John Graham Holdings Limited

Report and Financial Statements

31 March 2021

Directors
Michael E J Graham
Alan K Bill
Andrew K Bill
Colin J Graham
Robin N Graham
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REGISTERED No. NI 057921

Strategic Report

The directors present their Strategic Report for the year ended 31 March 2021.

Principal activities and review of the business

John Graham Holdings Limited and its subsidiary undertakings ("the Group") are primarily engaged in building, civils engineering, interior fit-out, facilities management and project investment.

Business review

The financial year ended 31 March 2021 saw a 5.3% fall in revenue to £808.1m (2020: £853.3m) and profit before tax increase by 7% to £12.1m for this period (2020: £11.3m). Despite the challenging market conditions and operational difficulties because of COVID-19 the directors are pleased to report that each division within the Group has remained profitable.

The financial year will be marked by the impact of COVID-19 and with the extensive lockdowns place upon business throughout the world. The period from April 2020 to June 2020 saw a substantial reduction in our revenue as the business adjusted to the measures put in place by government to reduce the spread of COVID-19. The Group took measures during this period to reduce cost and availed of the Coronavirus Job Retention Scheme ("CJRS") as we looked to protect the employment of our staff unable to work as a result of COVID-19. As the financial year progressed, the resilience of our people, clients and partners allowed us to operate safely and efficiently allowing us to deliver projects successfully.

Market conditions remain competitive across all divisions and despite the added complexity of COVID-19 we have continue to invest in the business. The Group has continued to invest in its people's skills and capabilities through our training and development programs. We continually look for operational efficiencies and productivity gains across the business through effective use of our investment in our IT platforms, processes and quality management systems. We also look towards the future to ensure we are driving industry change through our use of modern methods of construction.

Each division within the Group is in a strong position with record order books and a pipeline of opportunity that is strong in both volume and quality. Cash at bank and in hand has increased to £118.9m (2020: £72.9m) with a continued investment in working capital in the period.

Strategic Report (continued)

Financial performance

The directors have determined that the following financial indicators are the most effective measures of progress towards achieving the Group's objectives.

	2021	*2020*
	£000	*£000*
Group turnover and share of joint venture turnover	808,097	853,257
Profit before taxation	12,133	11,293
Cash at bank and in hand	118,881	72,940

The directors regard the results as satisfactory.

Principal risks and uncertainties

There are many risks that can adversely affect the Group and if not adequately managed they have the potential to seriously damage both our financial performance and reputation. The directors recognise that consistent and effective risk management is vital to the delivery of our business strategy. The board has overall responsibility for risk management and for ensuring that appropriate controls and audit systems are in place. Through the Graham Risk Management System it is responsible for ensuring sufficient internal controls and the timely identification, evaluation and management of risks.

The Board of Directors has established a Risk Management Group with delegated responsibility for promoting and embedding a culture of risk awareness and assisting the Board in implementing the Risk Management system and associated policies and procedures. The Risk Management Group meets bi-annually to assess the risk environment within which the Group operates and review progress against the internal audit plan. The key risks which management face are detailed as follows:

Health and safety risk

The Group's activities are significant and complex which require the continuous monitoring and management of health, safety and environmental risks. Failure to manage these risks could result in serious harm to employees, subcontractors, the public or the environment and could expose the Group to significant potential liabilities and reputational damage.

The Group is committed to ensuring a safe working environment. These risks are managed by the Group through: the strong promotion of a health and safety culture; and well-defined health and safety policies and procedures. Additionally, each operating Company has experienced Health and Safety professionals who provide support and advice and undertake regular onsite audits.

Strategic Report (continued)

Principal risks and uncertainties (continued)

COVID-19

The COVID-19 pandemic has and continues to create an unprecedented level of uncertainty for the UK and beyond. We have been following Government guidance since the outset of the COVID-19 outbreak and will continue to do so.

The isolation measures taken by individual governments to mitigate the spread of the virus, as well as the disease impact of the virus on the general population, may alter client and supplier behaviours. The situation is evolving and we continue to monitor the impact of the measures taken on our business and the wider economy.

The Group's priorities during the COVID-19 pandemic remain the safety and wellbeing of our people, their families, suppliers, customers and the communities we operate in during this exceptional time. We have taken steps to protect our colleagues who are categorised as most vulnerable across the organisation. In this respect, for those employees whose roles permits them to do so we promptly transitioned to a "work from home" capability and we continue to support them whilst they work remotely. This has helped minimise disruption to our business. For employees who work in key site-based roles we have introduced strict safety, hygiene, supply of appropriate PPE and 2 metre social distancing measures, as set out the Construction Leadership Council (CLC) guidelines.

Where staff were unable to work from home or sites unavailable, the business availed of the Coronavirus Job Retention Scheme ("CJRS") and placed a number of them on furlough. With the restarting of works on all construction projects and an increase in activity in facilities management, the Group ceased use of the CJRS in December 2020 and due to the improvement in operations from 1 July 2020 all grants from this date under the CJRS where repaid.

The Group will continue to monitor the situation regarding the wider impact of the virus on service delivery resulting from changing client and supply chain behaviours.

For more details on the Group's consideration of the impact of COVID-19, please refer to the Director's Report on page 12, and the going concern disclosures on page 32.

Markets

The Group business plan is based upon securing and delivering revenues from both public sector and private sector clients across the UK and Ireland. The impact of any political change, shift in government policy or changing market conditions and trends may cause the Group's clients to cancel, postpone or reduce existing or future projects. Changes in market conditions could also have a material impact on our supply chain which could lead to supply chain failure or liquidity issues. This could impact on our ability to deliver contracts to programme and on budget.

Strategic Report (continued)

Principal risks and uncertainties (continued)

Markets (Continued)

The Group is developing its business streams across the UK and Ireland over the spectrum of markets and sectors to mitigate the risk of adverse changes in spending in any one market. The Group will continue to focus on more resilient and stable markets and sectors maintaining an appropriate balance between public and private sector work.

Corporate Social Responsibility (CSR)

The overall impact of a company is determined by what it produces, its environmental impact, its recruitment and training processes, its adherence to rights and values, its investment in the community, and so on.

With customers more discerning than ever about which companies they buy from, and employees more discerning about which organisations they work for – specifically, whether they operate in an ethical and sustainable way – the CSR agenda is becoming more and more important.

Today's talent wants to work with companies that care about making a positive impact on the world, and if we are to successfully attract skilled workers, the business must establish comprehensive CSR programmes.

Work Winning

The Group's operating companies seek to win profitable work through a large number of bids each year. Often the work that is tendered is complex and over a long term with significant risks. There is a risk that the tender assumptions are incorrect or that the risks of the tender have not been fully considered. If tenders are under-priced and successful, this will lead to poor financial performance and potential reputational damage. If tenders are over-priced this could lead to a low volume of wins which will have a negative impact on the order book.

The Group has set out its appetite for the amount of exposure it is willing to accept in regions and sectors through business planning sessions. The commercial expectations in respect of margin, risk, contract terms etc. also form part of the business planning process and are discussed at business unit management board meetings. All bids are subject to rigorous estimating and tendering 'Go/No Go' gateway procedures within a defined framework.

Delivery

The Group is engaged in a wide number of complex construction, facilities management and interior fit-out projects at any one time across the UK and Ireland. Given the diverse nature of the Group, it is exposed to a variety of projects which are reliant on effective operational and commercial procedures and controls being implemented and maintained. The business is reliant on its staff to

Strategic Report (continued)

Principal risks and uncertainties (continued)

Delivery (Continued)

make complex, technical and commercial judgements and estimates regarding, cost, value, progress and outcomes. If these risks are not managed effectively, the Group may suffer losses, delays and potential reputational damage.

Each Operating Company has an operating structure, policies and procedures designed to address the risks inherent in project delivery. Each project undertaken is subject to regular management review, this includes a rigorous and regular review of the forecast revenue and costs to complete, with progress monitored and steps put in place to address specific risks identified on those projects. Comprehensive management review, the risk management system, independent internal and external audits and customer feedback are all key controls in ensuring successful project delivery.

People

The success of the Group depends on its ability to recruit, retain and develop people with the necessary experience and expertise. It is critical that the group has a highly skilled, diverse and motivated workforce as the demands and complexity of project requirements increase.

The Group seeks to mitigate this risk by offering market-competitive remuneration, training and career development opportunities. Remuneration and incentive packages are reviewed annually to assist in the attraction and retention of key employees.

Supply Chain

As a business, our success depends heavily on our ability to appropriately manage our supply chain. Failure to do this could result in project delivery issues, compliance issues and strained customer relationships, ultimately leading to damage to the group reputation and financial penalties.

The Group seeks to develop long-term relationships with its key subcontractors whilst at the same time not becoming over-reliant on any particular one for the delivery of certain services. As part of its selection criteria, the Group seeks to work with subcontractors /suppliers who share its values. The evolution of supply chain management policy and procedures remains a priority in all Operating Companies.

The added purchasing complexity and administrative burden bought on by Brexit and supply issues caused by the COVID-19 pandemic, could lead to costly delay in materials being delivered to site. Robust supply chain management procedures ensure the Group is aware of potential issues on a timely basis and can put in place mitigating measures to minimise the impact on our projects.

Strategic Report (continued)

Principal risks and uncertainties (continued)

Finance

The Group is able to operate through the cash reserves which have been built up through retained profits and management of working capital. Given the growth within the Group it is important that strong finances are in place and that key financial risks are managed. If the business does not have sufficient working capital, then it will be unable to meet its contractual obligations to make payments. The Group depends on appropriate, accurate and timely financial information to manage the business effectively; if there is lack of visibility then poor decisions can be made.

The Group continually reviews its financial position to ensure there are sufficient resources to meet current and potential future operational demands. New financial reporting systems have been introduced to improve the visibility and speed at which information is made available.

Compliance

As a major employer and contractor, we have to comply with the complex and developing legal and regulatory frameworks in areas such as:

- Health and safety
- Taxation
- Fraud, bribery and corruption
- Modern Slavery Act
- Criminal Finances Act
- Payment Practices and Performance Reporting
- Gender Pay Gap Reporting
- General Data Protection Regulation (GDPR).

It is essential that we can evidence our compliance to avoid the material financial and reputational impacts associated with non-compliance.

The Group monitors and responds to legal and regulatory developments applicable to the markets in which it operates. Detailed policies and procedures exist to minimise risks and are subject to review and monitoring by Operating Companies and Group. Where considered appropriate, staff will be provided with training on such regulatory requirements, to ensure polices procedures and expected behaviours are clearly understood.

Strategic Report (continued)

Principal risks and uncertainties (continued)

Systems

The efficient operation of the Group is increasingly dependent on the proper operation, performance and development of its IT systems. Failure to manage, integrate or successfully implement changes in IT systems could result in a loss of control over critical business information and/or systems. This in turn could impact the Group's ability to fulfil its contractual obligations. A breach of information security, an improper disclosure of such information or the loss of business information could expose the Group to adverse publicity, investigation, financial loss and legal claims.

Cybercrime is on the increase and is a threat to the business. Threats can come in many different forms and vary in severity. From hackers and cyber criminals actively trying to cause harm by stealing data for competitive advantage, to unintentional employee error such as the loss of a laptop or inability to spot phishing attacks.

Robust controls and procedures are in place to effectively monitor our systems for on-going performance and external threats. The Group has in place a comprehensive IT Disaster Recovery Plan, which is routinely tested to ensure it remains fit for purpose. Robust data protection policies and procedures are in place which comply with the General Data Protection Regulations (GDPR). All staff have been provided with appropriate training in the area of information and personal data security.

Financial instruments

The Group's principal financial instruments comprise cash, trade debtors and creditors, bank loans and certain other debtors and accruals. The main risks associated with these financial assets and liabilities are set out below.

Foreign currency risk

The Group is not materially exposed to significant foreign currency risk on retranslating the balance sheet of its foreign subsidiaries.

As part of the Group's activities purchases are made from overseas suppliers. The directors assess the risk from each major procurement and hedge with forward exchange contracts when appropriate.

Strategic Report (continued)

Principal risks and uncertainties (continued)

Credit risk

Credit risk arises principally on third party derived revenues. Group policy is aimed at minimising such risk, and requires that deferred terms are granted only to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures or who pay in advance of transfer of title or supply an appropriate letter of credit.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group's liquidity risk is managed by Group directors through a tightly controlled cash management process. Regular reviews of available facilities are carried out along with long term cash projections to ensure sufficient liquidity is available.

Interest rate risk

The Group is exposed to movements on interest rates through the external bank loans with variable interest rates upon which interest is charged at LIBOR, EURIBOR or the relevant banks base rate plus a margin. The directors monitor the interest rate forecast and fixed interest options available.

Market price risk

Due to the nature of their principal activity the directors believe the Group is not exposed to significant market price risk.

Strategic Report (continued)

Section 172 Companies Act 2006 Statement

In the decisions taken during the year ended 31 March 2021, the Board of Directors of John Graham Holdings Limited believe they have acted in the way they consider, in good faith, and most likely to promote the success of the Group for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006) .

This statement sets out how the Directors comply with the requirements of Section 172 of the Companies Act 2006.

Role of the Board
The Board are the custodians of the business, with a responsibility to create and sustain long-term value for our shareholders and stakeholders by directing its affairs and meeting their legitimate interests. The Board clearly understands the correlation between good corporate governance, healthy stakeholder relations, effective communication and the alignment of corporate goals with stakeholders' expectations and aspirations.

Dedicated to the protection of the environment, our work connects communities, builds a better future and transforms and maintains the places where we live, work and relax - it delivers lasting impact. Underpinning this guiding principle, the Board are committed to ensuring that our values of performance, transparency, collaboration, respect and innovation are upheld, thereby maintaining our competitive advantage and protecting long term value.

In fulfilling the Boards principal responsibility, our business strategy is reviewed on an annual five-year rolling basis, with half-yearly reviews as part of the business planning process. Prior to the commencement of each new financial year, the Group business units will establish their own business plans which will be reviewed and approved by the Board, ensuring they align to the strategic vision, aims and objectives of the Group.

These plans keep the business focused, on both the upcoming year and the outer following four years and is a key part of developing future needs and driving business improvements.

External impacts
The Board fully understands that the impact of our operations is measured not just in the quality of the project delivered but in the longer-term impact on the environment, communities and people. At GRAHAM we are committed to working in support of the UN "United Nations" Sustainable Development Goals (SDGs) – a global blueprint to achieve a better and more sustainable future for all. Our focus is on positively influencing the SDGs most applicable to us in our role as a leading national contractor.

Our Employees
The Board understands the importance of our employees to the long-term success and sustainability of the business. As the first Group with a company to simultaneously achieve Investors in People (IiP) Platinum and Wellbeing accreditations, we invest in our people, develop the whole person, and provide a platform for everyone to excel using the IiP framework for effective communication with our workforce.

Strategic Report (continued)

Section 172 Companies Act 2006 Statement (continued)

At GRAHAM we understand that wellbeing is pivotal to effective personal performance. Using our award winning CONNECT programme as the cornerstone of wellbeing the Board believe we have an innovative whole person development programme designed to help our workforce take control and shape their personal career path. The Board regularly communicates with employees, this includes annual staff briefings, which allows us to update the workforce on the Group's performance and on our plans and objectives for the year ahead. These briefings are organised on a divisional basis in group sizes that afford opportunity for two-way engagement and dialogue.

A new internal intranet introduced in 2018 provides a source of information and news for the workforce collated in one place. This is supplemented with the introduction of software tools which further facilitates collaboration and two-way communication.

Our Clients and Supply Chain

The Board believe that working in partnership with our clients, community stakeholders and supply chain in a more sustainable way enables us to find practical, safer methods of operating, which deliver improved performance and best value for clients.

For our clients this means well-resourced Framework and Project Teams, understanding our clients' own strategic objectives and working collaboratively to deliver best value outcomes.

For supply chain partners this means a continual development of our Supply Chain Management Programmes, promoting and creating business opportunity through Regional "Meet the Buyer" events, SME business mentoring and resource support in the development of Regional and Project Skills Academies.

Local Communities

The Board are cognisant the effect our operations have upon local communities and we aim to reduce the impact our operations have on local communities and make a positive contribution to the communities within which we work. This includes minimising disruption; fostering local involvement and enterprise through the use of local labour, equipment, materials and supply chain partners; engaging effectively with the local community by proactively communicating and encouraging feedback about our operations; supporting educational initiatives and encouraging staff to share knowledge and skills within the wider community.

On behalf of the Board

Courtney McCormick
Director
30th June 2021

REGISTERED No. NI 057921

Directors' Report

The directors present their report and financial statements for the year ended 31 March 2021.

Results and dividends

The Group demonstrated a satisfactory performance for the year ended 31 March 2021. The Group profit for the year after taxation amounted to £9.9m (2020 – profit of £9m). The Directors do not recommend a final dividend (2020 – £nil). Retained earnings carried forward are £78.2m (2020 – £65.7m). During the year dividends of £Nil were proposed and paid (2020 – £4.930m).

Future developments

Each division within the Group continues to deliver robust performances with a focus on ensuring quality delivery. Our core markets remain strong within the UK as we continue with our policy of selective bidding, focusing on building strategic partnerships and the development of framework opportunities. Our divisional strength, sectoral expertise and regional presence provides a well-balanced service offering within the Group and are all underpinned by a healthy forward order book.

The Group will continue to work diligently in partnership with clients to ensure the delivery of a quality product whilst ensuring efficient value for money solutions. With this approach and our continued focus on operational efficiency, the Group plans to continue with its controlled growth.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in this annual report. The report also covers the financial position of the Group, its cash flows and liquidity position and borrowing facilities and details of its financial risk management position.

The Group has considerable financial resources together with long term contracts with a number of customers and suppliers across different geographic areas and industries. Therefore, the directors believe that the Group is well placed to manage its business risk.

After making enquiries and carrying out a review of projected funding over the next 12 months, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The directors have considered the effect of the COVID-19 pandemic on the Group, and as part of the budgeting and forecasting cycle of the business, long-range financial statement, and corresponding cashflow, forecasts have been prepared

Directors' Report (continued)

Going concern (continued)

and reviewed. The forecasts have been sensitised to consider plausible downside scenarios as a result of the COVID-19 pandemic. From this exercise it has been established that the Group is expected to generate profits and cash reserves in the year ending 31 March 2022 and beyond and that the Group has sufficient cash and liquidity headroom to enable it to meet its obligations as they fall due for a period of at least 12 months from the date of signing these financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing the annual Director's report and financial statements.

Directors

The directors who served the Group during the year were as follows:

Michael E J Graham
Andrew K Bill
Alan K Bill
Courtney P McCormick
Colin J Graham
Robin N Graham
David S Watters

Political and charitable contributions

During the year the Group made no political contributions.

The Group believes in contributing to the well-being of communities in which we operate and as part of this commitment we assist employees undertaking sponsored activities and we encourage business units to run charitable fundraising events that are important to the area or to the individuals concerned.

Employee involvement

Information concerning employees and their remuneration is given in the notes to the financial statements.

During the year the Group has maintained the practice of advising employees about current activities and progress by various methods including Group wide staff briefings on the Group strategy and in-house publications.

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Special attention is given to training, health and safety and the employment of disabled persons including where existing employees become disabled.

Directors' Report (continued)

Streamlined Energy and Carbon Reporting (SECR)

Quantification and Reporting Methodology

In order to calculate the required information, we have used:

- The 2019 UK Government environmental reporting guidance
- The GHG Reporting Protocol - Corporate Standard (revised edition)
- Data gathered to fulfill our requirements under ESOS (Energy Saving Opportunity Scheme)
- UK Government's GHG Conversion Factors for Company Reporting 2019

We have reported on all the emission sources required under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018

Green House Gas Emissions

GRAHAM GROUP SCOPE 1,2 AND 3 EMISSIONS

		2019-2020		2020-2021	
Scope	Energy Source	Quantity (tCO_2e)	Overall (%)	Quantity (tCO_2e)	Overall (%)
Scope 1	Gas, gas oil and biomass	9,670.69	55%	8,888.63	64%
	Owned/ leased fleet vehicles	2,700.65	15%	2,242.09	16%
Scope 2	Purchased electricity (location based)	769.66	N/A	783.23	N/A
	*Purchased electricity (market based)	786.85	4%	616.45	4%
Scope 3	Business travel - Employee vehicles	1,604.37	9%	959.70	7%
	Business travel - Rental cars	313.65	2%	182.70	1%
	**Business travel - flights	2,222.47	13%	795.13	6%
	**Other	449.33	2%	256.59	2%
Total	Mandatory scope 1&2	13,141		11,914	
Total	Scope 1,2 & 3 (Location based method)	17,730		14,108	
Total	Scope 1,2 & 3 (Market based method)	17,748		13,941	
	Intensity Ratio (Market based)	20.8		17.4	

**Optional for reporting under SECR*
*** Estimates made where invoices spanned date ranges outside the reporting period*

Directors' Report (continued)

Streamlined Energy and Carbon Reporting (SECR) (Continued)

Energy Use

GRAHAM GROUP ENERGY USE

Energy Source	Quantity	Unit	Estimated data (%)	% of overall energy
Electricity[1]	3,359.48	MWh	<0.5%[4]	6.6%
Transport Fuel[2]	14,018.66	MWh	<0.1%	27.5%
Process Fuel[3]	33,538.35	MWh	0	65.9%
Total	50,916.49	MWh		

[1]Energy associated with transport fuel used in company cars and fleet vehicles on business use and in personal/ hire cars on business use
[2]Energy associated with the combustion of fuel in equipment such as boilers, generators and mobile plant
[3]Estimates made where invoices spanned date ranges outside the reporting period
[4]Errors in data processing by car hire companies were corrected with data estimates

Energy Efficiency Action

In the period covered by the report GRAHAM Group have undertaken the following energy efficiency action:

- GRAHAM have met the requirements of Achilles Carbon Reduce certification having measured our greenhouse gas emissions in accordance with ISO 14064-1:2006 and having committed to managing and reducing our emissions in respect of the operational activities of our organisation.
- We worked with our energy management consultancy to procure new electricity connections for sites and offices. In the period covered by the report, we purchased 1,796MWh of renewable energy, backed by Renewable Energy Guarantees of Origin (REGO's).
- Our company IT systems continue to be used to support the use of online meeting platforms to reduce emissions associated with business travel and commuting.
- In line with our Climate Action Strategy, we trialled new technologies to gain understanding of the advantages and potential barriers to low or zero carbon technologies and alternative sources of energy. This has included a fully electric digger, hydrogen tower lighting, HVO fuel, battery banks, zero-carbon welfare units and "load on demand" power solutions.
- We continued to develop our bespoke software system (Cora) to enable the enhanced visibility of energy and carbon data arising at site level.
- Energy audits were completed on sites. Opportunities such as installation of smart meters, zoning and controls within temporary electrics and grid connections to replace diesel generators were highlighted and actioned.

Directors' Report (continued)

Streamlined Energy and Carbon Reporting (SECR) (Continued)

- We worked with our fleet provider to accelerate our transition to low and zero carbon company cars. 75% of all available vehicles now fully electric or plug-in hybrid (PHEV).
- In order to incentivise driver uptake of ultra low emission vehicles, Electric Vehicle Charging Points were installed at our Head Quarters.
- Due consideration was given to energy efficiency and emissions for all plant, equipment and vehicles researched for potential purchase.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Group's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

In accordance with s485 of the Companies Act 2006 a resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

Michael Graham
Director
30th June 2021

Directors Responsibilities Statement

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies for the financial statements and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report

to the members of John Graham Holdings Limited

Opinion

We have audited the financial statements of John Graham Holdings Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the Group Profit and Loss Account, the group and parent company Balance Sheet, group Statement of cash flows, the group Statement of comprehensive income, the group and parent Statement of changes in equity and the related notes 1 to 32, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 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 group's and of the parent company's affairs as at 31 March 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period to 31 July 2022 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Independent auditor's report

to the members of John Graham Holdings Limited

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, 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

Independent auditor's report (continued)

to the members of John Graham Holdings Limited

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Independent auditor's report (continued)

to the members of John Graham Holdings Limited

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

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are Companies Act 2006, the reporting framework FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', Bribery Act 2010, Money Laundering Regulations and UK Tax Legislation
- We understood how John Grahams Holdings Limited is complying with those frameworks by making enquiries of senior management, those charged with governance and those responsible for legal and compliance procedures. We corroborated our enquiries through review of the following documentation or performance of the following procedures;

    - obtaining an understanding of entity-level controls and considering the influence of the control environment;
    - obtaining an understanding of policies and procedures in place regarding compliance with laws and regulations, including how compliance with such policies is monitored and enforced; obtaining an understanding of management's process for identifying and responding to fraud risks, including programs and controls established to address risks identified, or otherwise prevent, deter and detect fraud, and how senior management monitors those programs and controls;
    - review of board meeting minutes in the year and to date of signing;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by discussion within the audit team which included
    - identification of related parties, including circumstances related to the existence of a related party with dominant influence;
    - understanding the company's business and entity-level controls and considering the influence of the control environment; and
    - considering the nature of the account and our assessment of inherent risk for relevant assertions of significant accounts.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing of journal entries, with focus on manual journals, large or unusual transactions, or journals meeting our defined risk criteria based on our understanding of the business; reviewing accounting estimates for evidence of management bias; enquiring of members of senior management and those charged with governance regarding their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements; and inspecting correspondence, if any, with the relevant licensing or regulatory authorities.

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

Independent auditor's report (continued)

to the members of John Graham Holdings Limited

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.

Ernst & Young LLP

Michael Kidd (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast
Date: 30 June 2021

Group Profit and Loss Account

for the year ended 31 March 2021

	Notes	*2021* *£000*	*2020* *£000*
Turnover			
Group and share of joint ventures' turnover		808,097	853,257
Cost of sales		(754,394)	(802,332)
Gross Profit		53,703	50,925
Administrative expenses		(46,878)	(40,209)
Other operating income	3(b)	5,215	550
Group operating Profit	3(a)	12,040	11,266
Interest receivable and similar income	7	221	237
Interest payable and similar charges	6	(128)	(210)
Profit before taxation		12,133	11,293
Taxation	8	(2,244)	(2,238)
Profit for the financial year		9,889	9,055

Group Statement of Comprehensive Income

for the year ended 31 March 2021

	Notes	2021 £000	2020 £000
Profit for the financial year excluding share of joint ventures		9,889	9,055
Net actuarial gain/(loss) recognised in respect of pension scheme	27(d)	3,439	(190)
Deferred tax liability on net actuarial gain		(654)	37
Currency adjustments on retranslation of foreign subsidiaries		(161)	61
Total comprehensive income relating to the year		12,513	8,963

Group Balance Sheet

at 31 March 2021

	Notes	2021 £000	2020 £000
Fixed assets			
Intangible assets	11	1,415	1,601
Tangible fixed assets	12	16,412	18,809
		17,827	20,410
Current assets			
Stocks	14	1,093	1,013
Debtors: amounts receivable in less than one year	15	214,108	221,790
		215,201	222,803
Cash at bank and in hand	16	118,881	72,940
		334,082	295,743
Creditors: amounts falling due within one year	17	(271,137)	(243,877)
Net current assets		62,945	51,866
Total assets less current liabilities		80,772	72,276
Creditors: amounts falling due after more than one year	18	(4,538)	(5,397)
Deferred income	23	(533)	(599)
Deferred tax	22	(668)	(71)
Provisions for liabilities	21	(1,565)	(1,490)
Net assets excluding pension asset		73,468	64,719
Pension scheme asset	27	5,752	1,988
Net assets including pension asset		79,220	66,707
Capital and reserves			
Called up share capital	25	55	55
Revaluation reserve		925	925
Capital redemption reserve		45	45
Profit and loss account		78,195	65,682
Shareholders' funds		79,220	66,707

The financial statements were approved and authorised for issue by the board of directors and were signed on their behalf on the 30th of June 2021.

Courtney McCormick
Director

Company Balance Sheet

at 31 March 2021

	Notes	*2021 £000*	*2020 £000*
Fixed assets			
Investments	13	44,184	44,184
Current assets			
Debtors	15	111	111
Cash at bank and in hand		–	–
Net current assets		111	111
Total assets less current liabilities		44,295	44,295
Net assets		44,295	44,295
Capital and reserves			
Called up share capital	25	55	55
Merger reserve		35,945	35,945
Profit and loss account		8,295	8,295
Shareholders' funds		44,295	44,295

No Profit and Loss account is presented for John Graham Holdings Limited as permitted by section 408 of the Companies Act 2006.

The financial statements were approved and authorised for issue by the board of directors and were signed on their behalf on the 30th June 2021.

Michael Graham
Director

Group Statement of Changes in Equity

for the year ended 31 March 2021

	Called up Share Capital	*Revaluation Reserve*	*Capital Redemption Reserve*	*Profit and Loss Account*	*Total Equity*
	£000	*£000*	*£000*	*£000*	*£000*
At 1 April 2020	55	925	45	65,682	66,707
Comprehensive income for the year					
Profit for the year	-	-	-	9,889	9,889
Net actuarial gain	-	-	-	3,439	3,439
Deferred tax on actuarial gain	-	-	-	(654)	(653)
Retranslation of foreign subsidiary	-	-	-	(161)	(162)
Total comprehensive income for the year	55	925	45	78,195	79,220
Transactions with owners					
Dividends paid	-	-	-	-	-
At 31 March 2021	55	925	45	78,195	79,220

Called up share capital
Share capital represents the nominal value of shares that have been issued.

Revaluation reserve
Revaluation reserve represents the surplus arising on the revaluation of assets held by the group.

Capital redemption reserve
Capital redemption reserve represents the nominal value of share capital cancelled arising from the redemption of shares.

Profit and loss account
Profit and loss account includes all current year and prior period retained profits and losses net of dividends paid.

Group Statement of Changes in Equity

for the year ended 31 March 2021

	Called up Share Capital £000	Revaluation Reserve £000	Capital Redemption Reserve £000	Profit and Loss Account £000	Total Equity £000
At 1 April 2019	55	925	45	61,649	62,674
Comprehensive income for the year					
Profit for the year	-	-	-	9,055	9,055
Net actuarial gain	-	-	-	(190)	(190)
Deferred tax on actuarial gain	-	-	-	37	37
Retranslation of foreign subsidiary	-	-	-	61	61
Total comprehensive income for the year	55	925	45	70,612	71,637
Transactions with owners					
Dividends paid	-	-	-	(4,930)	(4,930)
At 31 March 2020	55	925	45	65,682	66,707

Called up share capital
Share capital represents the nominal value of shares that have been issued.

Revaluation reserve
Revaluation reserve represents the surplus arising on the revaluation of assets held by the group.

Capital redemption reserve
Capital redemption reserve represents the nominal value of share capital cancelled arising from the redemption of shares.

Profit and loss account
Profit and loss account includes all current year and prior period retained profits and losses net of dividends paid.

Company Statement of Changes in Equity

for the year ended 31 March 2021

	Called up Share Capital £000	Merger Reserve £000	Profit and Loss Account £000	Total Equity £000
At 1 April 2020	55	35,945	8,295	44,295
Comprehensive income for the year				
Profit for the year	-	-	-	-
Total comprehensive income for the year	55	35,945	-	-
Transactions with owners				
Dividends paid	-	-	-	-
At 31 March 2021	55	35,945	8,295	44,295

Called up share capital
Share capital represents the nominal value of shares that have been issued.

Merger reserve
Merger reserve represents the difference between the nominal value of shares issued and the related consideration.

Profit and loss account
Profit and loss account includes all current year and prior period retained profits and losses net of dividends paid.

Company Statement of Changes in Equity

for the year ended 31 March 2021

	Called up Share Capital	*Merger Reserve*	*Profit and Loss Account*	*Total Equity*
	£000	*£000*	*£000*	*£000*
At 1 April 2019	55	35,945	8,370	44,370
Comprehensive income for the year				
Profit for the year	-	-	4,855	4,855
Total comprehensive income for the year	55	35,945	13,225	49,225
Transactions with owners				
Dividends paid	-	-	(4,930)	(4,930)
At 31 March 2020	55	35,945	8,295	44,295

Called up share capital
Share capital represents the nominal value of shares that have been issued.

Merger reserve
Merger reserve represents the difference between the nominal value of shares issued and the related consideration.

Profit and loss account
Profit and loss account includes all current year and prior period retained profits and losses net of dividends paid.

Group Statement of Cash Flows

for the year ended 31 March 2021

	Note	2021 £000	2020 £000
Net cash inflow from operating activities	26(a)	48,774	17,821
Investing activities			
Interest received – excluding loan notes		179	155
Interest received – loan notes		42	82
		221	237
Receipts from sale of fixed assets		216	1,985
Receipts from sale of investment		–	6
Movement on loans and loan note receivables		–	21
Payments to acquire tangible and intangible fixed assets		(995)	(2,529)
		(558)	(280)
Financing activities			
Interest element of finance lease payments		(71)	(111)
Interest paid		(58)	(99)
		(129)	(210)
Equity dividends paid		–	(4,930)
Net movement on loans		(414)	(720)
Capital element of hire purchase rental		(1,582)	(1,724)
Net cash flow from financing activities		(2,125)	(7,584)
Net cash from operating activities and before use of liquid resources		46,091	9,957
Effect of exchange rates on cash and cash equivalents		(150)	57
Cash and Cash equivalents at 01 April 2020		72,940	62,926
Cash and Cash equivalents at 31 March 2021		118,881	72,940

Notes to the Financial Statements

at 31 March 2021

1. Accounting policies

Going concern

The company is in a strong financial position, with net current assets of £62,945k. There are also significant opportunities for growth in the future and as a result of these factors the directors have concluded that it is appropriate to prepare accounts on a going concern basis.

After making enquiries and carrying out a review of projected funding over the next 12 months, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The directors have considered the effect of the COVID-19 pandemic on the company, and as part of the budgeting and forecasting cycle of the business, long-range financial statement, and corresponding cashflow, forecasts have been prepared and reviewed. The forecasts have been sensitised to consider plausible downside scenarios as a result of the COVID-19 pandemic. From this exercise it has been established that the company is expected to generate profits and cash reserves in the year ending 31 March 2022 and beyond and that the company has sufficient cash and liquidity headroom to enable it to meet its obligations as they fall due for a period of at least 12 months from the date of signing these financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing the annual Director's report and financial statements.

Statement of compliance

John Graham Holdings Limited is a private company limited by shares incorporated in Northern Ireland. The registered office is 5 Ballygowan Road, Hillsborough, Co. Down, BT26 6HX. These financial statements have been prepared in compliance with FRS 102, "The Financial Reporting Standard applicable in the UK and the Republic of Ireland" as it applies to the financial statements of the group for the year ended 31 March 2021.

Basis of preparation

The financial statements were authorised for issue by the Directors on 30th June 2021.
The financial statements are prepared on the going concern basis under the historical cost convention, and in accordance with applicable accounting standards. The principal accounting policies are set out below.

The financial statements are prepared in sterling which is the functional currency of the Group and rounded to the nearest £'000.

Notes to the Financial Statements (continued)

at 31 March 2021

1. Accounting policies (continued)

Group financial statements

The Group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2021. No Profit and Loss account is presented for John Graham Holdings Limited as permitted by section 408 of the Companies Act 2006.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities.

In the parent company financial statements investments in subsidiaries, joint venture and associates are accounted for at cost less impairment.

Entities in which the Group holds an interest on a long-term basis and are jointly controlled by the Group and one or more other ventures under a contractual arrangement are treated as joint ventures. In the Group financial statements, joint ventures are accounted for using the equity method.

Notes to the Financial Statements (continued)

at 31 March 2021

1. Accounting policies (continued)

Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities and the amounts reported for revenues and expenses during the year that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Carrying value of properties

The Group owns sites for which future development is anticipated. The net realisable value of these sites, carried in stock, is estimated based on the expected future cash flows of developing the site in line with current appraisals.

Operating and finance lease commitments

The Group has entered into leases as lessees for property, plant and equipment. The classification of such leases as operating or finance requires the company to determine, based on evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset or liability to be recognised in the statement of financial position.

Performance of long term contracts

Recognised amounts of contract revenues and related receivables reflect the directors' best estimates of contracts outcome and stage of completion. This includes the assessment of the profitability of the contracts. The organisation draws on the expertise of qualified personnel to undertake such estimates and to apply appropriate levels of scrutiny to ensure the required level of accuracy and governance over this class of asset, in order to limit concern over the recoverability of these balances. Costs to complete and contract profitability are subject to significant estimation uncertainty.

Notes to the Financial Statements (continued)

at 31 March 2021

1. Accounting policies (continued)

Defined benefit Pension Scheme Valuation

The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. Further details are given in note 27.

Taxation

The Group establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 8.

Notes to the Financial Statements (continued)

at 31 March 2021

1. Accounting policies (continued)

Intangible assets

Intangible fixed assets are stated at cost less accumulated amortisation and accumulated impairment. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Intangible fixed assets (including purchased goodwill) are amortised at rates calculated to write off the assets on a straight basis over their estimated useful economic lives.

The rate at present in use is as follows:

Purchased goodwill	20% straight line
Goodwill on consolidation	5% straight line
Computer Software	33.3% straight line

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation of fixed assets is provided on a basis calculated to write off the cost of the assets, less estimated residual value over their estimated useful lives. Judgements are made on the estimated useful life of the assets which are regularly reviewed to reflect the changing environment.

The rates at present in use are as follows:

Leasehold improvements	–	over the period of the lease
Buildings	–	10-25 years
Plant and machinery	–	10% to 33⅓% straight-line
Office equipment and computer equipment	–	10% to 33⅓% straight-line

Notes to the Financial Statements (continued)

at 31 March 2021

1. Accounting policies (continued)

Tangible Fixed Assets (continued)

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Investments

Equity investments are recognised initially at fair value which is normally the transaction price.

Subsequently, they are measured at fair value through profit or loss.

Turnover

Turnover is the amount derived from the provision of goods and services falling within the Group's ordinary activities after deduction of value added tax. In the case of long term contracts, turnover is calculated by reference to the value of work performed to date as a proportion of the total contract value together with attributable profit. Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the Profit and Loss account turnover and related costs as contract activity progresses. Revenue also represents the value of services performed in operating PFI contracts during the year, exclusive of VAT.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Notes to the Financial Statements (continued)

at 31 March 2021

1. Accounting policies (continued)

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the Balance Sheet date. All differences are taken to the Profit and Loss account.

The assets and liabilities of the foreign subsidiaries are translated at the rate of exchange ruling at the balance sheet date. Income and expenses are translated at the average rates of exchange during the period. The exchange difference arising on the retranslation of opening net assets are reported in the other comprehensive income.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Group, and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over the shorter of the lease term and the assets useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the Balance Sheet.

Notes to the Financial Statements (continued)

at 31 March 2021

1. Accounting policies (continued)

Leasing and hire purchase commitments (continued)

The interest elements of the rental obligations are charged in the Profit and Loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Operating Leases

Operating lease rentals are charged to the Profit and Loss account in equal annual amounts over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

Long-term contracts

Long-term contract balances in stock are stated at net cost, less foreseeable losses and payments on account. The excess of recorded turnover over payments on account for the same contracts are included in debtors as amounts recoverable on contracts. The excess of payments on account over both turnover and long term contract balances is reflected in creditors as payments on account.

Pensions

The Group operates two defined benefit pension schemes, both of which require contributions to be made to separately administered funds. The John Graham (Dromore) Limited Pension and Life Assurance Scheme became a closed scheme in 1999 from which time membership of a defined contribution plan is available.

The cost of providing benefits under the defined benefit plan is determined using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occurs, the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the Profit and Loss account. Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction.

Notes to the Financial Statements (continued)

at 31 March 2021

1. Accounting policies (continued)

Pensions (continued)

The interest element of the defined benefit cost represents the change in present value of scheme obligations relating from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year.

The difference between the expected return on plan assets and the interest cost is recognised in the Profit and Loss account as other finance income or expense.

Actuarial gains and losses are recognised in full in Other Comprehensive Income in the period in which they occur.

The defined benefit pension asset or liability in the Balance Sheet comprises the total of the present value of the defined benefit obligation, less any past service cost not yet recognised and less the fair-value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

Retirement benefits to employees in the Company are also provided by a defined contribution pension scheme, whereby the assets of the scheme are held separately from those of the Company in an independently administered fund.

Contributions to defined contribution schemes are recognised in the Profit and Loss account in the period in which they become payable.

Jointly controlled operations

The Group has certain contractual arrangements with other participants to engage in joint activities that do not create an entity carrying on a trade or business of its own. The Company includes its share of the assets and liabilities in such joint arrangements measured in accordance with the terms of each arrangement, which is pro-rata to the Group's interest in the joint arrangement.

Notes to the Financial Statements (continued)

at 31 March 2021

1. Accounting policies (continued)

Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date. When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Goodwill

Positive Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed five years.

Negative goodwill arising on acquisitions is recognised on the balance sheet and amortised on a straight-line basis over its useful economic life up of 20 years.

Provisions for liabilities

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event; it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the balance sheet and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in the profit and loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised in finance costs in the profit and loss in the period it arises.

Notes to the Financial Statements (continued)

at 31 March 2021

1. Accounting policies (continued)

Provisions for liabilities (continued)

Provisions for the expected costs of maintenance under PFI project agreements are charged against profits each year in order to build up the costs of the contracted repairs. The effect of the time value of money is not material and therefore the provisions are not discounted.

Financial Instruments

The Group enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, and loans to related parties.

Dividends

Final dividends are recorded in the period which shareholders' approval is obtained. Interim dividends are recorded in the period in which they are paid.

Capitalisation of interest

Interest on borrowings to finance the construction of properties held as tangible fixed assets is capitalised. Interest is capitalised from the date work starts on the property to the date when substantially all the activities that are necessary to get the property ready for use are complete. Where construction is completed in parts, each part is considered separately when capitalising interest.

Interest is capitalised before any allowances for tax relief.

Finance costs

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Notes to the Financial Statements (continued)

at 31 March 2021

2. Turnover

Turnover represents the amount derived from the provision of goods and services falling within the Group's ordinary activities after deduction of value added tax. The Group operates in four principal areas of activity, that of construction, asset management, investment projects, and property and land development.

The Group operates within two geographical markets, the United Kingdom and the Republic of Ireland. Group turnover within the Republic of Ireland for the year ended 31 March 2021 amounted to £13.0m (2020 – £16.0m).

It is the opinion of the Directors that disclosure of the areas of the turnover would be seriously prejudicial to the interests of the company, therefore it has not been disclosed.

3. Group operating profit

(a) This is stated after charging:

	2021	*2020*
	£000	*£000*
Auditor's remuneration:		
Fees payable to the company's auditor for the audit of the company's annual financial statements	8	8
Fees payable to the company's auditor and its associates for other services:		
– The audit of the company's subsidiaries, pursuant to legislation	92	92
Fees in respect of the Graham Asset Management Limited pension scheme:		
– Audit	5	5
Depreciation of owned fixed assets	2,521	2,728
Depreciation of assets held under finance leases and hire purchase contracts	1,335	1,584
Operating leases – land and buildings	767	804
Other operating leases	1,237	1,494
Rental income, net of outgoings (note 3(b))	(26)	(26)
Amortisation of intangible assets	445	645
Other operating income (note 3(b))	5,215	550
Profit on sale of fixed assets	(194)	(366)

Notes to the Financial Statements (continued)

at 31 March 2021

3. Group operating profit (continued)

(b) Other operating profit

	2021	*2020*
	£000	*£000*
Rental Income	26	26
Training Grants receivable	1	34
Dividends receivable	13	–
Research and Development expenditure credit	418	490
	458	550
Furlough grants:		
Grants received	6,051	–
Grants repaid	(1,294)	–
Net grants	4,757	–
Total Other operating income	5,215	550

4. Directors' remuneration

	2021	*2020*
	£000	*£000*
Remuneration	1,140	1,497
Company contributions to money purchase pension scheme	17	26
Amounts paid to third parties for services as directors	58	58
	1,215	1,581

The number of directors who:	*No.*	*No.*
Are members of defined benefit pension scheme	5	5
Are members of a defined contribution scheme	6	6

Notes to the Financial Statements (continued)

at 31 March 2021

4. Directors' remuneration (continued)

	2021	*2020*
	£000	*£000*
Amounts attributable to the highest paid director:		
Remuneration for service as executive	339	430
Company contributions to money purchase pension scheme	–	10
	339	440

5. Staff costs

	2021	*2020*
	£000	*£000*
Wages and salaries	89,906	97,282
Social security costs	9,525	10,117
Pension contribution	8,435	8,655
	107,866	116,054

The average monthly number of persons employed by the Group (including directors) during the year was as follows;

	2021	*2020*
Administrative	602	616
Operational	1,509	1,572
	2,111	2,188

6. Interest payable and similar charges

	2021	2020
	£000	£000
Bank loans and overdrafts	57	97
Finance charges under finance leases and hire purchase contacts	71	113
	128	210

Notes to the Financial Statements (continued)

at 31 March 2021

7. Interest receivable and similar income

	2021 *£000*	*2020* *£000*
Bank interest	169	149
Other Interest	–	42
	169	191
Expected return on pension scheme assets (note 27)	504	594
Interest on pension scheme liability (note 27)	(452)	(548)
Net interest receivable (note 27)	52	46
	221	237

8. Tax

(a) Tax on profit

The tax charge is made up as follows:

	2021 *£000*	*2020* *£000*
Current tax:		
UK corporation tax on profit for the year	2,002	2,102
Adjustments in respect of previous years	84	66
ROI adjustments in respect of prior years	1	6
Foreign (Republic of Ireland) tax on profit of the current year	212	65
Total current tax	2,299	2,240
Deferred tax:		
Origination and reversal of timing differences	28	47
Effect of rate changes	–	6
Adjustment in respect of previous years	(83)	(55)
Total deferred tax	(55)	(2)
Tax on profit (note 8(b))	2,244	2,238

Notes to the Financial Statements (continued)

at 31 March 2021

8. Tax (continued)

(b) Factors affecting the current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2020 – 19%). The differences are explained below:

	2021	*2020*
	£000	*£000*
Group profit before tax	12,133	11,293
Profit multiplied by standard rate of corporation tax in the UK of 19% (2020 – 19%)	2,305	2,146
Effects of:		
Expenses not deductible net of income not chargeable for tax purposes	49	98
Income not taxable	(2)	(3)
Goodwill amortisation	(1)	34
Utilisation of losses/timing differences not previously recorded	–	(1)
Lower rates on overseas earnings	(109)	(59)
Impact of rate changes	–	6
ROI adjustments in respect of prior years	1	6
Adjustments in respect of previous periods	1	11
Total tax for the year (note 8(a))	2,244	2,238

Notes to the Financial Statements (continued)

at 31 March 2021

8. Tax (continued)

(c) Deferred tax

	2021	*2020*
	£000	*£000*
Decelerated capital allowances	(212)	(133)
Deferred tax arising in relation to retirement benefit obligations	1,093	378
Tax losses available	(11)	(11)
Other timing differences	(202)	(163)
Shown in provision for liabilities (note 22)	668	71

Group	*£000*
At 1 April 2020	71
Charged to Profit and Loss Account	(55)
Charged to OCI - other timing differences	652
At 31 March 2021	668

(d) Factors that may affect future tax charges

In the 2021 Budget it was announced that the main rate of UK corporation tax would increase from 19% to 25% from 1 April 2023. Companies with profits of £50k or less will be eligible for a new small profits rate and will continue to pay corporation tax at 19%. For companies with profits between £50k and £250k, corporation tax rates will be tapered until they reach the main rate of 25%. On 24 May 2021 the Finance Bill 2021 passed through all stages in the House of Commons and became substantively enacted. As the changes announced in the Finance Bill 2021 were not substantively enacted at 31 March 2021 deferred tax is provided for at 19%.

(e) The company is a close company for tax purposes.

Notes to the Financial Statements (continued)

at 31 March 2021

9. Profit attributable to members of parent undertaking

The Parent undertaking's Profit after tax for the financial year amounted to £Nil (2020 – profit of £4,855k).

10. Dividends

	2021	*2020*
	£000	*£000*
Equity dividends on ordinary shares:		
1st interim dividend for 2021 – £0 per share (2020 – £6.81 per share)	–	356
2nd interim dividend for 2021 – £0 per share (2020 – £28.24 per share)	–	1,476
3rd interim dividend for 2021 – £0 per share (2020 – £27.24 per share)	–	1,424
Final dividend for 2021 – £0 per share (2020 – £27.24 per share)	–	1,424
	–	
Equity dividends on 'A' ordinary shares:		
1st interim dividend for 2021 – £0 per share (2020 – £0.35 per share)	–	19
2nd interim dividend for 2021 – £0 per share (2020 – £1.44 per share)	–	79
3rd interim dividend for 2021 – £0 per share (2020 – £1.38 per share)	–	76
Final dividend for 2021 – £0 per share (2020 – £1.38 per share)	–	76
	–	4,930

Notes to the Financial Statements (continued)

at 31 March 2021

11. Intangible fixed assets

Group	*Computer Software £000*	*Purchased goodwill £000*	*Goodwill on consolidation £000*	*Total £000*
Cost:				
At 1 April 2020	4,557	85	(100)	4,542
Additions	259	–	–	259
Disposals	(126)	–	–	(126)
At 31 March 2021	4,690	85	(100)	4,675
Depreciation:				
At 1 April 2020	2,926	85	(70)	2,941
Charge for the year	450	–	(5)	445
Disposals	(126)	–	–	(126)
At 31 March 2021	3,250	85	(75)	3,260
Net book value:				
At 31 March 2021	1,440	–	(25)	1,415
At 1 April 2020	1,631	–	(30)	1,601

12. Tangible fixed assets

Group	*Land and buildings £000*	*Plant and machinery £000*	*Office equipment and I.T. Equipment £000*	*Total £000*
Cost:				
At 1 April 2020	17,279	25,943	6,257	49,479
Additions	–	1,201	280	1,481
Disposals	(198)	(899)	(574)	(1,671)
At 31 March 2021	17,081	26,245	5,963	49,289
Depreciation:				
At 1 April 2020	7,519	18,122	5,029	30,670
Charge for the year	296	2,917	643	3,856
Disposals	(198)	(880)	(571)	(1,649)
At 31 March 2021	7,617	20,159	5,101	32,877
Net book value:				
At 31 March 2021	9,464	6,086	862	16,412
At 1 April 2020	9,760	7,821	1,228	18,809

Included within land and buildings is £143k (2020 – £143k) of capitalised interest. The net book value of fixed assets includes £3.5m (2020 – £4.6m) in respect of assets held under hire purchase contracts.

Notes to the Financial Statements (continued)

at 31 March 2021

13. Investments

(a) *Company*	*2021*	*2020*
	£000	*£000*
Subsidiaries	44,184	44,184

Company	*£000*
Shares in subsidiaries – cost and net book value:	
At 1 April 2020 and 31 March 2021	44,184

Notes to the Financial Statements (continued)

at 31 March 2021

13. Investments (continued)

Subsidiaries

At the balance sheet date, the group owns 100% of the ordinary share capital in the following:

Subsidiary	***Principal activity***	***Country of registration***
John Graham Construction Limited[6]	Building and civil engineering works	Northern Ireland
John Graham Property Investments Limited[6]	Property management	Northern Ireland
John Graham Developments Limited[6]	Parent undertaking non-trading	Northern Ireland
Graham Asset Management Limited[6]	Facilities management services	Northern Ireland
Graham Investment Projects Limited[6]	Management of PFI investments	Northern Ireland
JGD (Lagan Mills) Limited[1 6]	Property development	Northern Ireland
JGD (Market Square) Limited[1 6]	Property development	Northern Ireland
JGD (Mossvale) Limited[1 6]	Property development	Northern Ireland
JGD (The Mount) Limited[1 6]	Property development	Northern Ireland
Graham Projects Limited[2 7]	Building and civil engineering works	Republic of Ireland
John Graham Construction (Healthcare) Limited[2 6]	Healthcare Projects	Northern Ireland
Irish Waterways Limited[2 6]	Dormant	Northern Ireland
Northwin Holdings (Belfast) Limited[2 6]	Parent undertaking non-trading	Northern Ireland
Graham Asset Management (Ireland) Limited[4 7]	Facilities management services	Republic of Ireland
GIP Management Services Limited[5 6]	Management of PFI investments	Northern Ireland
GGF Developments Limited[5 6]	Non-trading	Northern Ireland
Northwin Developments (Belfast) Limited[3 6]	Property development	Northern Ireland
Northwin (Balmoral and Wellington) Limited[5 6]	Provision of an educational facility under PFI	Northern Ireland
Moss Lane Developments Limited[1 6]	Property development	Northern Ireland
Corrie Mains Mauchline Limited[1 8]	Property development	Northern Ireland

[1] held by John Graham Developments Limited
[2] held by John Graham Construction Limited
[3] held by Northwin Holdings (Belfast) Limited
[4] held by Graham Asset Management Limited
[5] held by Graham Investment Projects Limited
[6] Registered Office: 5 Ballygowan Road, Hillsborough, Co. Down, BT26 6HX.
[7] Registered Office: 1 Northwood Court, Northwood, Santry, Dublin 9.
[8] Registered Office: 15 Atholl Crescent, Edinburgh, EH3 8HA.

Notes to the Financial Statements (continued)

at 31 March 2021

13. Investments (continued)

Joint Ventures

Group

Joint Venture	*Principal activity*	*Direct or indirect holding*	*Equity holding*
Kier Graham Defence Limited	Non - Trading	Indirect	50%[1]
Graham Vermont PRS Limited	Non - Trading	Indirect	51%[1]
Community Investment Projects Limited	Non - Trading	Indirect	50%[2]

[1] *held by John Graham Construction Limited*
[2] *held by Graham Investment Projects Limited*

The registered office for Kier Graham Defence Limited is Tempsford Hall, Station Road, Sandy, Bedfordshire, SG19 2BD.

The registered office for Graham Vermont PRS Limited is Unit 4 Digital Park, Pacific Way, Salford, M50 1DR

The registered office for Community Investment Projects Limited is 5 Ballygowan Road, Hillsborough, Co. Down, BT26 6HX.

The results for all joint ventures are to 31 March each year.

14. Stocks

Group

	2021	*2020*
	£000	*£000*
Raw materials and consumables	378	298
Development land stock	715	715
	1,093	1,013

Stocks recognised as an expense in the period were Nil (2020: Nil) for the group and nil for the parent company (2020: Nil).

Notes to the Financial Statements (continued)

at 31 March 2021

15. Debtors

		Group		*Company*
	2021	*2020*	*2021*	*2020*
	£000	*£000*	*£000*	*£000*
Amounts receivable in less than one year:				
Trade debtors	82,712	80,099	–	–
Amounts owed by group undertakings	–	–	111	111
Amounts recoverable on long term contracts	113,059	121,547	–	–
Other debtors	52	201	–	–
Corporation tax	324	1,375	–	–
VAT	468	98	–	–
Prepayments and accrued income	17,493	18,470	–	–
	214,108	221,790	111	111

16. Cash at bank and in hand

A balance of £119m (2020 - £73m) is included within cash at bank and in hand.

Within this is a balance of £1.9m (2020 – £1.9m) is included within cash at bank and in hand over which a fixed charge is held.

Included within the above balance of £1.9m are deposits totalling £1.6m (2020 – £1.5m) in relation to payments in advance by a customer. These deposits are held in the relevant group undertakings name and can only be used subject to customer agreement.

Notes to the Financial Statements (continued)

at 31 March 2021

17. Creditors: amounts falling due within one year

	Group		Company	
	2021	*2020*	*2021*	*2020*
	£000	*£000*	*£000*	*£000*
Bank loans and overdrafts (note 19)	414	397	–	–
Trade creditors and accruals	223,994	209,813	–	–
Deferred Income	971	1,119	–	–
Corporation tax	611	218	–	–
VAT	11,483	6,212	–	–
Other creditors	5,141	4,024	–	–
Payments on account	27,438	20,600	–	–
Hire purchase and finance lease creditors (note 20)	1,085	1,494	–	–
	271,137	243,877	–	–

Amounts owed to group undertakings are interest free and repayable on demand.

18. Creditors: amounts falling due after more than one year

Group	*2021*	*2020*
	£000	*£000*
Obligations under hire purchase contracts (note 20)	978	1,406
Bank loans (note 19)	3,560	3,991
	4,538	5,397

Notes to the Financial Statements (continued)

at 31 March 2021

19. Loans

Group	*2021*	*2020*
	£000	*£000*
Amounts payable:		
Within one year or on demand	414	397
In one to two years	420	405
In two to five years	1,293	1,218
Over five years	1,847	2,368
	3,974	4,388
Less: amounts due within one year or on demand	(414)	(397)
	3,560	3,991

Loans payable in more than five years

Interest on variable rate loans is charged at Danske Bank base rate plus 1% or EURIBOR plus 1%. Loans are repayable in monthly instalments.

Security

Bank borrowings are secured by way of fixed and floating charges over the assets of the group. Bank overdrafts are repayable on demand.

20. Obligations under finance leases and hire purchase contracts

	Plant and Machinery 2021	*IT & office equipment 2021*	*Plant and Machinery 2020*	*IT & office equipment 2020*
	£000	*£000*	*£000*	*£000*
Amounts payable:				
Within one year	1,078	7	1,483	11
In one to five years	978	–	1,399	7
	2,056	7	2,882	18

Notes to the Financial Statements (continued)

at 31 March 2021

21. Provisions for liabilities

Group	*Lifecycle provision*
	£000
At 1 April 2020	1,490
Movement in provision	480
Utilisation	(405)
At 31 March 2021	1,565

A provision is recognised for the costs incurred in relation to the contracted ongoing renewal requirements for PFI premises. The projected expenditure upon which this provision is based is reviewed annually.

22. Deferred tax

Group	*£000*
At 1 April 2020	71
Charged to Profit and Loss Account	(56)
Charged to OCI - other timing differences	653
At 31 March 2021 (note 8 (c))	668

Notes to the Financial Statements (continued)

at 31 March 2021

23. Accruals and deferred income

Group	*£000*
At 1 April 2020	599
Release to profit and loss	(66)
At 31 March 2021	533

24. Financial Instruments

	2021	*2020*
	£000	*£000*
Financial assets		
Financial assets measured at fair value through profit or loss	118,881	72,940
Financial assets that are debt instruments measured at amortised cost	82,701	80,099
	201,582	153,039
Financial liabilities		
Financial liabilities that are debt instruments measured at amortised cost	51,100	67,733
	51,100	67,733

25. Issued share capital

Group and company		*2021*		*2020*
Allotted, called up and fully paid	*No.*	*£000*	*No.*	*£000*
Ordinary shares of £1 each	52,250	52	52,250	52
'A' ordinary shares of 5p each	55,005	3	55,005	3
		55		55

'A' ordinary shareholders receive 5% of the ordinary share dividend for each of their shares. In all other respects the shares rank 'pari passu'.

Notes to the Financial Statements (continued)

at 31 March 2021

26. Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2021	*2020*
	£000	*£000*
Operating Profit	12,040	11,266
Depreciation	3,856	4,312
Profit on sale of fixed assets	(194)	(320)
Amortisation of intangible assets	445	769
(Increase)Decrease in stock	(80)	297
Decrease/(Increase) in debtors	6,428	(6,496)
Increase in creditors	27,634	12,550
Deferred income movement	(214)	(721)
Movement in provisions	75	(25)
Foreign exchange	(44)	3
Difference between pension charge and cash contributions	(325)	(344)
Net cash inflow from operating activities	49,621	21,291
Taxation paid	(847)	(3,470)
Total	48,774	17,821

(b) Analysis of net funds

	At 1 April 2020	*Cash flow*	*Other non-cash changes*	*Exchange movement*	*At 31 March 2021*
	£000	*£000*	*£000*	*£000*	*£000*
Cash at bank and in hand	72,940	46,091	–	(152)	118,879
Hire purchase agreements	(2,900)	1,582	(745)	–	(2,063)
Short-term loans	(397)	(17)	–	–	(414)
Long-term loans	(3,991)	431	–	–	(3,560)
	65,652	48,087	(745)	(152)	112,842

Notes to the Financial Statements (continued)

at 31 March 2021

27. Pensions

The Group operates two defined benefit pension schemes, the John Graham (Dromore) Limited Pension and Life Assurance Scheme (which is a closed scheme) and the Graham Asset Management Limited Pension and Life Assurance Scheme. The assets of each scheme are held in a separate trustee-administered fund. The contributions to the schemes are determined with the advice of independent qualified actuaries on the basis of triennial valuations.

Actuarial valuation

The valuation used for FRS 102 purposes has been based on the most recent actuarial valuations at 5 April 2021 and has been updated by independent qualified actuaries to take account of the requirements of FRS 102 in order to assess the liabilities of the scheme at 31 March 2021; the present value of the defined benefit obligation was measured using the projected unit credit method. Scheme assets are stated at their market value at 31 March 2021. The principal assumptions used by the independent qualified actuaries in updating the latest valuation of the schemes for FRS 102 purposes were:

(a) Financial assumptions

John Graham (Dromore) Limited Pension and Life Assurance Scheme

		2021	*2020*
		(% p.a.)	*(% p.a.)*
Retail price inflation (RPI) assumption		3.00	2.65
Consumer price index (CPI) assumption		2.65	1.65
Rate of increases of pensions in payment:	prior to 6 April 1997	3.00	3.00
	after 5 April 1997	3.55	3.65
Discount rate for scheme liabilities		2.10	2.45

The valuation used for FRS 102 purposes has been based on the most recent actuarial valuations at 5 April 2019 and has been updated by independent qualified actuaries to take account of the requirements of FRS 102 in order to assess the liabilities of the scheme at 31 March 2021; the present value of the defined benefit obligation was measured using the projected unit credit method. Scheme assets are stated at their market value at 31 March 2021. The principal assumptions used by the independent qualified actuaries in updating the latest valuation of the schemes for FRS 102 purposes were:

Notes to the Financial Statements (continued)

at 31 March 2021

27. Pensions (continued)

The valuation under FRS 102 at 31 March 2021 shows a net pension asset (before deferred tax) of £5,375k (2020 – £1,614k).

Graham Asset Management Limited Pension and Life Assurance Scheme

	2021 (% p.a.)	*2020 (% p.a.)*
Rate of increase in salaries	4.05	3.60
Retail price inflation (RPI) assumption	3.05	2.60
Consumer price index (CPI) assumption	–	1.60
Rate of increase of pensions in payment	3.00	2.60
Discount rate for scheme liabilities	2.15	2.45

The long-term expected return on bonds and cash is determined by reference to UK long dated government bond yields at the balance sheet date netted down for fund management charges. The long-term expected rate of return on equities is based on the net rate of return on UK long dated government bonds with an allowance for out performance.

The valuation under FRS 102 at 31 March 2021 shows a net pension surplus (before deferred tax) of £377k (2020 – net pension surplus of £374k).

(b) Scheme assets at fair value

	Value at 31 March 2021 £000	*Value at 31 March 2020 £000*
Equities	17,924	12,763
Corporate bonds	2,236	1,401
Gilts	3,714	4,036
Cash and other	2,109	2,506
Assets held in respect of insured pensioners	–	4,343
Total fair value of scheme assets	25,983	25,049
Present value of scheme liabilities	(20,231)	(23,061)
	5,752	1,988

Notes to the Financial Statements (continued)

at 31 March 2021

27. Pensions (continued)

(c) Analysis of the amounts recognised in the Profit and Loss account

Group	*2021*	*2020*
	£000	*£000*
Past service cost	5	–
Current service cost	64	33
Administration costs	33	33
Net interest (credited) on pension scheme liability	(52)	(46)
Total cost recognised in the profit and loss	50	20

(d) Analysis of the amount recognised in the Statement of comprehensive income

Group	*2021*	*2020*
	£000	*£000*
Actual return less expected return on pension scheme assets	4,961	(754)
Experience gains and losses arising on the scheme liability	(1)	50
Changes in assumptions underlying the present value of the scheme liability	(1,521)	514
Actuarial gain/(loss) recognised in the statement of Comprehensive Income	3,439	(190)

(e) Changes in the present value of the defined benefit obligations

	2021	*2020*
Group and Company	*£000*	*£000*
Opening defined benefit obligation	23,061	23,440
Past service cost	5	–
Current service cost	33	33
Member contributions	4	4
Interest on liabilities	452	548
Benefits paid	(425)	(400)
Actuarial and losses and (gains)	1,522	(564)
Closing defined benefit obligation	24,652	23,061

The pension plans have not invested in any of the Group's own financial instruments nor in properties or other assets used by the Group.

Notes to the Financial Statements (continued)

at 31 March 2021

27. Pensions (continued)

(f) Changes in the fair value of scheme assets

Group and Company	*2021* *£000*	*2020* *£000*
Opening value of assets	25,049	25,274
Expected return on plan assets	504	594
Benefits paid	(425)	(400)
Member contributions	4	4
Employer contributions	375	364
Administration expenses	(64)	(33)
Removal of annuities	(4,421)	–
Actuarial gains and (losses)	4,961	(754)
Value of assets	25,983	25,049

(g) Analysis of movement in surplus during the year

Group	*2021* *£000*	*2020* *£000*
Surplus in scheme at beginning of the year	1,988	1,834
Past service cost	(5)	–
Current service cost	(64)	(33)
Contributions	375	364
Net interest income	52	46
Administration expenses	(33)	(33)
Actuarial gain/(loss)	3,439	(190)
Surplus in scheme at end of the year	5,752	1,988

Contributions to the Graham Asset Management Limited Pension and Life Assurance Scheme are payable at the rate of 38.4% of pensionable salaries. This amounted to £46,000 during the year ended 31 March 2021 (2020: £35,000). Regular employer contributions during the year ended 31 March 2022 are estimated to be £46,000.

Contributions to the John Graham (Dromore) Limited Pension and Life Assurance Scheme were £27,400 per month. Regular employer contributions during year ended 31 March 2021 are estimated to be £329k.

Notes to the Financial Statements (continued)

at 31 March 2021

27. Pensions (continued)

(h) Other pension arrangements in Graham Asset Management

In addition, as a result of a number of contracts and related TUPE arrangements the Company participates in a number of other defined benefit pensions schemes. The arrangements are such that the Company's liability is in effect limited to its contribution set out in the relevant contracts and hence these are accounted for as Defined Contribution schemes. The company made contributions of £790,479 to these schemes during the year and there were £144,676 contributions outstanding at the year end.

28. Other financial commitments

At 31 March 2021 the company had future minimum lease payments payable under non-cancellable operating leases as set out below:

	Property 2021 £000	*Office equipment 2021 £000*	*Motor vehicles 2021 £000*	*Property 2020 £000*	*Office equipment 2020 £000*	*Motor vehicles 2020 £000*
Operating leases:						
Within one year	752	119	795	798	115	934
In one to five years	773	277	610	1,028	340	1,090
Over five years	88	–	–	–	43	–
	1,613	396	1,405	1,826	498	2,024

29. Contingent liabilities

Contingencies exist in respect of guarantees and undertakings of a trading nature including, for instance, obligations accepted in entering contract joint ventures and entering into guarantee bonds. Appropriate provisions are made in assessing amounts recoverable on contracts when any liabilities are deemed to exist in relation to these guarantees and undertakings.

Notes to the Financial Statements (continued)

at 31 March 2021

30. Off-balance sheet arrangements

The group and parent company enters into operating lease arrangements for the hire of buildings and plant and equipment as these arrangements are a cost efficient way of obtaining the short-term benefits of these assets. The group lease rental expense for the year is disclosed in Note 3 and the group and company commitments under these arrangements are disclosed in Note 28. There are no other material off-balance sheet arrangements.

31. Related party transactions

The Company has taken advantage of the exemption available under paragraph 33.1A of FRS 102, whereby it has not disclosed transaction with any wholly owned subsidiary undertakings of the group.

In the normal course of business, Graham Asset Management Ltd provides facilities management and management services on an arms-length basis to Joint Ventures. The total services provided by the business to Joint Ventures amounted to £350k (2020: £540k). Amounts due from the Joint Ventures at the year-end were £74k (2020: £111k).

In the normal course of business, John Graham Construction Ltd provides construction services on an arms-length basis to Joint Ventures. The total services provided by the business to Joint Ventures amounted to £16,789k (2020: £28,432k). Amounts due from the Joint Ventures at the year-end were £2,580k (2020: £2,709k).

32. Ultimate parent undertaking and controlling party

There is no ultimate controlling party of the Company.