0.4%	3.1%	26.1%	52.1%	100.0%

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024 (continued)

18 Trade and other receivables continued

	Total £'000	Not past due £'000	<3 months £'000	Past due 3-6 months £'000	6-12 months £'000	> 12 months £'000
2023 Gross debtor	21,188	10,765	4,887	1,904	1,199	2,434
Lifetime expected credit loss	(4,555)	(65)	(335)	(833)	(888)	(2,434)
Net carrying amount	16,633	10,700	4,552	1,071	311	-
Expected credit loss percentage	21.5%	0.6%	6.9%	43.8%	74.1%	100.0%

Current trade receivables not considered to be overdue represents amounts due from customers that are not overdue in accordance with the specific credit terms agreed with those customers. The average outstanding debtor days for current trade receivables not considered to be overdue as at 31 December 2024 was 29 (2023: 41).

The expected credit loss provision is based on past default experience, external indicators and forward-looking information performed on an entity-by-entity basis and not a collective basis. Debts with customers in liquidation or receivership are fully provided against and written off. The movement in the provision during the period is as follows:

	2024 £'000	2023 £'000
Balance at the beginning of the year	4,555	4,100
Foreign exchange difference	(5)	(156)
Charge for year	347	959
Amounts utilised	(2,384)	(348)
Unused amounts reversed	(579)	-
Balance at the end of the year	1,934	4,555

The directors consider that the carrying value of trade receivables approximates to fair value and that no impairment provisions are required against other receivables.

19 Current tax assets

	2024 £'000	2023 £'000
UK corporation tax	515	484
Overseas tax (denominated in Euros)	254	420
	769	904

20 Cash and cash equivalents

	2024 £'000	2023 £'000
Cash at bank	4,892	7,290
Deposit accounts	18,289	12,677
	23,181	19,967

Cash at bank comprises cash held by the group in interest-free bank current accounts.

Deposit accounts comprise instant access interest-bearing accounts and other short-term bank deposits with a maturity of three months or less on inception. Interest was received at an average floating rate of, approximately, 4.4% (2023: 4.3%).

The carrying value of cash and cash equivalents approximates to their fair value.

Total cash balances and other monetary assets and liabilities denominated in foreign currencies are disclosed in note 27.

21 Trade and other payables

	2024 £'000	2023 £'000
Trade payables	3,931	4,482
Amounts due to related party	364	263
Other taxation and social security	1,891	2,284
Accruals	9,431	10,620
Other payables	248	209
	15,865	17,858

Trade payables, accruals and other payables mainly comprise amounts outstanding from trade purchases and other normal business-related costs. The average credit period taken for trade purchases is 51 days (2023: 30 days), the increase relating to updated creditor terms with UK suppliers.

Information concerning credit, liquidity and market risks, together with an analysis of monetary liabilities held in currencies other than pounds Sterling, is given in note 27.

The carrying value of trade and other payables approximates to their fair value.

22 Current tax liabilities

	2024 £'000	2023 £'000
UK corporation tax	15	75
Overseas tax (denominated in Euros)	456	875
	471	950

23 Right-of-use lease obligations

Financial liabilities

	Minimum lease payments		Present value of minimum lease payments	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Amounts payable under right-of-use lease obligations:				
Within one year	3,404	3,192	2,556	2,429
In the second to fifth years	8,884	7,911	6,633	5,714
After five years	9,683	10,507	6,840	7,254
	21,971	21,610	16,029	15,397
Less future finance charges	(5,942)	(6,213)	-	-
Present value of lease obligations	16,029	15,397	16,029	15,397

The group's obligations under these leases are secured over the right-to-use assets to which they relate. Where extension options are included, an assessment of how likely it is for the option to extend the lease to be exercised is performed and, if it is determined that the lessee is reasonably certain to exercise the option, then the term covered by the option is included in the lease term.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024 (continued)

24 Provisions

	2024 £'000	2024 £'000	2024 £'000	2024 £'000	2023 £'000	2023 £'000	2023 £'000	2023 £'000
	France closure	Restructuring	Dilapidation	Total	France closure	Restructuring	Dilapidation	Total
Balance at 1 January	599	477	1,827	2,903	-	672	2,010	2,682
Transferred from/(to) accruals	-	-	-	-	135	-	-	135
Provision created in the year	-	-	30	30	464	339	439	1,242
Utilised during the year	(115)	(126)	(282)	(523)	-	(408)	(382)	(790)
Unused amounts reversed	(48)	(331)	(471)	(850)	-	(126)	(240)	(366)
	436	20	1,104	1,560	599	477	1,827	2,903

Dilapidation costs expected to be settled at the end of the lease term, ranging from one year to 20 years, for rectification of wear and tear damage of the group's leasehold premises, are provided for as an expense over the tenancy period as the wear and tear occurs. The cost of the remedial work required on the group's properties is spread over a number of years and the provision is based upon the group's previous dilapidation experience and quotes received from professional surveyors. The impact of discounting is considered immaterial to the amounts provided. The final actual cost is uncertain and based on future wear and tear, and the current provision is based on best estimates.

Restructuring provision relates to the continuing property relocation within the UK. During 2022, four properties were vacated and merged into one large consolidated site. The associated costs involved included expected move costs and redundancy. The majority of these costs were incurred during 2023. During the previous year, three further property locations were vacated and merged into one larger facility. The associated costs involved included expected move costs and other associated landlord costs. The majority of these costs were incurred during 2024. The impact of discounting is considered immaterial to the amounts provided. The final actual cost is uncertain and based on discussions with landlords and final actual move costs. The current provision is based on best estimates.

France closure provision relates to the decision taken during 2022 to cease trading of our French subsidiary, Andrews Sykes Climat Location, and wind the business up. The associated costs involved include redundancy, anticipated legal fees of the closure and defence of several legal claims being defended, and settlement of outstanding supplier contracts. It is anticipated that the majority of these costs will be incurred after 2024. The impact of discounting is considered immaterial to the amounts provided. The final actual cost is uncertain and based on the satisfactory settlement of the current legal claims. The current provision is based on best estimates.

25 Share capital

	2024 £'000	2023 £'000
Allotted, called up and fully paid		
41,858,744 (2023: 41,858,744) Ordinary shares of one pence each	419	419

During the year, the company purchased and cancelled Nil (2023: 289,301) ordinary shares of 1p each. The company paid a price between 510p and 665p per share for each of these shares purchased during 2023. The capital redemption reserve was increased by the amount by which the company's share capital was diminished on cancellation of the shares.

Following the current and previous year end, no further shares have been purchased or cancelled. As at 6 May 2025, there were 41,858,744 ordinary shares in issue.

No share options were exercised, granted, forfeited or expired during either the current or preceding financial period. There were no outstanding share options at the end of either the current or preceding financial period.

26 Analysis of net funds and movement in financing liabilities

	2024 £'000	2023 £'000
Cash and cash equivalents per consolidated cash flow statement	23,181	19,967
Gross funds	23,181	19,967
Right-of-use lease obligations:		
At the beginning of the year	(15,397)	(11,322)
Capital repayments for right-of-use lease obligations	2,920	2,759
Interest charged	(1,015)	(759)
Interest paid	1,015	759
New right-of-use assets entered into during the year	(4,210)	(7,872)
Termination of right-of-use obligations	616	983
Effect of foreign exchange rate changes on right-of-use leases	42	55
At the end of the year	(16,029)	(15,397)
Gross debt	(16,029)	(15,397)
Net funds	7,152	4,570

27 Financial instruments

Capital risk management

The group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders. The capital structure of the group consists of net funds, which are analysed in note 26, and equity comprising issued share capital, reserves and retained earnings as disclosed on the balance sheet.

The net funds to equity percentage is:

	2024 £'000	2023 £'000
Net funds per note 26	7,152	4,570
Equity attributable to equity holders of the parent company	46,185	40,466
Net funds to equity percentage	15.5%	11.3%

Categories of financial instruments

The carrying values of each category of financial instrument, shown at amortised cost, are as follows:

	2024 £'000	2023 £'000
Financial assets		
Trade receivables and amounts due from related parties	14,825	17,040
Other debtors	266	482
Cash and cash equivalents	23,181	19,967
	38,272	37,489
Financial liabilities		
Trade payables and amounts due to related parties	4,295	4,745
Accruals and other creditors	9,679	10,829
Right-of-use lease obligations	16,029	15,397
	30,003	30,971
Surplus of financial assets over financial liabilities	8,269	6,518

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024 (continued)

27 Financial instruments continued

In addition to managing the capital structure to ensure the ability of the group to continue as a going concern, the group also manages its cash and cash equivalent balances in view on the credit rating of the institutions in which funds are held. The Standard & Poor credit ratings of the institutions by geographical region where cash and cash equivalents are held are detailed below:

	Credit ratings of financial institutions	Cash and cash equivalent	Credit ratings of financial institutions	Cash and cash equivalent
UK	A+	15,212	A to A+	14,017
Europe	BBB to A+	7,105	BBB to A+	4,701
Middle East	BAA to A+	864	A-	1,249
		23,181		19,967

The group monitors the credit ratings of counterparties regularly and, at the reporting date, does not expect any losses from non-performance by the counterparties.

Financial risk management

The key risks that potentially impact on the group's results are market risk, credit risk and liquidity and interest rate risks. The group's exposure to each of these risks and the management of that exposure is discussed below. There has been no change in the period, or since the period end, to the type of financial risks faced by the group or to the management of those risks.

Market risk

The Group's activities expose it, primarily, to the financial risks of changes in interest rates. When appropriate, the group enters into derivative financial instruments to manage its exposure to interest rate risk, including interest rate caps/collars that limit the group's exposure to fluctuations in any bank loans/treasury deposits. Due to the lack of external financing and favourable rates being available on treasury deposits, the group does not hold any interest rate caps/collars or any other derivative financial instrument as at 31 December 2024 (2023: £Nil), although this position is constantly under review.

A 1% increase in the average bank deposit rate for the period would have increased the net bank deposit interest receivable by £214,000 (2023: £280,000); a 1% decrease would have decreased it by a similar amount.

The group's policy is not to hedge its international assets with respect to foreign currency balance sheet translation exposure, nor against foreign currency transactions. The group generally does not enter into forward exchange contracts and it does not use financial instruments for speculative purposes.

Currency risk

No entities within the group hold significant financial assets or financial liabilities in a currency that is different to their functional currency and, therefore, there is no material exposure to currency risk.

Credit risk

Credit risk refers to the risk that a counterparty will default, defined as not paying within a given period, on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Creditworthiness is verified by independent rating agencies when available. The group's exposure to and credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by senior management on a regular basis.

Trade receivables consist of a large number of customers spread across diverse industries and geographical locations. A review of all bad debt history was carried out to evaluate whether this was indicative of any expected future credit exposures. These historical rates of credit loss were then looked at in the context of current and future factors affecting customer creditworthiness. Trade receivables are written off when there is considered to be little likelihood of recovery of the debt. The group's lifetime expected credit loss percentage analysed by age category of debt is disclosed in note 18.

27 Financial instruments continued

The group does not have any significant credit risk exposure to any single counterparty or connected counterparties at the reporting date where “significant” is defined as 5% of gross financial assets. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the group's maximum exposure to credit risk.

Liquidity risk management

The group manages liquidity risk by maintaining adequate gross funds, which, at 31 December 2024, amounted to £23,181,000 (2023: £19,967,000), by continuously monitoring forecast and actual cash flows, by matching the maturity profiles of monetary assets and liabilities and by managing the funds held in deposit accounts to match when the group may need access to these funds.

In view of the significant levels of net funds available to the group of £7,152,000 (2023: £4,570,000), the directors believe that additional unutilised borrowing facilities are not required.

Liquidity and interest risk tables

The following table details the group's remaining contractual maturity for its non-derivative financial liabilities. The table has been prepared based on the undiscounted contractual maturities of the financial instruments. The future finance charges represent the charges that will be charged to the income statement in future periods based on the current weighted average interest rates and have not been included within the carrying amount of the financial liability.

The following liquidity and interest risk tables include non-financial liabilities relating to current tax of £471,000 (2023: £950,00) and other tax and social security of £1,891,000 (2023: £2,284,000). These have been included in the maturity analysis provided as this is considered to be useful information for account users in regards to the timing of likely cash outflows.

	Weighted average interest rate	Due within 3 months	Due 3 months to 1 year	Due 2-5 years	Due after 5 years	Total
At 31 December 2024						
Non-interest bearing	N/A	11,497	4,840	-	-	16,336
Right-of-use lease obligation	6.0%	851	2,553	8,884	9,683	21,971
Total		12,348	7,393	8,884	9,683	38,307
	Weighted average interest rate	Due within 3 months	Due 3 months to 1 year	Due 2-5 years	Due after 5 years	Total
At 31 December 2023						
Non-interest bearing	N/A	13,394	5,415	-	-	18,808
Right-of-use lease obligation	6.3%	798	2,394	7,911	10,507	21,610
Total		14,192	7,809	7,911	10,507	40,418

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024 (continued)

28 Operating lease arrangements

At the balance sheet date, the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Plant, machinery and equipment	
	2024	2023
	£'000	£'000
Future minimum payments due:		
Not later than one year	248	230
After one year, but not more than five years	703	395
After more than five years	-	-
	951	625

Plant, machinery and equipment leases represent short-term leases for motor vehicles, office and general equipment also with a duration of 12 months or less. In addition, any non-capital payments under operating leases, for example, maintenance costs on vehicles, have not been capitalised and continue to be treated as off-balance-sheet operating leases and the commitments included within the table above.

Leases with a duration of over 12 months have been included within right-of-use assets in accordance with IFRS 16; see note 13.

29 Related party transactions

Group

All transactions between the parent company and subsidiary companies and between subsidiary companies have been eliminated on preparation of the consolidated accounts.

Trading transactions

During the period, the group entered into the following transactions in the normal course of business with associated companies:

	2024	2023
	£'000	£'000
Sale of goods and services to associates within the London Security plc group	-	-
Purchase of goods and services from associates within the London Security plc group	103	108
Amount owed by the group to associates within the London Security plc group	-	-
Sales of goods and services to companies connected with Khansaheb Sykes LLC	1,397	635
Amounts owed to the group by companies connected with Khansaheb Sykes LLC	580	407
Purchase of goods and services from associates connected with Khansaheb Sykes LLC	452	337
Amounts owed by the group to companies connected with Khansaheb Sykes LLC	364	263

The group did not hold any security and there were no impairment charges in respect of any of the above transactions.

London Security plc is associated through common control.

Khansaheb Sykes LLC, a company that is 49% owned by the group and 100% of the profits accrue to the group, trades in the normal course of business with its other shareholder and companies connected with that shareholder.

Transactions with key management personnel

Details of remuneration paid to directors and key management personnel are disclosed in note 9.

30 Dividend payments

The directors declared and paid the following dividends during the 12-month periods ended 31 December 2024 and 31 December 2023:

	2024		2023	
	pence per share	Total dividend paid £'000	pence per share	Total dividend paid £'000
Final dividend for the 12 months ended 31 December 2023 paid to members on the register at 24 May 2024 on 21 June 2024	14.00	5,860	-	-
Interim dividend declared on 24 September 2024 and paid to shareholders on the register at 4 October 2024 on 1 November 2024	11.90	4,981	-	-
Final dividend for the 12 months ended 31 December 2022 paid to members on the register at 26 May 2023 on 16 June 2023	-	-	14.00	5,898
Interim dividend declared on 25 September 2023 and paid to shareholders on the register at 6 October 2023 on 3 November 2023	-	-	11.90	4,981
Special dividend declared on 25 September 2023 and paid to shareholders on the register at 6 October 2023 on 3 November 2023			59.40	24,864
	25.90	10,841	85.30	35,743

The above dividends were charged against reserves as shown in the consolidated statement of changes in equity of these financial statements.

The directors recommend the payment of a final dividend of 14.0 pence (2023: 14.0 pence) per ordinary share. If approved at the forthcoming Annual General Meeting, this dividend, which, in total, amounts to £5,860,000 (2023: £5,860,000), will be paid on 20 June 2025 to shareholders on the register at 23 May 2025.

31 Ultimate parent company

As at 6 May 2025, EOI Sykes Sarl, which is incorporated in Luxembourg, held 86.90% of the share capital of Andrews Sykes Group plc and is, therefore, the immediate parent company. The intermediate holding company is SK Participation Limited, a company incorporated in Jersey, and the ultimate holding company is the Tristar Corporation, a company incorporated in the Republic of Panama. The Tristar Corporation is held jointly, in equal proportions, by the Ariane Trust and the Eden Trust and is controlled by the trustees of these trusts through a Trustees' Committee. The directors, therefore, consider that the trustees of the Ariane and Eden Trusts are the ultimate controlling parties of Andrews Sykes Group plc.

The lowest level at which consolidated accounts are prepared is EOI Sykes Sarl and the highest level is SK Participation Limited.

Parent Company Balance Sheet

At 31 December 2024

	Notes	31 December 2024		31 December 2023	
		£'000	£'000	£'000	£'000
Fixed assets					
Investments	3		30,157		30,157
Current assets					
Debtors	4	661		852	
Cash at bank and in hand		12,876		12,051	
		13,537		12,903	
Creditors: Amounts falling due within one year	5	(6,584)		(6,912)	
Net current assets			6,953		5,991
Total assets less current liabilities being net assets			37,110		36,148
Capital and reserves					
Share capital	7		419		419
Share premium			13		13
Profit and loss account			34,306		33,344
Capital redemption reserve			161		161
Other reserve			2,211		2,211
Shareholders' funds			37,110		36,148

The profit for the year dealt with in the accounts of the parent company was £11,803,000 (2023: £26,851,000).

These consolidated financial statements of Andrews Sykes Group plc, company number 00175912, were approved and authorised for issue by the Board of directors on 6 May 2025 and were signed on its behalf by:

JJ Murray
Executive Chairman

Parent Company Statement of Changes in Equity

For the year ended 31 December 2024

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Capital redemption reserve £'000	Other reserve £'000	Attributable to equity holders of the company £'000
Balance at 31 December 2022	421	13	44,099	159	2,211	46,903
Profit for the year	-	-	26,851	-	-	26,851
Dividends paid*	-	-	(35,743)	-	-	(35,743)
Share repurchase	(2)	-	(1,863)	2	-	(1,863)
Total of transactions with shareholders	(2)	-	(37,606)	2	-	(37,606)
Balance at 31 December 2023	419	13	33,344	161	2,211	36,148
Profit for the year	-	-	11,803	-	-	11,803
Dividends paid*	-	-	(10,841)	-	-	(10,841)
Total of transactions with shareholders	-	-	(10,841)	-	-	(10,841)
Balance at 31 December 2024	419	13	34,306	161	2,211	34,306

* See note 30 for further details.

Share premium account

The share premium account balance includes the proceeds that were above the nominal value from the issuance of the Company's equity share capital comprising 1p shares.

Profit and loss account

Profit and loss include the accumulated profits and losses arising from the profit and loss attributable to equity shareholders, less distributions to shareholders.

Capital redemption reserve

The capital redemption reserve has arisen on the cancellation of previously issued shares and represents the nominal value of those shares cancelled.

Other reserve

The other reserve represents a non-distributable reserve, which arose following the historic receipt of dividends paid out of internally generated profits within the group and are, therefore, not considered payable outside the group to its shareholders.

Notes to the Company Financial Statements

For the year ended 31 December 2024

1 Material accounting policies

Basis of preparation

These separate financial statements of Andrews Sykes Group plc (the “company”) have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) and the Companies Act 2006.

Reduced disclosure framework

Advantage has been taken of paragraph 1.12 of FRS 102 and the company has applied the reduced disclosure framework as permitted by that paragraph. Accordingly, these individual company financial statements:

- do not contain a cash flow statement as otherwise required by section 7 of FRS 102;
- do not disclose key management remuneration as otherwise required by section 33 of FRS 102; and
- do not include the disclosures otherwise required by sections 11 and 12 of FRS 102 for other financial instruments.

The company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

Exemptions taken in the preparation of these financial statements on transition to FRS 102

The effective date of transition to FRS 102 was 1 January 2014. In accordance with paragraph 35.10 of FRS 102, in 2015, the company elected to take advantage of the following exemptions that were available on transition:

- Section 19 of FRS 102 was not applied retrospectively to business combinations that occurred before the date of transition to FRS 102.
- Investments in subsidiaries are stated at cost less impairment provisions and not at fair value.

Company profit and loss account

As permitted by Section 408 of the Companies Act 2006, the company has elected not to present its own profit and loss account for the period.

Principal accounting policies

The principal accounting policies, which have all been applied consistently throughout the current and preceding accounting periods, are summarised below.

Going concern

These financial statements have been prepared on the fundamental assumption that the company is a going concern and will continue to trade for at least 12 months following the date of approval of the financial statements.

Further information explaining why the directors believe that the group as a whole is a going concern is given in note 1 of the group accounting policies.

Investments

Investments in subsidiary undertakings are stated at cost less provision for impairment. Cost is defined as the aggregate of:

- (a) the cash consideration;
- (b) the nominal value of shares issued as consideration where Section 612 of the Companies Act 2006 applies;
- (c) the market value of the company's shares on the date they were issued where Section 612 does not apply;
- (d) the fair value of any other consideration; and
- (e) costs of acquisition.

Investments are assessed for indicators of impairment at each balance sheet date. If there is such an indication, the recoverable amount of the investment is compared to the carrying amount of the investment. If the recoverable amount of the investment is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account.

2 Material accounting policies

If an impairment loss is subsequently reversed, the carrying amount of the investment is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as loans from banks and group undertakings and loans to group undertakings.

Debt instruments (other than those wholly repayable or receivable within one year), including loans, are initially measured at the present value of the future cash flows and, subsequently, at amortised cost using the effective interest method.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is provided in full on timing differences that result in an obligation to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax law enacted or substantively enacted. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on unremitted earnings where there is no binding commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Current tax

Current tax payable and recoverable is based on the taxable profit or loss for the year using tax rates enacted, or substantively enacted, at the reporting date. Taxable profit differs from the profit as reported in the profit and loss account as it is adjusted for both items that will never be taxable or deductible and temporary timing differences.

Related party transactions

Under the provisions of FRS 102 paragraph 33.1A, the company has not disclosed details of intra-group transactions with wholly owned subsidiary companies.

Notes to the Company Financial Statements

For the year ended 31 December 2024 (continued)

3 Employee information

The company has no employees other than the directors.

Directors' emoluments

Directors' emoluments for the current and prior financial year were as follows:

Director	2024			2023		
	Emoluments £'000	Pension £'000	Total £'000	Emoluments £'000	Pension £'000	Total £'000
AJ Kitchingman	42	-	42	42	-	42
MC Leon	20	-	20	20	-	20
JJ Murray	44	-	44	44	-	44
JP Murray	20	-	20	20	-	20
	126	-	126	126	-	126

CD Webb was remunerated through Andrews Sykes Hire Limited and received no employment benefits directly from the company.

No directors were granted or exercised share options during either the current or prior financial periods.

For key management personnel purposes, £9,000 (2023: £9,000). of NI contributions should be included in the above totals.

No directors, in either the current or prior year, had any pension contributions or were members of either a defined contribution or defined benefit pension scheme.

In the current and prior year, no director had an accrued annual pension under the defined benefit scheme. No contributions were paid during the current or prior period into the defined benefit scheme.

4 Fixed asset investments

	Subsidiary undertakings shares £'000
Cost	
At the beginning and end of the period	39,796
Provisions	
At the beginning and end of the period	9,639
Net book Value	
At 31 December 2024	30,157
At 31 December 2023	30,157

Directly owned by Andrews Sykes Group plc:

Andrews Sykes Hire Limited
 Andrews Air Conditioning and Refrigeration Limited*
 A.S. Group Management Limited* (intermediate holding company)
 Andrews Sykes International Limited* (intermediate holding company)
 Andrews Sykes Investments Limited (dormant)
 Andrews Sykes Properties Limited* (property holding company)
 Sykes Ground Water Control Limited (dormant)
 Heat for Hire (Scotland) Limited (Scotland; dormant)
 Sykes Pumps Limited (dormant)

4 Fixed asset investments continued

Indirectly owned by Andrews Sykes Group plc:

Andrews Sykes B.V. (Netherlands)
 Andrews Sykes BVBA (Belgium)
 Andrews Sykes Climat Location SA (Switzerland)
 Andrews Sykes Climat Location SAS (France)
 Andrews Sykes Luxembourg SARL (Luxembourg)
 AS Holding B.V. (Netherlands; intermediate holding company)
 Klimamieten AS GmbH (Germany)
 Khansaheb Sykes LLC (49%; United Arab Emirates)
 Nolo Climat S.R.L. (Italy)
 AAC&R Limited (dormant)
 Sykes Pumps International Limited (dormant)

* Denotes that the directors have taken advantage of the exemption available under Section 479A of the Companies Act 2006 relating to the requirement for the audit of the individual accounts for the companies annotated as Andrews Sykes Group plc has provided these companies with a parental guarantee.

Unless otherwise indicated, all are incorporated in England and Wales with a registered address of Unit 601, Axxess 10 Business Park, Bentley Road South, Wednesbury WV10 8LQ. Their principal activity is the hire, sales, service and/or installation of specialist environmental control products mainly in the country of incorporation.

The registered office address of Heat for Hire (Scotland) Limited is West Mains Industrial Estate, Grangemouth, Stirlingshire, Scotland, FK3 8YE.

The registered office address of AS Holding B.V. and Andrews Sykes B.V. is Marconistraat 32, Bleiswijk 2665 JE, The Netherlands.

The registered office address of Khansaheb Sykes LLC is P.O. Box 1848, Industrial Area 10, Geeco Signal, Sharjah 1848, United Arab Emirates.

The registered office address of Andrews Sykes BVBA is Industrialaan 35, Groot Bijgaarden, Dilbeek 1702, Belgium.

The registered office address of Nolo Climat S.R.L. is 27 Via Giuliani, Parabiago 20015, Italy.

The registered office address of Andrews Sykes Climat Location SAS is 330 Rue Claude Chappe, 60530, Ecruis, France.

The registered office address of Andrews Sykes Climat Location SA is Chemin de la Louve 15, 1196 Gland, Switzerland.

The registered office address of Andrews Sykes Luxembourg SARL is 18 Route de Capellen, Holzem 8279, Luxembourg.

The registered office address of Klimamieten AS GmbH is Europaallee 123, 50226, Nord Rhein Westfalen, Germany.

The group holds 100% of the ordinary share capital of all of the above, unless otherwise stated. 100% of the profits of Khansaheb Sykes LLC accrue to the group.

The movement in provisions relates to adjustments to the net carrying value of investments in non-trading subsidiaries to underlying net asset value.

5 Debtors

	2024 £'000	2023 £'000
Amounts due from group undertakings	549	665
Other debtors	51	141
Prepayments	61	46
	661	852

All inter-company loans are due on demand. Interest is charged on all inter-company loans at commercial rates of interest. No provisions are considered necessary against amounts owed by group undertakings.

Notes to the Company Financial Statements

For the year ended 31 December 2024 (continued)

6 Creditors

Amounts due within one year

	2024 £'000	2023 £'000
Amounts due to group undertakings	5,859	6,041
Trade creditors	100	127
Accruals and deferred income	625	744
	6,584	6,912

All inter-company loans are repayable on demand and, accordingly, have been classified within current liabilities. Interest is charged on all inter-company loans at commercial rates of interest.

The company did not have any undrawn committed borrowing facilities at either period end.

7 Financial instruments

The group's policies, objectives and exposure in respect of capital and financial (encompassing market, credit and liquidity) risk management are set out in note 27 to the consolidated financial statements and these are also applicable to the company. The company did not hold any derivative financial instruments at either 31 December 2024 or 31 December 2023.

8 Share capital

	2024 £'000	2023 £'000
Allotted, called up and fully paid		
41,858,744 (2024: 41,858,744) Ordinary shares of one pence each	419	419

During the year, the company purchased and cancelled Nil (2023: 289,301) ordinary shares of 1p each. The company paid a price between 510p and 665p per share for each of these shares purchased during 2024. The capital redemption reserve was increased by the amount by which the company's share capital was diminished on cancellation of the shares.

Following the current and previous year end no further shares have been purchased or cancelled. As at 6 May 2025, there were 41,858,744 ordinary shares in issue.

No share options were exercised, granted, forfeited or expired during either the current or preceding financial period. There were no outstanding share options at the end of either the current or preceding financial period.

9 Related party transactions

Transactions between the company and its wholly owned subsidiaries, which are related parties, are not disclosed in this note in accordance with paragraph 33.1A of FRS 102.

During the period, the company entered into the following transactions in the normal course of business with associated companies:

	2024	2023
	£'000	£'000
Purchase of goods and services from associates within the London Security plc group	103	108

The company did not hold any security and there were no impairment charges in respect of any of the above transactions.

London Security plc is associated through common control.

10 Ultimate parent company

As at 6 May 2025, EOI Sykes Sarl, which is incorporated in Luxembourg, held 86.90% of the share capital of Andrews Sykes Group plc and is, therefore, the immediate parent company. The intermediate holding company is SK Participation Limited, a company incorporated in Jersey, and the ultimate holding company is the Tristar Corporation, a company incorporated in the Republic of Panama. The Tristar Corporation is held jointly, in equal proportions, by the Ariane Trust and the Eden Trust and controlled by the trustees of these trusts through a Trustees' Committee. The directors, therefore, consider that the trustees of the Ariane and Eden Trusts are the ultimate controlling parties of Andrews Sykes Group plc.

The lowest level at which consolidated accounts are prepared is EOI Sykes Sarl and the highest level is SK Participation Limited.

Five-Year History

	2024	2023	2022	2021	2020
	£'000	£'000	£'000	£'000	£'000
Revenue	75,942	78,747	83,007	75,219	67,259
Operating profit from continuing operations	23,187	22,737	21,530	20,074	16,386
Interest charge on right-of-use leases	(1,015)	(759)	(577)	(530)	(530)
Inter-company foreign exchange (losses)/gains	(45)	28	242	(25)	(75)
Net interest credit/(charge) excluding inter-company foreign exchange and right-of-use lease interest	1,060	1,590	356	(20)	52
Profit before taxation	23,187	23,596	21,551	19,499	15,833
Taxation	(6,389)	(5,838)	(4,531)	(3,959)	(2,813)
Profit for the financial period	16,798	17,758	17,020	15,540	13,020
Dividends per share paid in the year	25.90p	85.30p	41.00p	23.40p	46.10p
Dividends paid during the year	10,841	35,743	17,292	9,869	19,442
Basic earnings per share from continuing operations	40.13p	42.24p	40.36p	36.85p	30.87p
Proposed ordinary final dividend per share	14.00p	14.00p	14.00p	12.50p	11.50p



The production of this report supports the work of the Woodland Trust, the UK's leading woodland conservation charity. Each tree planted will grow into a vital carbon store, helping to reduce environmental impact as well as creating natural havens for wildlife and people.



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