Brickability GROUP PLC

Annual Report & Accounts

Year Ended 31 March 2023

Brickability at a Glance

- **Year-on-year growth across all divisions.**
- **Further delivery of IPO strategy** with three strategic acquisitions completed in the year.
- **Continued focus on delivering stakeholder value** in a safe and sustainable manner.
- **£500m increase in Revenue** across 2 years.

The Group distributes, and in many cases installs, superior quality and strategically important building materials from major UK and European manufacturing partners, providing product solutions to both private and commercial specifiers, contractors, developers and builders.

Brickability Key Facts

Four Core Divisions

Bricks and Building Materials
11 businesses operating from 44 sites

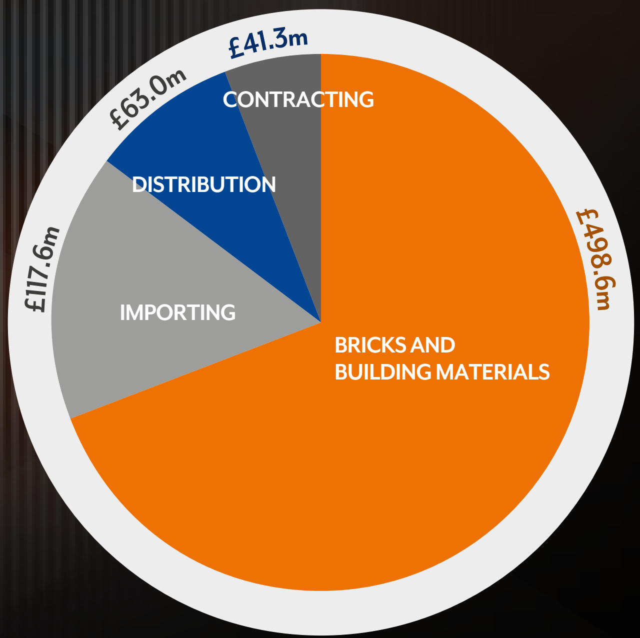
Importing
7 businesses operating from 16 sites

Distribution
7 businesses operating from 12 sites

Contracting
5 businesses operating from 5 sites

The Group currently employs in excess of 700 skilled and experienced personnel.

Revenue by Operating Division



Highlights

Revenue
£681.1m
(2022: £520.2m)

Gross Profit
£112.9m 16.6%
(2022: £86.8m, 16.7%)

Adjusted EBITDA*
£51.5m
(2022: £39.5m)

Net debt**
£8.0m
(2022: £0.4m net cash)

Adjusted Profit Before Tax***
£44.6m
(2022: £34.7m)

EPS Tax
9.26p
(2022: 4.40p)

Adjusted EPS****
11.93p
(2022: 10.06p)

* Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation and other non-underlying items.

** Net cash/ (debt) is defined as cash balances at bank less bank debt.

*** Statutory profit before tax excluding non-underlying items.

**** Adjusted EPS is calculated by dividing the adjusted profit for the year by the weighted average number of ordinary shares in issue.

Contents

Chairman's Statement

JOHN RICHARDS CHAIRMAN

Our continued focus on the strategic expansion and diversification of the business has seen the Group achieve impressive growth in the year.

Overview

It has been another strong twelve months for the Group. Our continued focus on the strategic expansion and diversification of the business has seen the Group achieve impressive growth in the year. Across our four business divisions, the Group has maintained strong momentum, delivering an excellent financial performance for the year ended 31 March 2023 with revenue of £681.1 million, up 30.9% from the previous year, and an adjusted EBITDA of £51.5 million, up 30.4%.

Over the past year, the housebuilding market has been faced with new challenges arising from the macroeconomic and geopolitical environment. Considering the headwinds faced in the wider market environment, the Board is very pleased with the Group's performance. The results we achieved this year are thanks to the dedication and determination of our people, who look to consistently deliver excellent service while seizing opportunities as they arise.

While major housebuilders reported some improvement in sales rates in the first calendar quarter of 2023, the market has experienced a slowdown in housebuilding, particularly in the first-time buyer sector. Despite these challenges, the fundamentals of the housebuilding market remain strong. The Board is confident in the Group's ability to continue delivering on its strategy and deliver attractive returns, but we remain cautious about the market outlook.

Acquisitions

This year, we continued to benefit from the strategic decision to diversify and expand the Group's product portfolio and end-use markets. We announced three acquisitions in the period, adding to the scale of our business and increasing the Group's client base.

In May 2022, we completed the acquisition of Modular Clay Products Ltd. This acquisition significantly increased the Group's presence in the specification sector, which we previously addressed through our Taylor Maxwell and Bespoke Brick Company businesses. It brought with it new access to a range of European manufacturers, further boosting our strong import capabilities.

We were also pleased to complete the acquisition of E.T. Clay Products Limited and Heritage Clay Tiles Limited in September 2022. These acquisitions represented another important step in the growth of our importing division, by expanding the supply base of the Group through new access to a range of overseas manufacturers. Post period in June 2023, we completed the acquisition of Precision Façade Systems Ltd for consideration of £0.6 million.

Environmental, Social and Governance

As the Group continues to grow, we remain committed to our responsibility as a business to address ESG priorities. In March, we published our 'Together for the Future' strategy – our roadmap to transition to a business that delivers consistent financial returns to our shareholders and maximises long-term value for our employees, suppliers and customers, while having a positive impact on the environment, people and communities.

A central goal of our ESG strategy is to reach net zero in our own Scope 1 and Scope 2 operations of our sales businesses by 2030. To minimise our environmental impact and cut carbon emissions, this year we introduced a new fleet of electric company cars and started the rollout of installing EV chargers at our offices and warehouses.

We recognise that in order to achieve meaningful change, we need to work in partnership with our employees, customers, partners, and suppliers. As noted later in the Annual Report and Accounts, as part of our ESG strategy, we set a goal to engage with the Supply Chain Sustainability School (SCSS) and obtain a Gold-level membership. The SCSS is an award-winning and industry-wide collaboration that encourages everyone in the supply chain to work together for a sustainable future for the built environment. I am delighted to say that we achieved our goal. Engaging with the SCSS has increased our team's knowledge and confidence on issues surrounding sustainability, particularly with our valued suppliers and customers.

Our charitable foundation goes from strength to strength in supporting causes in the communities of our places of operation. Since its launch last year, the Brickability Group Foundation Trust has not only supported incredible causes but has also inspired many of our staff to take action personally to raise money and volunteer in our local community. Under the Foundation's charter, the Group donates 0.5% of its adjusted EBITDA in each financial year to the Foundation and matches funds raised through our employees' fundraising efforts. This year the Group will be donating £256k (2022: £200k) to the Foundation. The Foundation has donated £120k across various charities this year (2022: £55k).

The Group is committed to creating an inclusive and diverse culture in which everyone is supported to reach their full potential. This financial year we completed an in-depth Diversity, Equity and Inclusion (DEI) and gender pay gap analysis and began a review of all Group reward and recognition policies. In a sector that has historically been very heavily male-dominated, we recognise that there is still plenty of work to be done. Increasing female participation and representation at the senior levels of our business is a Group-wide priority.

Board and Governance

I would like to take a moment to recognise Giles Beale, who stepped down from the Board in March. The Board has been very fortunate to have had Giles' wise counsel, commitment and valuable contribution since the Group's IPO. On behalf of the Brickability Directors, I would like to thank Giles for his service and wish him all the best for the future.

This year we were delighted to welcome two new Independent Non-Executive Directors to the Board – Susan McErlain and Sharon Collins. Susan has replaced me on both the Audit & Risk and Remuneration committees and joined the Nominations Committee, while Sharon has taken up the role of Chair of the Remuneration Committee and has joined both the Nomination and Audit Committee following Giles' leaving.

I speak on behalf of the entire Board when I say that we are very fortunate to have them on our team and we look forward to continuing to work with them both.

Following year-end, we announced that 36 years after first starting work with Brickability, Alan Simpson, Chief Executive Officer (CEO) and founder of many of the Group's businesses, will be stepping down from the role of CEO and as a Director of the Company. Alan has been instrumental in building Brickability into the successful business it is today, overseeing the Group's IPO in 2019 and multiple transformative acquisitions since. Alan remains a major shareholder of the Group and will continue to work with the Group in a non-board role post his stepping down. On behalf of the Board, I thank Alan for his invaluable years of service and congratulate him for his immense achievements.

The Board is pleased that Alan will be succeeded as CEO by Frank Hanna. Frank has more than 30 years' experience in the industry and I look forward to welcoming Frank to the Brickability family in due course. I have every confidence in his ability to lead the Group as it continues to grow.

People

To help people and communities thrive we prioritise health and safety. We appointed a new Group Health and Safety Manager this year and conducted an extensive audit around the business to ensure employee safety and wellbeing. We have also taken on additional senior staff in Sales, Finance, IT and HR to reflect our increased scale, both in terms of headcount and our portfolio businesses.

Shareholder returns and dividends

The Group paid an interim dividend of 1.01 pence per share on 23 February 2023, which reflected the performance of the business and the Board's confidence in the longer-term outlook.

The robust performance of the Group enables the Board to recommend the payment of a final dividend for the year ended 31 March 2023 of 2.15 pence per share. Subject to shareholder approval at the Annual General Meeting, the final dividend will be paid on 21 September 2023, with a record date of 25 August 2023 and an ex-dividend date of 24 August 2023.

John Richards
Chairman

14 July 2023

Chief Executive's Review

ALAN SIMPSON CHIEF EXECUTIVE OFFICER

I am very pleased to record another set of strong results.

I believe this success is down to a number of factors, namely the strategy of the Group as it continues to diversify through acquisition, the strength of Brickability's positioning in the market, and its ability to adapt and remain agile.

The results are especially pleasing considering the wider macroeconomic challenges seen in the marketplace during the period. All our divisions have once again performed well with both revenue and profit well ahead of the prior financial year, and ahead of management's expectations going into the financial year.

The Group continued to see strong demand for its goods and services across all divisions, however, the demand for bricks fell during the second half of our financial year as a result of the subdued housing market. Significant year-on-year price inflation mitigated the financial impact of reduced volumes.

The gross profit margin was 16.6% (2022: 16.7%), with this slight, and expected reduction when compared to the prior year, driven by the first full year trading contribution from the Taylor Maxwell Group (2022: 9 months), which operates on lower margins than the Group prior to the acquisition, and the fact that timber margins have fallen back from the exceptional highs of the previous year. The impact of these factors was partly mitigated by the acquisitions completed in this financial year, which operate on margins above the average of the Group.

* like-for-like revenue is a measure of performance, adjusted for the impact of acquisitions

The continued expansion of the Group has been supported by investment in recruitment at both Group and divisional levels of skilled and talented individuals across functions such as Sales, Finance, IT and HR. In addition, the Group has begun to optimise its systems through the rollout of standardised IT systems platforms. The Group is also building skills for the future through the launch of the Apprentice Scheme in the year, which this year saw 10 apprentices join various businesses in the Group.

At the beginning of the current financial year, the Group took the decision to re-align the reporting structure of some of our businesses and we have moved from three divisions to four, in order to support the continued growth of the Group and to further improve efficiencies. Detailed segmental analysis is per note 6 of the financial statements. The Group's four distinct business divisions are shown below:

- **Bricks and Building Materials** – which incorporates the sale of superior quality building materials to all sectors of the construction industry including national house builders, developers, contractors, general builders and retail to members of the public;
- **Importing** – which is primarily responsible for importing building products, the majority of which are on an exclusive basis to the UK market, to complement traditional and contemporary architecture;
- **Distribution** – which focuses on the sale and distribution of a wide range of products, including windows, doors, radiators and associated parts and accessories; and
- **Contracting** – which provides flooring and roofing installation services, primarily within the residential construction sector.

Full details of our divisions and each of our businesses can be found at https://brickabilitygroupplc.com.

Bricks and Building Materials Division

73% (2022: 78%) of Group Revenue

Revenue of £498.6 million (including internal revenues of £8.1 million (2022: £6.4 million)) for the year ended 31 March 2023 was up £94.0 million on the prior year (2022: £404.6 million), with like-for-like revenue growth of 1.4%. Excluding timber, like-for-like revenue growth was up 17.1%. Adjusted EBITDA at £30.1 million for the year ended 31 March 2023 was up £5.8 million on the prior year (2022: £24.3 million).

Throughout the year, the division managed the supply issues from both UK and European manufacturers, and the softening in demand in the second half of the year as a result of the uncertainty in the UK housing market. Like-for-like revenue growth is driven by a combination of price increases and product mix. In line with our expectations, timber volumes and pricing have fallen back following the exceptional highs of the first half of the last financial year.

Taylor Maxwell & Co continued to perform strongly and has added new national and regional house builders to its customer base. The opening of a new showroom in the Grassmarket area of Edinburgh and the refurbishment of the Manchester showroom in Albert Square further established the Group's presence in the specification sector. Cladding, in particular, saw significant year-on-year growth, most notably highlighted within SBS Cladding, underpinned by large scale projects with further growth anticipated in the next financial year. Vobster Cast Stone's (trading as Vobster Architectural) strong order pipeline led to good revenue growth throughout the year.

The acquisition of a new yard in Glasgow in the previous financial year has allowed for the expansion and growth of Bricklink though providing more flexibility for the local area, enabling it to build a strong builder's merchant customer base. The demand for social housing remains an important factor in the Group, with LBT Brick & Facades continuing to see good growth in this area.

In June 2022, Architectural Facades entered a new, long-term strategic partnership with Thyssenkrupp Materials UK to develop a new balcony system to produce the next generation of balconies. This will improve lead times and reduce time spent on-site, whilst providing exceptional curb appeal and functionality. The patented design, which has passed the rigorous testing stage that lasted several months, was launched in the second half of the year and initial enquiries look very promising.

Importing Division

17% (2022: 14%) of Group Revenue

Revenue of £117.6 million (including internal revenues of £30.7 million (2022: £21.7 million)) for the year ended 31 March 2023 was up £45.3 million on the prior year (2022: £72.3 million), with like-for-like revenue growth of 12.1%. Adjusted EBITDA at £13.2 million for the year ended 31 March 2023 was up £4.9 million on the prior year (2022: £8.3 million).

The division was further strengthened through the acquisition of Modular Clay Products, which was acquired on 31 May 2022, and E.T. Clay and Heritage Clay Tiles, which were acquired on 30 September 2022. These businesses brought new customers to the Group, particularly in the merchant's channel, further diversifying the Group's customer and revenue base.

The Bespoke Brick Co. had a strong year with price and volume growth although some momentum to this growth slowed towards the end of the financial year. It has invested in a Sustainability School and Showroom, based in Derbyshire. The Showroom is due to open later in the year and will showcase all of the Group's sustainability focussed products.

McCann Logistics has continued to grow in revenue, following the increase in its trailer fleet and expansion of its operations to cover haulage from the Netherlands, Germany, France, Spain, Belgium, and Portugal. Crest, Brick Slate and Tile has continued to grow through its product mix of both brick and roof tiles.

After the end of the financial year in May 2023, The Bespoke Brick Company's 'Brick Geek' programme received RIBA accreditation. This is available to architects and specifiers and showcases the many benefits of using clay-facing bricks in all sectors of construction.

Distribution Division

9% (2022: 9%) of Group Revenue

Revenue of £63.0 million (including internal revenues of £0.4 million (2022: £0.2 million)) for the year ended 31 March 2023 was up £16.0 million on the prior year (2022: £47.0 million) with like-for-like revenue growth of 25.5%. Adjusted EBITDA at £8.9 million for the year ended 31 March 2023 was up £1.1 million on the prior year (2022: £7.8 million).

Revenue growth was seen across all of the businesses within the Distribution division, led by the first full year of trading within the Group for HBS NE Ltd (trading as UPOWA). UPOWA continues to win major national housebuilder contracts and is expected to continue to grow as the market in renewable forms of energy expands. The Group invested in a new warehouse for UPOWA, which was fully operational in the year, to support its growth ambition.

Towelrads also saw strong growth through both the towel radiator sector and through the new underfloor heating sector that was taken in-house during the year. This sector is performing strongly and continuing to win contracts in the market. Frazer Simpson more than doubled its revenue when compared to the prior year, supported by strong contract wins and an expansion of its window business.

The Group further invested in the U Plastics (trading as UP Building Products) business, acquiring new branches in Sutton Coldfield and Bury St Edmunds. FSN Doors has continued to grow in the mid-range bracket of the market, and Forum Tiles continues to develop its product offering and grow its customer base.

Contracting Division

6% (2022: 5%) of Group Revenue

Revenue of £41.3 million (including internal revenues of £0.2 million (2022: £0.3 million)) for the year ended 31 March 2023 was up £16.5 million on the prior year (2022: £24.8 million) with like-for-like revenue growth of 12.5%. Adjusted EBITDA at £5.6 million for the year ended 31 March 2023 was up £2.9 million on the prior year (2022: £2.7 million).

Beacon Roofing, which was acquired on 31 March 2022, has performed very well throughout the year and has contributed to the reported revenue growth in the year. Performance has been further supported by gaining new contracts following a competitor going into administration. Crest Roofing and Excel Roofing have continued to grow through the expansion of work with their customer base. Leadcraft has performed well with its customer base growing in the higher value large single-unit housing projects, and DSH Flooring continues to grow year on year through long-term contracts with housebuilders. Gross profit margins have started to improve, following the unprecedented price increases in the cost of sales of roofing materials experienced last year, through shorter fixed periods for contracts.

Continental Tile Joint Venture

In March 2022, the Group announced the formation of the Schermbecker Building Products GmbH joint venture to manufacture clay tiles with a leading German tile manufacturer and producer of roofing materials, operating from a factory in Schermbeck, Germany. Initial manufacture and start-up production of clay roof tiles by the joint venture was very good. However, due to the volatility of energy prices in Germany, production was curtailed. With volatility in energy prices having since reduced, the Group now expects to produce the clay roof tiles for the UK market from the second quarter of the current financial year.

Outlook

The Group's results highlight the strategic strengths of Brickability, especially when the backdrop of what has been a period of macroeconomic uncertainty is considered. Its growing and diversified business divisions continue to demonstrate their ability to deliver upon the Group's strategic objectives and we remain committed to continuing to grow in a sustainable manner. Recent uncertainty in the market has highlighted the strategic importance of having long-standing relationships with customers and suppliers, growing importing capabilities, and the ability to source and provide quality products to clients. Brickability continues to be able to successfully meet the demands and requirements of our customers.

Whilst the short-term outlook for the housing market sector remains uncertain, and we remain cautious, our priority remains unchanged as we aim to secure strong order intakes with clear and sustainable margins. The Board believes that the Group's diversified multi-business strategy positions it well to navigate what may be uncertain times ahead.

As previously announced, and whilst remaining conscious of the challenges in some of our segments in the short-term, the Group believes that the underlying long-term demand for UK housing remains robust as does the demand for quality materials for the construction sector generally. The Board remains confident that the Group is well placed to continue delivering on its strategic objectives and the underlying organic growth of the business and, notwithstanding a number of industry participants publicly communicating their own expectations of volume reductions in the near term, trading in the current financial year to date has remained in line with Board expectations.

Finally, as I prepare to hand over the role of CEO to Frank Hanna, I would like to reflect on my 36 years with the Group to date. Leading the Group has been and is a great honour, and I have enjoyed all the challenges and rewarding experiences that I have shared with my colleagues. The business continues to be well-placed in the current market, and I look forward to continuing with the Group in a non-board role. Frank is an exceptional operator, manager and leader and has excellent understanding and experience within the industry. Once on board, I have no doubt he will continue to grow the business in his capacity as Group CEO and I look forward to working with him in future years.

Alan Simpson
Chief Executive Officer

14 July 2023

Business Model

"Our vision is to be the UK's leading specialist supplier of products to house builders and contractors."

Strategy

Our strategy is one of growth, through 4 main areas:

ORGANIC GROWTH

We continue to grow organically through leveraging enhanced, long-term relationships and delivering exceptional customer service to both trade and retail customers.

GEOGRAPHICAL EXPANSION

We continue to grow through extending our geographical footprint through further investment in both people and premises.

ACQUISITIONS

We continue to grow through carefully thought-through acquisitions, that are complementary to our existing portfolio.

DIVERSIFICATION

Through our acquisitive nature, we look to diversify our portfolio of products and services to strengthen our offering to our customer base and to ensure we provide the complete solution to both trade and retail customers.

ROUTES TO MARKET

Strong regional sales network

The Group has over 70 UK locations serving local, regional and national customers.

Established brands

The Group has developed or acquired businesses that have built local, regional or national brand strength while being part of a business with strong buying power.

National agreement with local delivery

The Group has central agreements with larger customers which are delivered by the regional businesses.

OUR STRENGTHS

Our People

- Specialised regional sales teams proving national coverage through over 70 locations across the UK.
- Technical expertise and knowledge across a diverse product portfolio.
- Specialist knowledge of market and products supported by technical expertise.
- Highly experienced management team with proven track record.

Our Offering

- Our scale provides buying power and access to high-quality products and supplies in UK and abroad.
- Strong customer relationships through providing exceptional customer service.
- Ability to deliver exceptional customer service.
- Ability to cross-sell to customers, utilising our diverse product portfolio.

Our Experience

- Unrivalled, long-term customer relationships.
- Excellent specialist knowledge across product portfolio and within the industry.
- Strong track record in identifying, acquiring and integrating acquisitions to further strengthen the Group.
- Competitively sourcing and supplying products to our customers.

HOW WE CREATE VALUE FOR OUR STAKEHOLDERS?

For shareholders

Developing a robust Group through acquisition and organic development. Strong financial record with a progressive dividend policy.

For customers

Through our long-standing relationships, we are able to effectively source and supply products that continually meet customer needs; these products are priced competitively and are delivered on time.

For suppliers

We work collaboratively with our suppliers ensuring they are paid on time, and we also respect our commitments to them on the distribution of products, prices and volumes.

For employees and local communities

The Group has over 700 employees to whom we provide employment opportunities along with long-term career development.

The Brickability Group Foundation supports charities local to our business locations.

For the environment

Doing our part to protect the environment by becoming a more sustainable business, including educating and supporting our employees.

Our Divisions and Brands

BRICKS AND BUILDING MATERIALS

IMPORTING

CONTRACTING

DISTRIBUTION

*Acquired in the financial year

Group Strategy and Delivery

The Group continues to follow its strategy for growth, which is based on four key areas: Organic Growth, Geographic Expansion, Acquisitions and Product Expansion.

	Achievements	Outlook	KPIs	Risks	Governance
ORGANIC GROWTH					
	Growth in all divisions through the year despite a challenging macro-economic backdrop.	· Continued cross-selling · Growth with existing customers · Access to new customers	· Revenue · Cost of sales · Gross profit · Adjusted EBITDA	· Economic environment · Extreme weather · Major event	The Divisional Managing Directors monitor performance and take any necessary action. Divisional performance is reported to the Board.
GEOGRAPHICAL EXPANSION					
	New locations have been added to the Group through expansion and via acquisitions.	Further geographic expansion is planned with the existing product range.	· Revenue · Gross profit · Adjusted EBITDA at new locations	· Economic environment · Limited acquisitions	The Board reviews acquisition/ expansion plans.
ACQUISITIONS					
	3 acquisitions were completed during the year.	Further acquisitions in the pipeline to expand product offering and customer base.	· Revenue · Gross profit · Adjusted EBITDA · Past acquisition audit	· Failure to integrate an acquisition · Retention of talent	The Board reviews acquisition strategy and plans.
DIVERSIFICATION					
	Acquisitions have continued to expand the product portfolio, together with new product development across a number of existing businesses.	Further acquisitions and start-ups are planned.	· Revenue · Gross profit · Adjusted EBITDA · 5-year start-up plans	· Loss of a major supplier · Loss of key management	The Board reviews and approves acquisitions and start-ups with consideration given to the Group's existing portfolio.

The Complete Residential Solution

The Group has successfully combined individual specialist businesses into one cohesive structure that continues to maximise revenue and growth.

Collectively we are stronger as a Group; we are focused on efficiency and service, and providing a diverse product portfolio to both trade and retail customers.

1 BALCONIES
Architectural Facades

2 BRICK SUPPLY & SERVICES
Apex Brick Cutters
Brickability
Bricklink
Brickmongers Wessex
Brick Services
CPG Building Supplies
Crest Brick Slate & Tile
E.T. Clay Products*
LBT Brick & Facades
Matching Brick
Modular Clay Products*
Taylor Maxwell & Co.
The Bespoke Brick Co.

3 CLADDING
Architectural Facades
SBS Cladding
Taylor Maxwell & Co.

4 EXTERNAL DOORS & WINDOWS
Frazer Simpson

5 FLOORING SERVICES
DSH Flooring

6 FLOOR & WALL TILES
Forum Tiles

7 GRP PRODUCTS
Frazer Simpson

8 GUTTERING & DRAINAGE
UP Building Products

9 INTERNAL DOORS & WARDROBE SYSTEMS
FSN Doors

***Acquired in the financial year**

10 **RENEWABLE TECHNOLOGIES**
UPOWA

11 **ROOFING CONTRACTING**
Beacon Roofing
Crest Roofing
Excel Roofing
Leadcraft

12 **ROOFING SUPPLIES**
Crest Brick Slate & Tile
McCann Roofing Products
Heritage Clay Tiles*
Schermbecker Building Products

13 **STONE SUPPLY & SERVICES**
Frazer Simpson
Vobster Architectural

14 **TIMBER & LANDSCAPING**
Alfiam Building Supplies
Brickmongers Wessex
Taylor Maxwell Timber
UP Building Products

15 **TOWEL RAILS & RADIATORS**
RadiatorsOnline.com
Radiator Valves UK
Towelrads

16 **TRANSPORTATION**
McCann Logistics

17 **UNDERFLOOR HEATING**
Towelrads

The Complete Façade Solution

1 BRISE SOLEIL

2 BRICK CLADDING

3 METAL CLADDING

4 POWDER COATED ALUMINIUM COLUMNS

5 TERRACOTTA CLADDING

6 FIBRE CEMENT CLADDING

7 STONE CLADDING

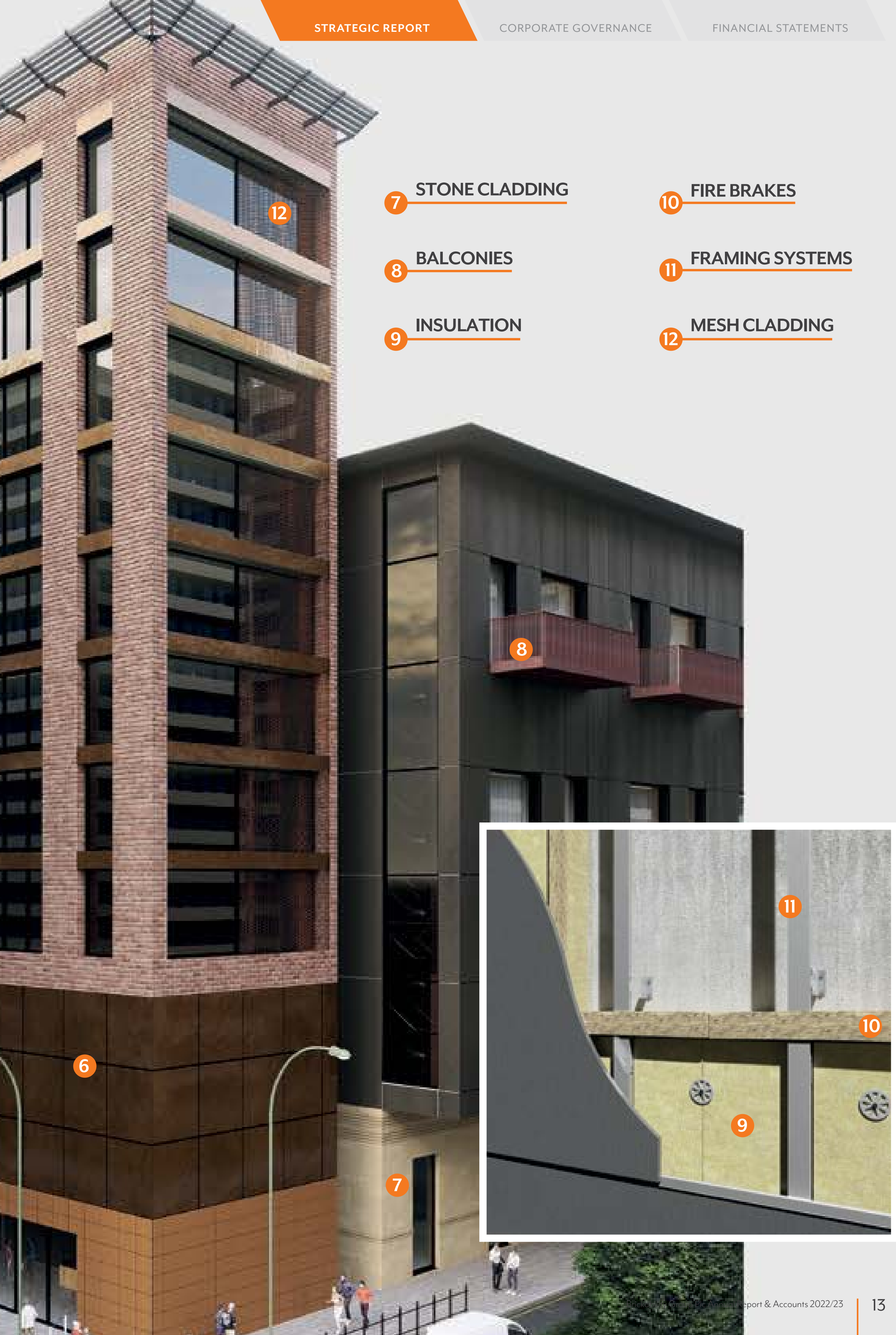
8 BALCONIES

9 INSULATION

10 FIRE BRAKES

11 FRAMING SYSTEMS

12 MESH CLADDING



Case Study: Architectural Facades

Architectural Facades were engaged by Falconer Chester Hall Architects to create a completely unique façade with the brief for the old to meet new in this historic and conservation area of city centre Manchester.

The idea was to provide a modern working environment for the new headquarters for a leading British fashion brand whilst paying respect to the historic brick and faience terracotta of the surrounding buildings.

The brief was that they wanted to use core ten steel which as it oxidises it puts its very own unique `protective coating` of an orangey brown `rust` over the top that ties in well with the red brick of Manchester.

The difficulty was twofold in that we had to make the core ten fins light enough to fix off the glass curtain walling system, whilst showing no visible fixings so that we met the architect’s aspirations that they look like they are `floating` across the façade.

Architectural Facades came up with a unique way to use thin steel core ten steel covering a super lightweight honeycomb aluminium which is similar technology used in the aerospace industry.

The final finished effect completely met the brief and the added steps and change of direction in the fins again paid homage to the brickwork detailing of the surrounding buildings.

Case Study: Goldstone Hall, Mithras Student Village

Goldstone Hall in Mithras Student Village is part of a large regeneration project, providing accommodation for students at the University of Brighton.

Overview

Mithras Student Village sits within the wider development of the Moulsecoomb campus, which houses various university teaching buildings, as well as leisure facilities and student accommodation for over 800 students. One of five towers within the student village, at 18 storeys, Goldstone Hall is the tallest building to have been built in Brighton for the past 50 years. Goldstone Hall was designed to be the focal point of the project, towering above the other buildings, and clad with a staggering 17 different coloured tiles of Argeton terracotta cladding.

The campus is built on a brownfield site which was once home to two university car parks and Preston Barracks, a Georgian army base owned by the Ministry of Defence that had been derelict for 20 years. The area was highlighted as an opportunity for regeneration, to bring life back to the site and provide much needed housing for the growing University of Brighton. Over the past three decades, an influx of students to the city has caused housing issues, especially in the neighbourhood of Moulsecoomb, where the largest of the four university campuses is situated.

Taylor Maxwell worked with architects ECE Architecture and Hassell Studio, alongside main contractors Bouygues, to specify and supply Argeton terracotta cladding to Goldstone Hall. Once on-site, the terracotta cladding tiles were installed by sub-contractors M Price.

Concept

Highlighted as being the focal point of the masterplan, Goldstone Hall needed to have distinctive features and reflect the local architecture. The architects wanted to use a material that was both natural and robust, whilst allowing for a design that would help the building stand out against the rest of the development, where light cream coloured facing bricks had been selected. Argeton terracotta cladding was therefore specified, as it met all design requirements and facilitated the desire to make Goldstone Hall a striking building in Brighton's skyline.

The use of 17 different colour terracotta tiles, from white through to blue, gold and brown, makes the building distinctive and unique. The tiles were selected by analysing colours found in the surrounding landscape, as well as colours found on the façade of a demolished pub that was once the local go-to for students. An algorithm was then used to randomly set these colours out across the façade to showcase the tones of the local architecture and the Brighton sky. The colours get darker as the tiles go down the building, assisting the façade in mirroring it's landscape backdrop.

Brighton has historically had a low-rise skyline, due to its location between the sea and the South Downs National Park. In recent years, land has become scarcely available and the population of the city has continued to grow. Therefore, local planning committees recognised the need for high-rise buildings. Due to the existing architecture and the city's cultural identity, the planning committees are strict, with any new high-rise buildings being expected to demonstrate high levels of design and contribute to the visual quality of the local environment. Goldstone Hall's historical achievement of being the tallest building to be built in Brighton for the past 50 years, demonstrates the quality of the design.

Completion

Due to the complex design of the façade, it was important that the terracotta tiles could be fixed to the building quickly and easily. The Argeton Tampa tiles were selected as they are restrained using concealed clips rivetted to vertical rails, creating a sleek and clean façade that can be quickly installed. The quick installation process of the tiles reduced overall time on site and had both cost and environmental benefits.

Sustainability was a large focus of the overall development, with the scheme meeting BREEAM (Excellent) requirements. To receive this rating, buildings have to achieve a score of at least 85%. Argeton terracotta cladding provided the perfect solution as a sustainable façade product, being manufactured directly adjacent to the quarry where the clay used to make it is sourced, meaning the transport of raw materials is low. The tiles that are made from 100% natural materials also have an ISO 14025 and EN 15804 status and are fully recyclable at the end of their 35-year plus life cycle. Further to its forward-thinking sustainability credentials, the development features a 1km fitness and running route around its perimeter, to promote wellbeing and exercise. There are also over 1,000 bicycle parking spaces and 55 EV charging points for students, residents and guests.

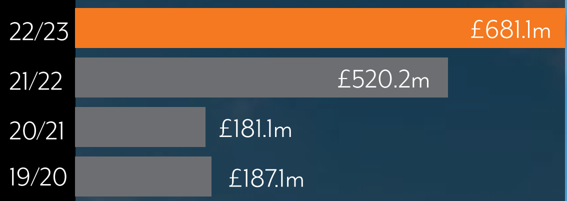
It was important to the architects that the five towers in the student village had minimal visual and noise impact on the neighbouring buildings. The towers are therefore purposefully staggered and the grounds enriched with over 300 trees to break up the vast expanse of architecture. The creation of this student village has enabled the university to guarantee accommodation for all students in their first year of study, releasing pressure from the local housing market and increasing student satisfaction. The redeveloped campus creates a gateway into Brighton and has transformed the local area into an inspiring place for residents and university staff.

Key Performance Indicators

REVENUE

£681.1m

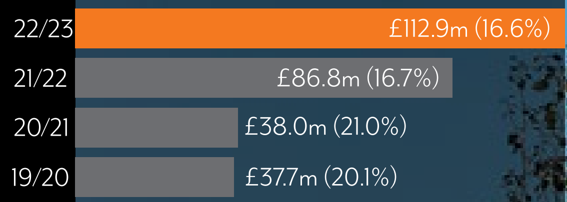
Revenue growth is a key driver of profit growth



GROSS PROFIT

£112.9m

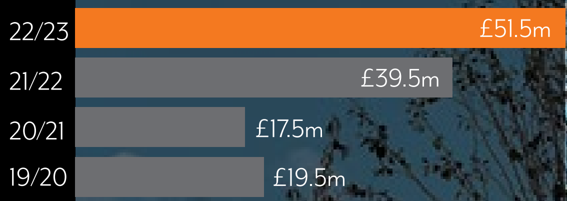
Gross Profit percentage acts as a cross check against revenue growth to ensure new sales maintain margin.



ADJUSTED EBITDA

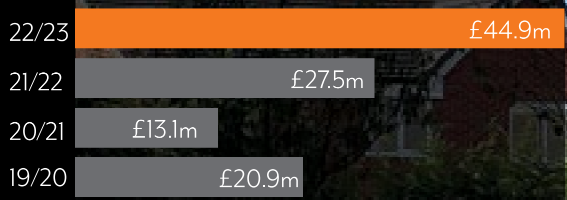
£51.5m

Earnings before interest, tax, depreciation, amortisation and other non-underlying items.



CASH GENERATED FROM OPERATIONS

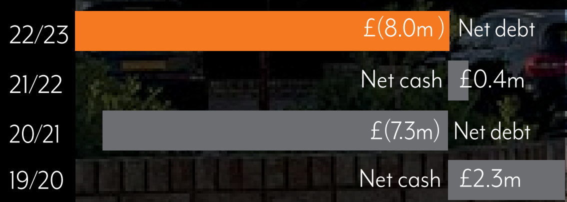
£44.9m



NET (DEBT)/CASH

(£8.0m)

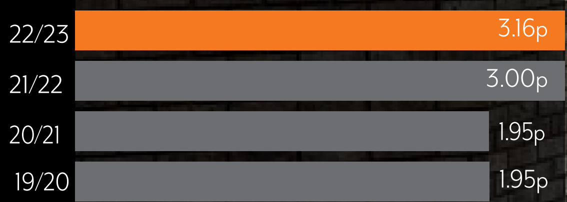
The net debt position after deducting the amount of bank debt from cash held.



DIVIDEND

3.16p

Annual dividend per share



“The presented figures illustrate a number of the key performance indicators that the Group reviews on a regular basis and by which overall business performance is measured.”

Risk Management

MANAGING RISK IN ORDER TO DELIVEROUR STRATEGY

The Group is exposed to a number of risks in its businesses and the markets it serves.

The Board considers the risks to the business and the adequacy of internal controls with regard to the risks that are identified at every scheduled Board meeting. The detailed review of risks is undertaken by the Audit & Risk Committee, who present their findings to the Board. The Board formally reviews and updates the risk register of the business at least annually. Where appropriate, specific updates and reports are circulated to Board members in between such meetings.

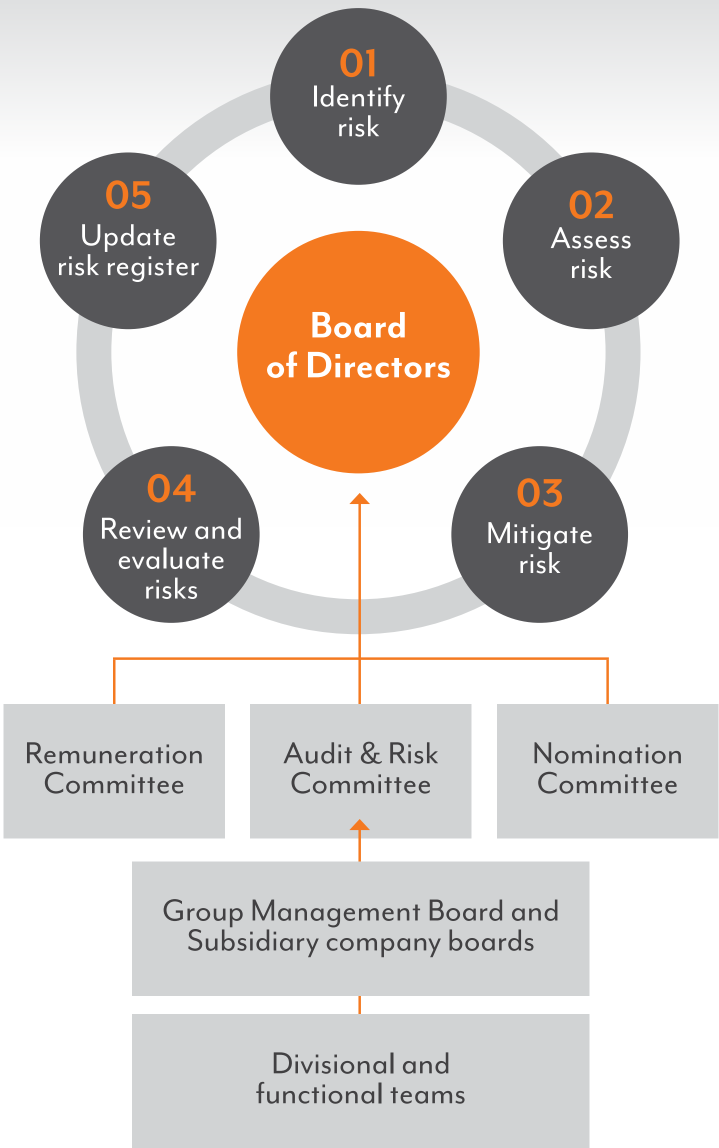
RISK MANAGEMENT STRUCTURE

01 IDENTIFY RISK

The Board has overall responsibility for monitoring the Group's systems of internal control, for identification of risks and for taking appropriate action to prevent, mitigate or manage those risks. The Board continually assesses and reviews the business and operating environment to identify any new risks to be managed.

02 ASSESS RISK

A detailed schedule of risks is considered at each scheduled Audit & Risk Committee meeting under the following categories: Competitors, Economic environment, Financial Risk, People, and Suppliers. These risks are graded against the criteria of likelihood and potential impact in order to identify the key risks impacting the Group see page 22.



03 MITIGATE RISK

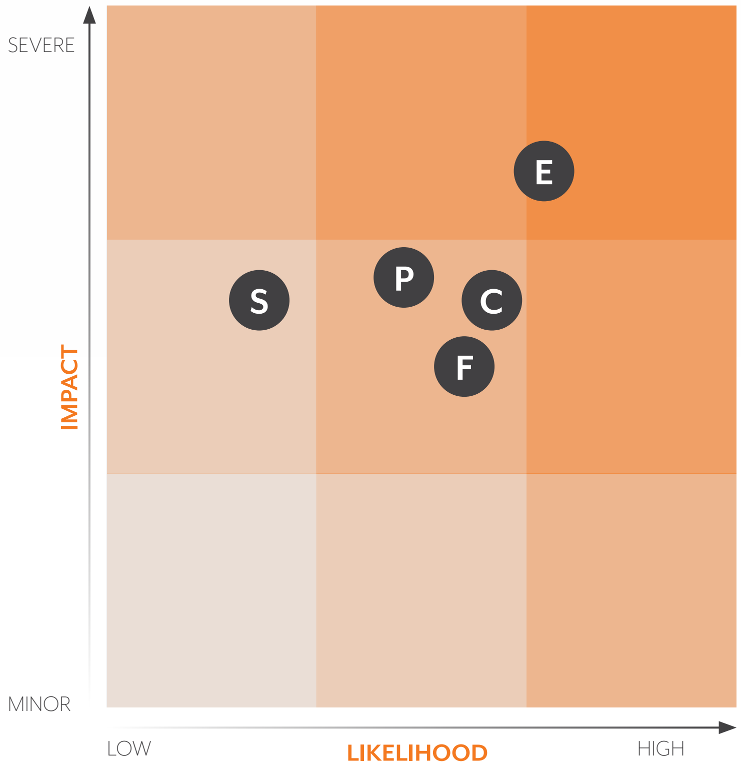
The Board seeks to ensure that the Group's activities do not expose it to significant risk. The Group's aim is to diversify sufficiently to ensure it is not exposed to risk of concentration in product, market or channel.

04 REVIEW AND EVALUATE RISKS

The Board and Group Management Board are all responsible for reviewing and evaluating risk. The Group Management Board meet at least monthly to review ongoing trading performance, discuss budgets and forecasts and consider new risks associated with ongoing trading. Feedback from these meetings regarding changes to existing risks or the emergence of new risks is then provided to the Board.

05 UPDATE RISK REGISTER

The risk register is updated as appropriate at scheduled Board meetings and in-between as necessary.



RISK HEAT MAP

The risk heat map summarises the potential impact of a range of risks and uncertainties identified by the management team. They are logged on the 'Risk Matrix' and reported on and reviewed regularly.

C Competitors

This includes:

- Margin management.
- Environmental and social responsibility.

E Economic environment

This includes:

- Consumer recession.
- Government action and policy.
- Adverse inflationary environment.
- Extreme weather events.
- Product supply shortages.

F Financial risk

This includes:

- Margin management.
- Failure to integrate key acquisitions.
- Cyber and information security.

P People

This includes:

- Retention of talent.
- Failure to integrate key acquisitions.

S Suppliers

This includes:

- Loss of key trading partner.
- Modern methods of construction.

Principal Risks and Uncertainties

Our priority throughout the year has continued to be the health and wellbeing of all of our stakeholders.

The 'risk matrix' is maintained on a rolling basis by our Chief Financial Officer and is the subject of regular review by the Group's Management Board team, with each senior manager responsible for underlying operating Group companies reporting into the operating board's review. The Group's Management Board meets regularly, is attended by both Executive Directors and is chaired by John Richards, chairman of the Board.

As part of these meetings, the Management Board meets to review on-going trading, budgets and forecasts and consider new and on-going risks and uncertainties to the Group's operating businesses. Where appropriate additional, separate analyses or follow-up is undertaken of particular risks and issues identified.

Principal risks and uncertainties facing the Group are set out below, with changes to prior year as indicated:

- ↑ Increased
- ↔ Remains the same
- ↓ Decreased
- ✚ New Risk

Risk	Change	Key controls	Ongoing action
Economic environment The Group has experienced a good trading performance throughout the year. Uncertainty around inflationary pressures poses a future risk. The recent, significant increases in interest rates and knock-on impact to mortgages and housing starts poses the risk of reduced demand for construction materials. C E F	↑	We monitor our core markets closely and maintain close relationships with our principal customers, suppliers and manufacturers. Our key customers within the housebuilding market are financially robust but we monitor credit risk and debtors continuously. The Group's supply lines have remained resilient but are monitored closely and our risk mitigation plans are regularly reviewed. Working capital is monitored on a daily basis, with robust and active debtor control. Budgets and financial performance against KPIs are regularly reviewed.	Where opportunity presents itself, we will continue to prudently expand our geographical presence and the diversity of our business in order to better serve our clients and diversify risk. Our ongoing strategy of developing through acquisitions and organic growth maintains a high level of buying power within both the UK and EU markets, ensuring the Group can source sufficient products competitively to meet demand.
Talent retention & succession planning The success of the Group depends to a significant degree upon our senior management team. Failure to attract and retain individuals with the right skills, drive and capability may impact our ability to meet performance expectations. We also focus on ensuring that we plan for the future through the development of our people and recruitment of talented, experienced individuals. P	↔	The recruitment and training of talent from within are actively promoted, when appropriate, with a focus on internal succession management. Where outside recruitment is needed, focus is on talent, industry experience and the reputation of individuals. We also endeavour to ensure that talent acquired through acquisitions is retained. We continue to review our remuneration policies to facilitate the recruitment and retention of talent at the highest calibre, in addition to maintaining entrepreneurial drive through the use of responsible incentives.	The Group has employee incentive schemes in place and continues to review the key aspects of its incentive arrangements and rewarding of staff.
Margin management Prices may not remain at levels that are both competitive and achieve adequate margins. There is a risk that not all inflationary price increases can be passed on, resulting in lower margins. Rebate income may also not be adequately monitored and accounted for. Both or either may adversely impact financial performance. F	↑	We regularly review and monitor margins and pricing within the market by customer, supplier and product. Where possible we seek to secure fixed pricing over a longer period with key trading partners so as to maintain pricing continuity. We regularly review and audit our rebate debtors and income. Monthly performance is reviewed against rebate reports from suppliers and internal rebate assumptions are closely monitored. Volume arrangements with UK manufacturers are carefully maintained. Arrangements with key trading partners, including rebates and relationships with other key trading partners are an important consideration when reviewing potential acquisitions.	We continue to monitor and improve the accuracy of ordering, scheduling and forecasting. Core relationships are maintained with key trading partners and, where possible, we seek to agree to prices on an annual basis. We also seek to diversify the products and services offered by the Group, to mitigate the impact of margin pressures in specific areas.

Risk	Change	Key controls	Ongoing action
Government action and policy UK Government policy has a significant influence on the construction sector. These changes could be broad across the macro-economic spectrum, including rates of taxation and interest rates, as well as more specific policies targeted at growing the rate of construction of new properties in the UK, for example changing planning applications rules and scrapping national housebuilding targets. E	+	We attend industry events, are members of relevant trade bodies and associations and closely monitor Government policy changes that would impact the construction section.	The Group remains confident in the long-term growth opportunity of the construction of new properties in the UK. The Group invests in line with its overall strategy. This investment continues despite potential uncertainty over Government action and policy.
Maintaining customer relationships & market reputation The loss of a key customer or supplier could impact business performance. E S	↔	Relationships with key trading partners are valued and kept under continuous review. We monitor our markets and ensure that all key trading partners remain up to date with our unique selling propositions. The impact of potential acquisitions on our key trading relationships is carefully assessed as part of our due diligence process.	The development of new trading partners and the maintenance of sustainable long-term relations with our existing partners are key performance metrics for senior managers.
Modern Methods of Construction (MMC) MMC, or the factory construction of modular units for subsequent on-site assembly, has increased and attracted significant investment from several market participants. S	↔	We continue to monitor the scale and use of MMC and the approach of Local Authority planners to their use and how members of the Group might be affected were their products, for example roof coverings, to fall into the factory build stage of such units.	We seek to ensure that the Group has close relationships with builders using MMC.
Extreme weather Extreme weather events, whether in the form of excessive rain and flooding or snow, can have a material impact on customers' construction sites and adversely affect demand for goods and services. E	↔	The Group's geographical diversity across the UK reduces the impact of extreme regional weather events.	We continue to seek to increase our geographical reach through strategic acquisitions and organic growth.
Failure to integrate key acquisitions Given the Group's acquisitive nature, there is a risk that the Group fails to integrate an acquisition. P	↔	The Group completes both financial and legal due diligence, prior to an acquisition, to mitigate this risk. The Group Management Board executives also meet with the senior management of the company being acquired to ensure they will fit in with the Group. Following acquisition, the Group ensures compliance with its systems and reporting, while also undertaking regular business and performance reviews.	We continue to monitor existing acquisitions and maintain the due diligence discipline. Group policies and practices also undergo continuous review, to work towards a Group wide approach as quickly as possible.
Cyber & Information security There is also a growing risk of fraudulent attacks on businesses. Such an attack could have the potential to significantly disrupt the Group's operations and result in loss to the business. F	↑	The Group has recovery plans in place, and ensures systems are up to date with the latest cyber protection.	We continuously monitor IT systems in place to ensure they are up to date and regularly updated with the latest security protection. Ongoing training is also provided so staff maintain awareness of the risks and appropriate action to take should an issue arise.
Sustainability & Climate Change The move towards a lower carbon economy in the UK is resulting in increasing regulation and requirements for companies in respect of environmental and social reporting and practices. Should these expectations and requirements not be met the Company's reputation and ability to do business could be impacted. E	↑	Ongoing updates to legislation and social expectations are discussed at regular senior management and Board meetings to ensure the Group is aware of any key changes. The Group has employed sustainability professionals to identify and help the Group implement initiatives to become more climate conscious. This incorporates an educational programme for our people as well as data collection and reporting.	We monitor the impact that the Group's operations have on the environment and its stakeholders to ensure compliance with all appropriate regulations. We also carry out checks on suppliers to ensure that they are also maintaining the high standards expected.

Chief Financial Officer's Review

£681.1m

Revenue increase of 30.9% to £681.1 million, with like-for-like** increase of 4.0%.

** like-for-like revenue is a measure of performance, adjusted for the impact of acquisitions

£112.9m

Gross Profit increased by 30.0% to £112.9 million.

£51.5m

Adjusted EBITDA increased by 30.4% to £51.5 million.

£44.6m

Adjusted Profit Before Tax increased by 28.4% from £34.7 million to £44.6 million.

The Chairman's Statement and the Chief Executive Officer's Review provide an analysis of the key factors contributing to our financial results for the year ended 31 March 2023.

Once again, the financial results for the year reflect a combination of good performance across the divisions, along with the contribution from acquisitions made in the year and the annualisation of those acquisitions completed in the prior year.

Overall business performance is shown in our key performance indicators on page 18.

Revenue

Revenue totalled £681.1 million for the year ended 31 March 2023. This represented an increase of 30.9% compared to the previous year (2022: £520.2 million). Group like-for-like revenue growth was 4.0% versus 2022.

Division	2023 £m	2022 £m	% Change	% Change like-for-like
Bricks and Building Materials	498.6	404.6	23%	1%
Importing	117.6	72.3	63%	12%
Distribution	63.0	47.0	34%	26%
Contracting	41.3	24.8	67%	12%
Group eliminations	(39.4)	(28.5)	38%	-
Total	**681.1**	**520.2**	**31%**	**4%**

Gross Profit

Gross profit for the year increased to £112.9 million from £86.8 million. Gross profit margin has decreased marginally by 0.1% to 16.6% driven by the first full year trading contribution from the Taylor Maxwell Group (2022: 9 months), which operated on lower margins than the Group prior to the acquisition. In addition, timber margins have fallen back from the exceptional highs of the previous year and the impacts of these factors were partly mitigated by the acquisitions completed in this financial year which operate on gross profit margins above the average of the Group.

Statutory and Adjusted Profit, and Adjusted EBITDA

Statutory profit before tax of £34.5 million (2022: £18.4 million) includes other items of £10.1 million (2022: £16.3 million), which are not considered to be part of the Group's underlying operations. These are analysed as follows:

	2023 £'000	2022 £'000
Statutory profit before tax	**34,527**	**18,406**
Acquisition costs	281	1,139
Re-financing costs	–	97
Earn-out consideration classified as remuneration under IFRS 3	5,483	4,333
Share based payment expense	1,567	1,597
Amortisation of intangible assets	8,399	6,333
Impairment of goodwill	–	16
Unwinding of discount on contingent consideration	2,891	938
Share of post-tax profit of equity accounted associates	(123)	(55)
Fair value (gains)/losses on contingent consideration	(8,432)	1,916
Total other items before tax	**10,066**	**16,314**
Adjusted profit before tax	**44,593**	**34,720**
Share of post-tax losses of joint ventures*	–	149
Depreciation and amortisation	4,715	3,342
Finance income	(143)	(54)
Finance expenses	2,365	1,311
Adjusted EBITDA	**51,530**	**39,468**

* The Group's share of losses in its joint venture is included within Adjusted EBITDA in 2023 to reflect its increased contribution to the Group's results. The joint venture was in its initial start-up phase in 2022 and thus not included in order to present results of ongoing operations on a comparable basis. Further details regarding the above other items are disclosed in note 14 to the financial statements.

Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation and other non-underlying items.

Adjusted EBITDA increased by 30.4% to £51.5 million (2022: £39.5 million) for the year ended 31 March 2023. Detailed segmental analysis is per note 6 of the financial statements. All our divisions saw like-for-like growth in the year, however, demand for bricks fell during the second half of our financial year as a result of the subdued housing market. Significant year-on-year price inflation mitigated the financial impact of reduced volumes. Earn-out consideration classified as remuneration relates to Modular Clay Products and Taylor Maxwell (2022: Taylor Maxwell), with both tracking in line with expectations. Fair value movements on contingent consideration result in a gain of £8,423k (2022: loss of £1,916k). This predominately relates to the movements in UPOWA where the combined impact of the application of Part L and Part S renewable energy legislation taking longer than expected by housebuilders, and the forecast slowdown in the housing market compared to prior year forecasts, is expected to delay the period over which UPOWA will benefit from the new legislation.

Taxation

The statutory charge for taxation was £6.8 million (2022: £6.1 million), an effective rate of taxation (Tax expense divided by Profit Before Tax) of 19.8% (2022: 33.2%). The effective rate for the year is marginally higher than the statutory rate of corporation tax of 19% mainly due to the effect of non-deductible expenses from a tax perspective. In 2022 the effective tax rate was higher than the main rate of tax largely due to the impact on deferred tax with the liability remeasured at 25% having originally being recognised at 19%.

Earnings Per Share

Basic EPS for the year was 9.26p (2022: 4.40p), an increase of 110.5%. The Group also reported an adjusted underlying EPS, which adjusts for the impact of the other items analysed in the table above. Adjusted EPS for the year was 11.93p (2022: 10.06p) per share, an increase of 18.6%.

Dividends

As a result of the Group's trading performance and also in recognition of the strength of the balance sheet at the year-end, the Board is recommending a final dividend of 2.15 pence per share, bringing the full-year dividend to 3.16 pence per share.

Subject to approval by shareholders, the final dividend will be paid on 21 September 2023, with a record date of 25 August 2023 and an ex-dividend date of 24 August 2023.

Balance sheet review

Inventories at £33.2 million (2022: £28.1 million) increased primarily due to the impact of acquisitions, and the higher stock levels for UPOWA as it continues to grow. The impact of significant price inflation experienced during the year on the valuation of inventory was largely mitigated by the managed reduction of inventory levels. The decrease in both trade and other receivables, and trade and other payables on the balance sheet were in line with expectations having taken into account the impact of acquisitions, with the net cashflow impact reflecting similar working capital movements to prior year.

Cash Flow and Net Debt

Operating cash flows before movements in working capital increased to £46.2 million from £35.2 million in 2022. Cash generated from operations increased to £44.9 million from £27.5 million.

At 31 March 2023, the Group had net debt (borrowings less cash) of £8.0 million which compares to net cash (cash less borrowings) of £0.4 million at the prior year-end. The main components of the cash outflows are: additional investment in property, plant and equipment of £7.2 million (2022: £6.3 million), tax paid of £11.1 million (2022: £7.3 million), net proceeds from the issue of new shares £0.1 million (2022: £52.7million), the initial payments for three new subsidiaries of £16.7 million (2022: £50.3 million), net cash acquired with subsidiary undertaking £4.7 million (2022: £3.4 million), and the payment of deferred consideration, in relation to prior year acquisitions, of £3.5 million (2022: £1.4 million). Dividends of £9.1 million (2022: £6.1 million) were also paid in the year. We continue to expect that the Brickability Group will remain a business that is cash generative.

Bank Facilities

The Group has revolving credit facilities with HSBC and Barclays of £60 million, which includes an ancillary facility carve out of a £5 million overdraft. The facilities agreement also provides for an accordion facility to increase the commitment under revolving facilities by up to a further £25 million. As at the year end, the Group had utilised £17.0 million of the facilities.

Subsequent Events

On 2 June 2023, the Group completed the acquisition of the entire share capital and 100% of the voting rights in Precision Façade Systems Ltd ("FSL") for consideration of £600,000. On completion FSL had net assets of £21,000. On 8 June 2023, the Group completed the sale of its shares in Lendwell Holdings Limited for consideration of £188,000. Full details of events occurring since the year end are disclosed in note 41 to the financial statements.

Going Concern

The Directors are confident, having made appropriate enquiries, that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. Further details concerning the assessment of going concern are outlined within the Going Concern and Outlook section on page 26.

Mike Gant
Chief Financial Officer

14 July 2023

Going Concern and Outlook

The period covered by the Going Concern review is the 18 month period from the year-end to 30 September 2024.

After reviewing the Group's forecasts and risk assessments and making other enquiries, the Board has come to the conclusion that for the period of review, there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

The key uncertainty faced by the Group is the demand for its products and how these are impacted by economic factors. The expected Budget forecast was reviewed with no concerns noted and sufficient headroom in place. Budget scenarios have been prepared to compare a number of outcomes where there is a significant and prolonged drop in demand in the industry.

For each scenario, cash flow and covenant compliance forecasts have been prepared. A significant drop in revenue of 50% with no adjustment to overheads would lead to a breach. The scenarios in which revenue could fall by this level so rapidly are considered remote.

Having taken into account the scenarios modelled, the Directors are satisfied that the Group has sufficient resources to continue to operate for a period of not less than 12 months from the date of this report and until at least 30 September 2024. Accordingly, the consolidated financial information has been prepared on a going concern basis.

Case Study: Chelsea Flower Show

In partnership with IKO Polymeric, Excel Roofing were thrilled to work with treehouse specialists, Blue Forest, to supply a crisp, modern roof to a luxury treehouse project.

In keeping with the ‘wild’ theme of this year’s show, Blue Forest ensured that the products used were as eco-friendly as possible. This includes the FSC-certified timber structure and the slate grey fleece-backed PVC membrane used on the treehouse roof, which will increase heat retention through its long service life.

To further benefit the natural environment, the one-of-a-kind treehouse project is immersed in a natural planting scheme full of native plants that will surely benefit the local wildlife.

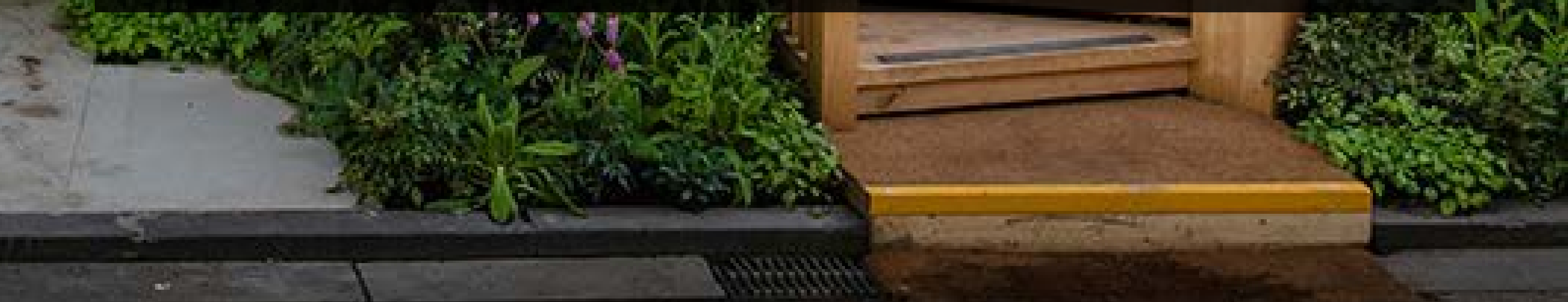
The brief was to produce a roof with a contemporary finish, clean lines and a luxurious feel, that would suit the treehouse’s final location, as part of their luxurious treehouse accommodation offering on the grounds of Fairmont Windsor Park, in Berkshire.

Excel Roofing and IKO Polymeric worked together to construct the roof offsite, within a short period of time, before it was transferred to its show location.

Blue Forest said: ‘Each Blue Forest treehouse is a celebration of wood and natural materials and is finished to the highest standard by experienced craftsmen. This year we have collaborated with a number of companies whose vision and values are aligned with ours, and we thank them for their continued support and contribution to this year’s RHS Chelsea Flower Show.’

Excel Roofing has offices centrally located at Bishops Waltham to service Hampshire, Dorset, Berkshire, Surrey and West Sussex and provides a competitive supply and fix service that encompasses all your roofing needs including roof tiling, slating, flat roofing, single ply, metal cladding, specialist leadwork service, solar panels and green roofs.

To find out more about other projects Excel Roofing have been involved with and the services they offer, visit – https://www.excelroofingservices.co.uk



Section 172(1) Statement

Section 172 of the Companies Act 2006 ("S172") requires Brickability's Directors to act in good faith and in the way that they consider to be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard to the interests of other stakeholders. The Directors should also consider the desirability of maintaining high standards of business conduct and the likely long-term consequences of their decisions.

In the table below, we set out our key stakeholder groups and how we engage with each of them. Each type of engagement is designed to foster effective and mutually beneficial relationships so that we continue to work effectively with our stakeholders.

Stakeholder Group	How We Engage
SHAREHOLDERS	
The Company is in regular contact with its shareholders and listens to them when they express concerns and takes action to rectify those concerns.	The Chairman and Executive Directors hold investor roadshows twice a year based around the half and full-year results. Feedback from investors is received at this time, as well as during the year. The Board listened to those shareholders who expressed concerns over the Board's independence. Two new independent Non-Executive Directors, Susan McErlain and Sharon Collins were appointed in May 2022 and September 2022, respectively. In addition, the Chairman and Executive Directors meet with investors on an adhoc basis including site visits where investors are able to meet local management.
The Company takes into account how shareholders might be affected when it makes investment decisions to grow the business via acquisitions, a key part of the Group strategy.	The Company made three acquisitions during the year, which were Modular Clay Products Ltd in May 2022 and E.T. Clay Products Limited and Heritage Clay Tiles Limited in September 2022. Shareholders have been advised of the rationale for the acquisitions and have been very supportive of the Company. When making decisions to fund acquisitions, the Company takes into consideration how issuing new shares, or increasing debt, might have an effect on the Company's share price.
EMPLOYEES	
As at 31 March 2023, we employ over 700 people in the Group, across four divisions in over 70 locations across the UK and also operate a roof tile joint-venture in Germany.	Our employees bring a broad range of experience, expertise and perspective to Brickability that contributes to the delivery of our strategic objectives. The Board recognises that employees are the cornerstone of the business. For details on how we engage with our employees, please see page 32 of the Environment, Social and Governance report.
SUPPLIERS	
The Group recognises and actively develops its relationships with its suppliers and works closely with them to ensure that the relationships are productive for all parties.	Our supply chain includes professional services providers, product suppliers, engineering & electrical suppliers and energy suppliers. The Group expects its suppliers to adhere to business principles consistent with the Group's own. Suppliers are expected to adopt and implement acceptable health and safety, environmental, product quality, labour, human rights, social and legal standards. Conformance to these standards is assessed by on-site supplier visits on a regular basis. The Group's policy is to pay suppliers in line with its standard terms except where alternative arrangements have been agreed in advance with individual suppliers. The Group does not follow any external procurement or payment code.
CUSTOMERS	
The Group is committed to putting its customers at the heart of everything it does by providing high-quality products and service. All employees are expected to behave respectfully and honestly in all their dealings with customers and the general public.	The Group has good relationships with its customers. The Group works with its customers to provide sustainable products in order to help customers to meet their ESG targets. Due to the changes in building regulations, we are now including balconies and home car chargers as standard. The Group's Joint Venture in Germany produces clay tiles to ensure that we're meeting customer demand.

Each type of engagement is designed to foster effective and mutually beneficial relationships so that we continue to work effectively with our stakeholders.

Stakeholder Group	How We Engage
COMMUNITIES	
The Group is committed to making a positive impact to communities.	During the year, we pledged to support Maggie's Cancer Centres with a substantial financial grant. Maggie's operate support centres online and alongside cancer treatment hospitals to provide support specialists, psychologists and benefits advisers to those undergoing cancer treatment and their families all across the UK. In addition to supporting Maggie's, we have also made funds available for grants, sponsorship match funding, material donations for community projects, social impact initiatives and humanitarian appeals. The charities we support reflect the passions of our own employees and their families, ensuring that our Foundation is led with heart and integrity and aligned with our values every step of the way. Please see page 32 of the Environment, Social and Governance report for further information on how we engage with the communities in which we work.

Environmental, Social and Governance (ESG)

The Group supplies building materials to contractors, developers, merchants, and builders across the UK. As a major business in the construction supply chain, we have a role to play in tackling environmental challenges. Our stakeholders – namely our people, shareholders, customers, suppliers, and our local communities rightly expect us to rise to the challenge of sustainability and act across all the businesses in the Group.

The Board takes this responsibility seriously and is working to create a sustainable business fit for the future. In March 2023 we published our first ESG strategy **'Together for the Future'** which sets out our approach planet, people, and partners.

Planet: to be Carbon Net Zero by 2030

People: by empowering people to be the best that they can be

Partners: to be one of the most trusted partners for suppliers and customers

Our ESG strategy underpins our work to support our customers to design and build sustainable developments, where people can thrive and to work with our partners to drive positive change in the construction industry. We believe our strategy helps guide us to continue to take the necessary actions to future-proof our business in areas that are material for our stakeholders.

Achieving our Mission

John Richards, the Chairman, heads up the ESG team, and Paul Hamilton, Chief Operating Officer, oversees the development of strategy and implementation of the initiatives. Senior sustainability consultant, Georgina McLeod, Director of EthicallyBe, works across the Group leading the delivery of our new strategy, building our KPIs, action plans and internal expertise to build ESG resilience into the organisation. We have appointed a full-time ESG Co-ordinator, who is responsible for the day-to-day delivery of the strategy and keeping our teams across the Group engaged.

The ESG focus this year has been on developing and publishing our ESG strategy, communicating this with our partners, and engaging the teams across all of our 30 diverse commercial businesses with the importance of doing business differently. Our focus for 2023 is to continue to integrate the ESG Strategy into our business and the rollout of the ESG strategic priorities is underway, alongside further data collection to help us develop KPIs to track our progress.

Our ESG Strategic Priorities

Planet (Environmental)

To meet the challenge of climate and ecological emergencies, we are committed to changing the way we do business, both within our own operations and through the supply chain. Our ambition is to be a Group of businesses operating in balance with the planet - not taking more than we can give back.

Decarbonisation

It is our goal to be carbon net zero in our own Scope 1 and 2 operations of our sales businesses by 2030.

2022/23 marks the first financial year we have completed a full carbon measurement of all of our Scope 1 and 2 emissions. We have continued to develop our systems and expertise in measurement, and using new software, we are now able to easily track data from our haulage freight business, McCann Logistics. The significant increase in emissions reported is accounted for by the inclusion of this data for the first time, alongside that of our sales businesses and small manufacturing units.

Carbon Dioxide Equivalent (CO_2e) Tonnes	2023*	2022**	2021***
Total Energy usage KwH[1]	16,666,183.7	N/A	N/A
Scope 1	4,156.8	1,762.0	94.8
Scope 2	222.0	65.9	22.3
Intensity Tonnes of CO_2e from scope 1 and 2 sources per £m of turnover	**6.37**	**3.52**	**2.00**

* Brickability Group PLC including our haulage business McCann Logistics. Data is from 1 January-31 December 2022.

** Brickability Group PLC data minus McCann Logistics – based on pre-pandemic measurement 19/20.

*** Brickability Ltd data only. For 2021 the then largest subsidiary reported on the emissions sources as required under the Companies Act 2006 (Strategic Report and Directors Reports) Regulation 2013.

1 Conversion factors taken from Department for Energy Security and Net Zero, Greenhouse gas reporting: conversion factors 2023.

Renewable Energy (procurement)

The planned transition to procuring only fully renewable energy into all of our buildings is now underway. Our first focus has been the buildings we own, with 24 out of 33 contracts in our owned properties now using renewable energy.

Renewable Energy (generation)

Surveys of our owned buildings are now complete, and we are planning a phased rollout of solar panels with our renewable technologies company UPOWA.

Car fleet

Implementation of our new car policy has now begun, which will see all cars electric within the Group by 2030. We currently have over 50 electric cars which is over 50% of the leased company car-fleet. UPOWA plans to fit charge points across the estate. The replacement of the last of our diesel forklifts with electric models is also well underway.

Net Zero Supply Chain

Working closely with our suppliers to achieve a net-zero supply chain is a key part of our strategy. We are communicating with our key customers and suppliers on this and are developing our staff understanding and expertise.

Resource use and management

We will effectively manage and reduce our resource use.

Behaviour change and capacity building

Building our employees sustainability expertise is key to the success of our ESG strategy. Our team of Environmental Champions is now operational, taking the lead on making change happen in each of our businesses. Most of our businesses are now signed up to the Supply Chain Sustainability School, with key members of the teams engaged in active learning. We are developing bespoke learning programmes for the Group.

Waste

To support our drive towards zero avoidable waste we continue to monitor our waste and its journey after disposal at our offices to ensure we have full transparency and are able to make necessary changes. We will shortly be rolling out the new reduce, recycle, reuse policy.

Resource use

The drive to keep single-use plastics out of our workplaces and events continues as does work with our key suppliers to reduce the amount of single-use packaging on our products.

Measurement

We cannot succeed in driving change if we do not understand and track our actions. After developing the appropriate systems through new software, we have completed the first full year of measurement for our freight business McCann Logistics. We are further developing the software to help us calculate Scope 3 emissions from McCann's freight partners.

Restoring balance

We will give back to the planet and contribute to biodiversity.

We have confirmed a partnership with the Earth Trust Charity. The project is being funded by the Brickability Foundation at £20,000 a year for three years and will enable hundreds of children in Reading, a community close to our HQ, to connect with nature and access environmental education.

People

We are on a journey to create a culture of inclusion, diversity and equality where differences are welcomed, celebrated and appreciated, and everyone is supported to reach their potential.

We aim to connect with the communities in which we live and work and improve our social impact. We will ensure that all people in our supply chains are treated fairly and are free of modern slavery. We will actively support the development of opportunities and careers for women in construction, recognising and making opportunities available to all.

This year has seen an acceleration in the roll-out of Group wide systems across the Group to help implement and manage our developing policies.

Engagement

We want our employees to enjoy coming to work and feel engaged and motivated so they do their best everyday. We completed our ESG workshops with the majority of our 700 employees and established our Environmental Champions network to keep engagement high.

Diversity and Inclusion

Embracing and involving all people, irrespective of race, gender, ability, and experience as well as building a diverse, equal, and inclusive workforce representative of local communities is vitally important to the Group. We completed our DEI (diversity, equity, inclusion) and gender pay gap analysis. The data was published, together with priorities for action, in our ESG Strategy on pages 12 and 13 of the document available at https://brickabilitygroupplc.com/documents/2023/Brickability-Group-PLC-ESG-Strategy.pdf.

Our review of the Group reward and recognition policies is ongoing across the business. Steps taken to date include the harmonisation of the annual leave entitlement across the Group from April 2023, and further steps are being taken with regard to harmonising further employee benefits, for example improving the Group Pension Scheme through consolidating the separate policies across the businesses in the Group into one provider.

Health and Safety

The first priority of the Group is to create a safe and healthy workplace where safety first is a way of life. All employees receive training and are working together to create supportive "speak up" environments, striving for zero recordable injuries. We recently created a new position of Group Health and Safety Manager, to continue to prioritise this work and collaborate with our external Health and Safety Agency.

Wellbeing

We began the development of our Wellbeing Programme to support our employees' physical and mental health to provide a good working environment; work-life balance; personal growth and financial wellbeing and support. We made a cost-of-living payment to qualifying employees to support them through these difficult economic times, relaunched our Cycle to Work Scheme and began to roll out weekly fruit boxes.

Learning and Development

To support our drive to build skills for the future and foster a culture of high performance we launched a new Apprenticeship Scheme.

Communities and Giving Back

We had a significant impact on communities and the environment through the Brickability Foundation, which we also refocused strategically to more directly support the delivery of our ESG strategy. In addition, our employees across the Group developed their own initiatives, including monthly food bank collections in many of our businesses and a period poverty project in Taylor Maxwell.

CASE STUDY: THE BRICKABILITY ACADEMY, BUILDING FOR TOMORROW...

The Brickability Academy, Building for Tomorrow, saw for the first time, 10 sales trainees from across the Group taking part in a sales foundation course. This offers individuals an entry level opportunity to build a career in Sales. Apprentices learn by shadowing our experienced Sales Team, attending regular training days with specialist mentors from around the group, and will work to achieve a Level 4 Sales Executive qualification.

Partners

Partnership working is at the core of Brickability's success.

We need to work in partnership with everyone in the supply chain to reduce the impact of our products and services on people and the environment. We are continually working to understand the needs of current and future customers and create new market opportunities through new sustainable technologies.

Partnership and Collaboration
We were delighted to achieve Gold membership of the Supply Chain Sustainability School, which covers all of our 30 commercial businesses. This achievement is important in terms of profile and partnership with our customers, to win tenders and remain competitive. It also continues the development of our expertise to work collaboratively on delivery of a net zero supply chain, deepening the sustainability knowledge of our employees.

Responsible Procurement
We updated our Modern Slavery policy and began to roll out training across the Group, beginning with our procurement teams. Securing Environmental Product Declarations (EPDs) and embodied carbon data of our products has been a growing priority this year. We developed resources to support our procurement professionals in their relationships with our suppliers. The development is underway of a responsible procurement training programme to be rolled out to relevant employees across the Group in the coming year, together with new supplier onboarding processes.

CASE STUDY: PARTNERSHIP TO TRANSFORM THE SUPPLY CHAIN

Our Taylor Maxwell team sponsored the London Festival of Architecture (LFA) in June 2022. They invited supply chain partners Morgan Sindall and Higgins Partnerships, and brick manufacturers Michelmersh and Wienerberger to join them in delivering events at their London Showroom. The businesses joined forces to talk about sustainable supply chain transformation and the collective journey to net zero for construction.

ESG Governance Framework

Brickability Group PLC Board

Chief Operating Officer and Leadership Team

Overall responsibility for the implementation and progress of the ESG Strategy sits with our Chief Operating Officer, Paul Hamilton supported by Georgina McLeod, senior ESG lead.

ESG is integrated into the Senior Management team – alongside Directors responsible for HR, Marketing and IT. The Operational Leadership team reports on ESG issues to the Divisional MD leadership team made up of the Directors responsible for: Brick (Simon Mellor), Importing (Andy Wilson), Contracting (Simon Pearson), Distribution (Paul Hamilton), Brick and Timber TM (Kenny Hirst-Sewell and Alex Moffatt) who take oversight of ESG progress quarterly and feed it back into the Group businesses.

Informing ↓ Reporting ↑

ESG Team

The ESG team is made up of Georgina McLeod, our senior lead and Esme Wilson, full-time ESG Coordinator.

- Drives the delivery of the 'Together for the Future' strategy.
- Oversees measurement and reporting.
- Integration of ESG into the business and engagement with employees.
- Working in collaboration with all of our 30 commercial businesses.

Informing ↓ Reporting ↑

Environmental Champions

The ESG team is supported in implementation by a team of over 50 Environmental Champions across the Group.

Informing ↓ Reporting ↑

Group Business MDs

Our team of MDs across the Group are responsible for providing data, implementing policies and sharing best practice and our eyes and ears with suppliers and customers to feed in priorities for future action. They are our connection into the local communities across the UK.

Governance

We recognise that good governance is not only crucial for our performance and relationship with shareholders, but it is also important for society and the environment.

Board and leadership gender diversity has continued to improve with the appointment of a second female independent Non-Executive Board Director.

The Board has embraced the ESG leadership role, guiding the ESG strategy development and begun work in embedding the ESG framework through all of our processes. We have reviewed our investments, with a focus on our pension investment funds and their plans to divest from fossil fuels. We have begun to develop our approach to Climate Related Financial Disclosures reporting requirements and have integrated key risks into our Board oversight.

Climate Related Financial Disclosures

As a company admitted to AIM, the year ending 31 March 2024 will be the first year under which we are required to report under the Climate-related Financial Disclosures regime. As such we are preparing for disclosures required in next year's financial statements.

Task Force on Climate-Related Financial Disclosures (TCFD)

The Task Force on Climate-related Financial Disclosures was established by the Financial Stability Board in 2015 and the voluntary disclosure framework was laid out in the report "Recommendations of the Task Force on Climate related Financial Disclosures" in June 2017. This year, and further updates to this, identified eleven topics organised under four broad categories – Governance; Strategy; Risk Management and Metrics and Targets.

This year for the first time UK companies with securities admitted to AIM with more than 500 employees have been required to incorporate TCFD-aligned climate disclosures in their annual reports.

The Group has begun to develop our approach to TCFD and is committed to increasing the transparency of reporting around climate impacts and risks. In the preparation of this first TCFD disclosure for the Group we have identified areas of focus to further develop our approach to TCFD reporting and disclosures. This includes internal expertise, scenarios planning, our metrics including the development of KPIs this year for our ESG strategy as we grow our data and understanding.

1. Governance

a) Describe the Board's oversight of climate-related risks and opportunities

The Board has ultimate responsibility for oversight of climate-related risks and opportunities.

During the year, key Board members were involved in the development of our first climate related scenario planning exercise. We are now in the process of integrating reporting into our Board meetings. Our ESG Governance is set out above.

Priorities for 2023	Our plans
The Board oversees the continuing delivery of the ESG strategy.	The Chairman and Board will ensure that ESG is integrated into the management structure and that appropriate resource is allocated.
The Board oversees the development of KPIs for the ESG strategy.	KPIs to be agreed with Board and added into the reporting framework.
Training/updates on key climate-related topics to be added to the Board calendar for 2023.	Focused training session and update papers will be provided to support Board member understanding of emerging climate and construction topics.

b) Describe management's role in assessing and managing climate-related risks and opportunities

The Chief Operating Officer is responsible for leading the ESG response, supported by the ESG team. Consultation takes place with the Divisional Directors who receive ESG reports – and this is reported to the team of MDs. In 2022, the majority of our 700 employees received training in climate related issues through a series of workshops, and were able to feed in their observations, risks, and opportunities into the ESG strategy development.

Priorities for 2023	Our plans
To continue to integrate climate related thinking into the organisation.	We will make climate/ESG reporting an integral part of our management and team meetings.
Embed risk and opportunity thinking into our Environmental Champions network.	Schedule training for our Champions on climate related risk & opportunity and emerging climate issues.
Climate related risk training to the senior management team	Schedule a Teams briefing session for MDs and Divisional Directors to support future facing thinking.

2. Strategy

a) Describe the climate-related risks & opportunities the organisation has identified over the short, medium, and long term

This year is the first year we have carried out a climate-related risk & opportunity planning session. This took place with key Board members and Divisional Directors, and was supplemented by information from research, industry groups and employees. As we deepen climate forecasting expertise within the organisation, we will develop our strategic view and priorities. We have classified our time frames as measured in years as follows:

Short term = 2020 – 30
Medium = 2031 – 40
Long = 2041 – 50

Summary of our identified risks & opportunities

TCFD Category	Climate related risks & opportunities	Potential financial impacts	Possible timeframe
TRANSITION:			
Policy & legal	**Risk:** Regulation changes re reaching net zero sooner for our entire business and the supply chain. Potential carbon taxation.	Significant investment required and/or offset costs.	Short
	Opportunity: Reports that up to 19 million homes would be climate retrofitted under a new administration.	Opportunity to supply.	Short
Technology	**Opportunity:** To develop more renewable energy technology products through our company UPOWA as the way new build houses are powered changes.	Increased demand for products and services.	Short/medium
	Risk and opportunity: Embodied carbon likely to be in regulation in five years. Future Homes standards currently looking at timber as a building material.	The financial impact will depend on the market demands for clay or timber products. We will monitor and focus on supply chain developments.	Short
	Risk: Our joint venture Schermbecker is a high energy business making tiles.	Possible impact through energy prices.	Medium
	Risk: According to some industry experts gas could become unavailable in 20 to 30 years.	Possible impact on our suppliers and their manufacturing process. Innovation is already underway.	Long
	Risk and opportunity: Rapid market change may occur if the single use plastic laws change rapidly. Construction is the biggest user after food.	Change in demand from customers. Opportunity to develop the supply chain.	Short/medium
Market	**Risk and opportunity:** (Bricks & Building Materials and Importing division) Transition to new building technologies means that different materials are required – which may impact supply chain development.	Increased demand for lower carbon products.	Short/medium
	Risk and opportunity: (Distribution division) The phasing out of gas boilers may mean a transition to new systems requiring larger radiators.	Need to transition with suppliers to maintain sales.	Short

Priorities for 2023	Our plans
To continue to monitor the identified strategic risks and opportunities and identify new ones. Deepen our understanding of them, including timeframes.	Integrate climate risk and opportunity horizon scanning and analysis into our management structures.

b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

As regulation and consumer demand continue to influence construction, it is possible that materials required by our customers will change. Our strategy and financial planning will focus on future forecasting, working closely with our customers, and supply chain development from a climate perspective.

3. Risk Management

a) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2C or lower scenario

We will begin to test the resilience of the organisation's strategy against climate-related scenarios in the coming year. We will do this working alongside our suppliers and other partners and with reference to the future of the housing and other construction markets. However, the Group has grown to date successfully using an acquisition strategy, recently moving into advanced renewable technologies with UPOWA. Dependent on the future direction of the construction market, this strategic approach could be applied to meet the demands of our customer base. Its success will depend on our ability to horizon scan successfully, plan accordingly and act quickly and decisively.

b) Describe the organisation's processes for identifying and assessing climate-related risk

As described above, the Board has led the process in 2022, supported by the ESG Management Team and Divisional Directors. This feeds through to the risk register. We will continue to strengthen this process as internal experience and expertise grows.

c) Describe the organisation's processes for managing climate-related risks and how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management

Following the completion of our first review, material risks were fed into our Group risk register.

Priorities for 2023	Our plans
To complete more detailed risk assessments based on time frame and likely impact	To formally assess the identified risks and report to Board as part of our quarterly processes.

4. Metrics And Targets

a) Disclose the metrics used by the organisation to assess climate-related risk and opportunities in line with its strategy and risk management processes.

We are currently developing our metrics for our ESG strategy, and we will develop metrics for our risk and opportunities in line with this during 2023. More data collection and analysis is required, before we can carry this out.

b) Disclose the Scope 1, 2 and, if appropriate, Scope 3 greenhouse gas emissions (GHG), and the related risks

This data can be found on page 31.

c) Describe the targets used by the organisation to manage climate related risks and opportunities and performance against targets.

The metrics for our ESG strategy and TCFD reporting will be developed during 2023, to include but not limited to:

Category	Measure	Metric/target
GHG Emissions Scope 1 & 2	Absolute tonnes of carbon reduction (per £)	Metric being developed in 2023
Renewable energy	% of sites powered by renewable energy	All owned sites to be powered by renewable energy by 2030
Renewable energy	% of sites powered by renewable energy	75% of leased sites to be powered by renewable energy by 2030
Car fleet	% of EV cars in the owned car fleet	All cars to be electric by 2030
GHG Emissions Scope 3	Absolute tonnes of carbon reduction	Net Zero Carbon by 2050
Climate-related opportunities	% of revenue from climate-related opportunities	Target to be developed in 2023.
Water usage	M3 of water used across all sites	Metric being developed in 2023
Waste management	Tonnes of waste to landfill	Zero avoidable waste to landfill. Target year to be developed in 2023.

The Brickability Group Foundation

This was an exciting first full year for our Foundation, following the launch in February 2022.

Sponsorship and Grants

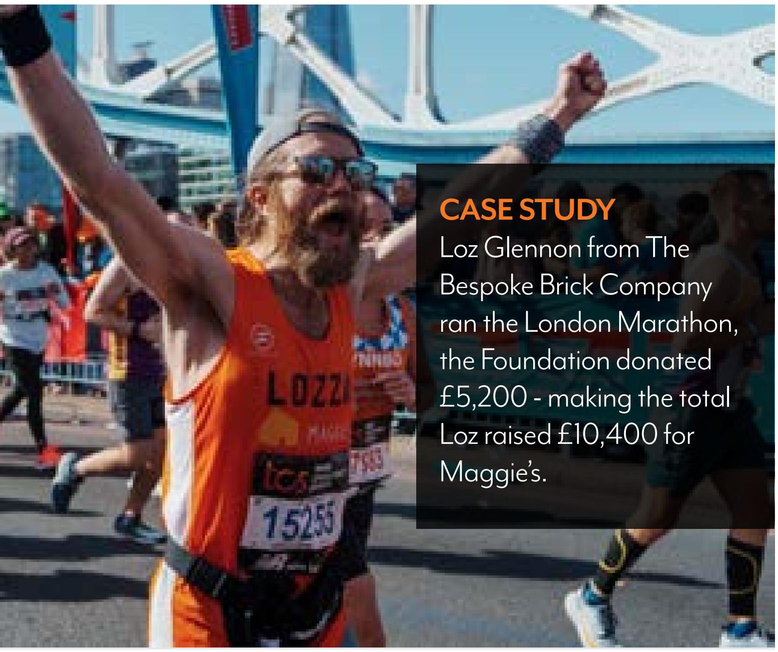
We funded 20 charities through sponsorship and grants, donating a total of £120k (2022: £55k) to support local communities and causes close to our employees' hearts. These included Focus Surrey; Moira Anderson Foundation; Combat Stress; Sunshine Wishes Scotland; Hotline Meals Service for the Elderly; The Elizabeth Foundation and Demelza Children's Hospice Care; the Outward Bound Trust; Macmillan Cancer support; Asthma and Lung UK; Rainbow Trust Children's charity; John Taylor Hospice; Ramsbottom Pantry; Aspire Powerchart Sports Club and Penrith College.

With many of the Group's businesses having suppliers in Turkey, it was important to us to show support for those affected by the earthquake and we donated £5,000 to the Turkish and Syrian earthquake disaster appeal.

Our amazing employees

Part of our strategy as a Foundation is to actively inspire and enable our employees to make a difference. In 2022/23 we donated a total of £46,013 to match our employees' fundraising efforts, making a total of £92,027 donated to charities close to their hearts. Events ranged from Iron Man challenges, to skydives, coffee mornings, full and half marathons and raffles. These benefitted various charities; Heel and Toe Children's Charity; the Rainbow Trust; the Royal Hospital for Neuro-disability charity; Outward Bound Trust and the John Taylor Hospice.

Brick Services hosted a ball to raise funds for the Heel and Toe Children's Charity, with the Foundation donating £23,666 making a total of £47,334 to the charity.



CASE STUDY

Loz Glennon from The Bespoke Brick Company ran the London Marathon, the Foundation donated £5,200 - making the total Loz raised £10,400 for Maggie's.

Our 2022/23 Charity of the Year

MAGGIE'S

Maggie's operate support centres online and alongside cancer treatment hospitals, to provide specialists, psychologists, and benefits advisers to those undergoing cancer treatment and their families across the UK. Our support for Maggie's was inspired by the experience of one of our MD's daughters. The total pledged to be donated to Maggie's by the Brickability Foundation is £35,940.

Our Charity of the Year for 2023/24 is the Heel and Toe Foundation who provide support for young people with Cerebral Palsy, inspired by the experience of one of our employees at Brick Services.

Strategic refocus

In order to ensure the Foundation supports the aims of our ESG strategy and our drive to have positive social and environmental impact as a business we have refocused our charity mission to 'give back to the communities we operate in and to support environmental projects in the UK which protect and enhance the natural world'.

In addition, to maximise our investments we have created two partnerships which will each receive £20,000 a year over a three-year period. The partnerships launched in April 2023 will deliver real and long-term impacts in the communities we work in and to the natural environment.

The Earth Trust is an environmental charity that inspires people to address the biodiversity, climate, and public health crises through the power of natural green spaces. Our programme will provide access to green space and environmental education to hundreds of children from schools in Reading and create a community of schools focused on the importance of this education for the environment – helping create the earth guardians of the future.

Sports Connect are an inclusive sport for all, education organisation using the power of sport to inspire, motivate and educate in the South-East. Our partnership will help to support the programme with three core projects, calm club and mental health, support through sport and lastly a mentoring programme. The Sports Connect wellbeing programme can be tailored to support youth justice, vulnerable adults, victims of domestic abuse, parental wellbeing and more.

The Strategic Report on pages INC to 38 was reviewed and approved by the Board on 14 July 2023.

Alan Simpson
Chief Executive Officer

Corporate Governance

Board of Directors

Committee Key:

- A Audit & Risk
- R Remuneration
- N Nominations
- Committee Chair

JOHN RICHARDS
Non-Executive Chairman

John Richards joined the building materials industry after serving a graduate traineeship with the Delta Engineering Group. He served at Ibstock Brick for 31 years as Sales and Marketing Director, Director and General Manager and as Managing Director of several of the Group's subsidiaries.

He now also serves as Chairman of Facilities by ADF plc, a leading supplier of trailers and logistics to the TV and film industry, Chairman of JR and M Investments, a supplier of finance to contractors, and is a Director of Birmingham Moseley Rugby Club.

John joined the Board in March 2018 as Chairman.

Committee membership:

N

ALAN SIMPSON
Chief Executive Officer

Alan Simpson joined Building Materials Distribution with Taylor Maxwell in 1983 and five years later moved to Brick-ability. He became Sales Director and a shareholder, graduating to the position of Managing Director. He founded Towelrads, Frazer Simpson, FSN Doors, DSH Flooring and more recently Forum Tiles, all of which are part of the Group.

Alan became a Director in 1996 before stepping up to Chief Executive Officer of the Group following the successful management buyout of Peter Milton, the founder of the Brickability business, in September 2016.

Alan has been instrumental in the acquisition growth of the Group and its admission to the London Alternative Investment Market in 2019.

MIKE GANT
Chief Financial Officer

Mike is a Chartered Management Accountant with an MBA from Nottingham Business School who joined the Board in 2021. Prior to joining, he served as Group CFO at Walker Greenbank plc.

Mike is a highly experienced CFO and brings a breadth of financial, strategic and M&A experience to the Group from his previous roles at Bass plc, Marstons plc, Geest plc, Constellation Brands Inc, Britvic plc and Walker Greenbank plc.

Mike joined the Board in April 2021.

The Board oversees the growth, strategic development and governance of the Group. It is formed from representatives of various stakeholders and brings together both investment and operational expertise.

CLIVE NORMAN
Non-Executive Director

Clive Norman has over 30 years' experience in the radiator import and service business throughout both Europe and the UK.

As the Vice-President of Delonghi Heating and CEO of Ferroli, a commercial producer of boilers, radiators, towelrails and air conditioning, he oversaw sales growth to substantial numbers.

Clive joined the Board in March 2018.

Committee membership:

N

DAVID SIMPSON
Independent Non-Executive Director

David Simpson, an Accountant by profession, has significant experience in the housebuilding sector, having worked with luxury home developer, Millgate, for over 17 years, including as Managing Director for nine years.

He was appointed to the Executive Committee Board of Countryside Properties plc from 2014 to 2018, following its merger with Millgate.

David joined the Board in July 2019.

Committee membership:

A N R

SUSAN MCERLAIN
Independent Non-Executive Director

Susan McErlain has had an executive career spanning 35 years, advising listed companies and other organisations across many sectors, most notably in the industrial sector. She founded, grew and sold Square Mile Communications Limited, a successful communications and investor relations business. More recently, Susan acted as a Corporate Affairs Director for FTSE 250 company Ultra Electronics plc until 2019.

Susan has been a Non-Executive Director since 2020. She joined the board of AIM listed company Dewhurst Group plc in 2021 and is currently a member of both its Audit and Remuneration Committees.

Susan joined the Board in May 2022.

Committee membership:

A N R

SHARON COLLINS
Independent Non-Executive Director

Sharon Collins has more than 20 years' experience predominantly in marketing, international sales and business development roles within the Healthcare sector.

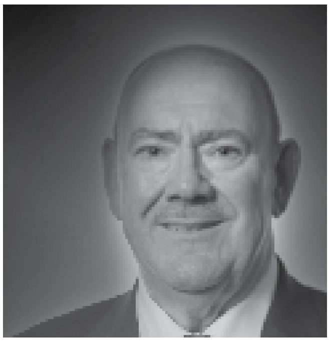
Having previously worked for a leading dental manufacturer for seven years, Sharon also spent five years within the International Business Development field with Sinclair Pharmaceuticals. Sharon qualified from Lancaster University in 1996 with a degree in Marketing and gained her MBA (with Distinction) in 2005. In 2010, Sharon co-founded the Venture Life Group; in 2014, the company floated on AIM, part of the London Stock Exchange, and she remains the Chief Commercial Officer and Board Director of Venture Life Group PLC until August 2023.

Sharon joined the Board in September 2022.

Committee membership:

A N R

Group Management Board



JOHN RICHARDS
Non-Executive Chairman

See bio in previous section.

ALAN SIMPSON
Chief Executive Officer

See bio in previous section.

MIKE GANT
Chief Financial Officer

See bio in previous section.

PAUL HAMILTON
Group Chief Operating Officer & Managing Director of the Distribution Division

Paul Hamilton has over 19 years' experience in the heating and building supplier market. He joined the Towelrads business in 2004 and became a shareholder and Director in 2008. Paul has overseen the growth of the Towelrads business from sales of less than £1 million to over £25 million a year. He led a management buyout of the Towelrads business in 2016 and was a founder of DSH Flooring.

Paul was appointed Chief Operating Officer of Brickability Group in November 2021 whilst remaining Managing Director for the Distribution Division.

SIMON MELLOR
Managing Director within the Bricks and Building Materials Division

Simon Mellor has 38 years of experience in the Brick Market having joined the industry in 1985. He first gained experience in Brick Manufacturing at Steetley Brick and Redland Brick where he worked for 10 Years as a Regional Sales Manager.

Simon joined Brickability in 1995 as Wales Sales Manager and was appointed Managing Director at the Matching Brick Company in 2007 and Brickability Ltd in 2009.

He has been at Brickability for 28 Years, overseeing a number of acquisitions in that time as well as establishing relationships with European Suppliers in Holland, Spain and Portugal and developing exclusive Ranges of Bricks for the UK Market.

KENNY HIRST-SEWELL
Managing Director of Taylor Maxwell & Co Limited within the Bricks and Building Materials Division

Beginning his career in the construction industry in 2011, Kenny has a wealth of experience in the sourcing, specification and supply of brick and masonry materials.

Joining Taylor Maxwell as a Senior Sales Executive in 2016, Kenny has quickly progressed through to Regional Business Manager, Sales Director and more recently, Managing Director of Taylor Maxwell & Co Limited in April of 2022.

ALEX MOFFAT
Managing Director of Taylor Maxwell Timber Limited within the Bricks and Building Materials Division

Starting as a Sales Trainee for the Taylor Maxwell Timber Division in 2003, Alex has been with the business for almost 20 years.

Having worked as Sales Executive, Regional Director and a Director and joining the Board in 2017, Alex has first-hand experience of all aspects of the business.

Based in Taylor Maxwell's Stirling office, Alex is now Managing Director for Taylor Maxwell Timber, bringing with him many years of experience in the timber industry and an unrivalled knowledge of timber products.

The Management Board is responsible for the day to day operations of the Group. The members are drawn from key managers within individual Brickability Group businesses.

SIMON PEARSON

Managing Director of the Contracting Division

Simon Pearson has over 35 years of construction and roofing sector experience, first joining the industry in 1981 and setting up his first roofing business in 1984.

He formed Crest Building Products in 1989 and Crest Roofing in 1993, which became part of the Group in 2018. Simon is currently Managing Director of the Contracting Division.

ARNOLD VAN HUET

Managing Director of Crest Group within the Importing Division

Arnold Van Huet has over 35 years' experience in the brick and tile market across Europe, having been heavily involved in import and export markets and the development of many brick and roofing products in Europe.

He was the founder of the Crest Group of companies over 30 years ago which became part of the Group in 2018. He is Managing Director of the Crest Group of companies within the Group. He has also held senior and board positions in Desimpel Brick plc, Hanson Brick and Enhobel plc.

ANDY WILSON

Managing Director of the Importing Division

Andy joined the construction industry in 2004 after graduating from Nottingham Trent University. For the next 10 years he worked for Traditional Brick & Stone, Wienerberger and RGB.

In 2014 Andy founded The Bespoke Brick Company Limited, followed by The Brick Slip Business Limited in 2016. He later co-founded BUF Architecture in 2017 followed by William Wilson Properties Limited in April 2019.

Andy was appointed to the Management Board of the Brickability Group PLC in May 2019 following the acquisition of The Bespoke Brick Company and The Brick Slip Business. Andy is currently Managing Director of the Import Division.

Corporate Governance Statement

As Chairman of the Company, I have pleasure in presenting the Corporate Governance Statement for the financial year ended 31 March 2023.

The QCA Corporate Governance Code 2018 (“QCA Code”)

The Board is collectively responsible to shareholders of the Company for the effective oversight and long-term success of the Company. The Board believes that sound governance is fundamental to this and has chosen to follow the QCA Corporate Governance Code since 2019. However, the Board recognises that corporate governance is not a static process and that there is a need to ensure that policies and practices are kept under review to ensure that the Company meets the required standards, and that this area develops in line with the growth and overall strategic plans for the Group. The Board considers that the policies, procedures and relevant systems which have been implemented to date have given us a firm foundation for our governance structure.

During the financial year, the Company complied with 9 of the 10 principles set out within the QCA Code until May 2022 when John Richards was able to step down as a member from both the Audit & Risk and Remuneration Committees. At this point the Company has since complied with all 10 principles, as follows:

Principles of the QCA Code	How the Company has complied
1. Establish a strategy and business model which promote long-term value for shareholders. **2.** Seek to understand and meet shareholder needs and expectations. **3.** Take into account wider stakeholder and social responsibilities, and their implications for long-term success. **4.** Embed effective risk management, considering both opportunities and threats, throughout the organisation.	The Board has collective responsibility for setting the strategic aims and objectives of the Group. Our strategy is articulated on page 9 and on our website. In the course of implementing our strategic aims, the Board takes into account expectations of the Company's shareholders and also its wider stakeholders and social responsibilities. We set out our key stakeholder groups and how we engage with each of them on pages 28 and 29. The Board also has responsibility for the Group's internal control and risk management systems. The Board reviews the risks faced and ensures the mitigation strategies in place are the most effective and appropriate to the Group's operations.
5. Maintain the Board as a well-functioning, balanced team led by the Chairman. **6.** Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities. **7.** Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement. **8.** Promote a corporate culture that is based on ethical values and behaviours. **9.** Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.	As Chairman, I regularly consider the operation of the Board as a whole and the performance of the Directors individually. The Directors have the necessary up-to-date experience, skills and capabilities required for the Board and to oversee the management of the Company. In February 2023, a formal evaluation of the Board was undertaken and the feedback shared with the Board. All appointments to the Board will be on merit, but with due consideration to the need for diversity on the Board. Such appointments will be made to complement the existing balance of skills and experience on the Board, as illustrated with the appointment of Sharon Collins. The Company operates an open and inclusive culture and this is reflected in the way that the Board conducts itself.
10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.	The Board will continue to monitor its application of the QCA Code and revise its governance framework as appropriate as the Group evolves. The Board recognises the importance of maintaining regular dialogue with institutional (both existing and potential) and retail shareholders to ensure that the Group's strategy is communicated and to understand the expectations of our shareholders.

Composition and independence of the Board

During the year until May 2022, the Board consisted of six Directors: The Non-Executive Chairman, two Executive Directors, one Non-Executive Director and two independent Non-Executive Directors. On 9 May 2022, a further independent Non-Executive Director was appointed, and later on 6 September 2022 another independent Non-Executive Director was appointed.

Details of each Director's experience and background are given in their biographies on pages 40 and 41. Their skills and experience are relevant and cover areas including building materials, financial management and control, corporate governance, legal, mergers and acquisitions, communications and marketing.

Appointments to the Board and re-election

The Board has delegated the tasks of reviewing Board composition, searching for appropriate candidates and making recommendations to the Board on candidates to be appointed as Directors to the Nomination Committee. Further details on the role of the Nomination Committee, together with details of the recruitment process for Sharon Collins, may be found on page 49.

All Directors will offer themselves for annual election or re-election, in accordance with best practice in corporate governance.

The Board considers all Directors to be effective and committed to their roles.

How the Board works

The Board has overall responsibility for the Company's purpose, strategy, business model, performance, capital structure, approval of key contracts and major capital investment plans, the framework for risk management and internal controls, governance matters and engagement with shareholders and other key stakeholders.

The Board remains committed to understanding the needs of our shareholders and the wider stakeholders and it always considers how the Board's decisions impact them in the longer term. In the Section 172(1) Statement on pages 28 and 29 we explain who the key stakeholders are and how the Directors engage with them. The Board's full responsibilities are set out in a formal schedule of matters reserved for its decision.

Board meetings

The Board has an established schedule of meetings throughout the year, with additional meetings convened when required. The Board addresses several recurring items at each Board meeting, including operational and financial performance updates and acquisitions. The Directors maintain a dialogue between Board meetings on a variety of matters.

The table below sets out the attendance record of individual Directors at the Board meetings held during the financial year:

Director	Board Meetings
John Richards	9/9
Alan Simpson	9/9
Mike Gant	9/9
Giles Beale[1]	8/9
Clive Norman	9/9
David Simpson[2]	7/9
Susan McErlain[3]	8/8
Sharon Collins[4]	3/3

1 Giles Beale stepped down from the Board on 31 March 2023. He was unable to attend one meeting due to a date change at short notice.

2 David Simpson was unable to attend two meetings due to being ill for one and due to a date change for the second at very short notice.

3 Susan McErlain joined the Board in May 2022.

4 Sharon Collins joined the Board in September 2022.

Division of responsibilities

The Chairman and Chief Executive have separate, clearly defined roles. The Chairman leads the Board and is responsible for its overall effectiveness in directing the Company, and the Chief Executive is responsible for implementing the Group's strategy and for its operational performance. The Executive Directors are full-time employees of the Company and have entered into service agreements with the Company.

Non-Executive Directors

Each of the Non-Executive Directors has entered into a letter of appointment with the Company, which set out the duties of the Director and commitment expected. They are expected to commit at least 20 days per annum to their role and are specifically tasked with:

- bringing independent judgement to bear on issues put to the Board;
- applying their knowledge and experience in considering matters such as strategy, company performance, use of resources and standards of conduct; and
- ensuring high standards of financial probity and corporate governance.

How the Board operates

The Board is responsible for:

- developing Group strategy, business planning, budgeting and risk management;
- monitoring performance against budget and other agreed objectives;
- setting the Group's values and standards, including policies on employment, health and safety, environment and ethics;
- relationships with shareholders and other major stakeholders;
- determining the financial and corporate structure of the Group (including financing and dividend policy);
- major investment and divestment decisions, including acquisitions, and approving material contracts; and
- Group compliance with relevant laws and regulations.

The Board retains control of certain key decisions through the schedule of matters reserved for the Board. It has delegated other matters, responsibilities and authorities to its Board Committees, details of which are stated later in this report. Anything falling outside of the schedule of matters reserved or the Committees Terms of Reference falls within the responsibility and authority of the Chief Executive, including all executive management matters.

The Board meets at regular intervals and formally met nine times during the financial year. Directors also have a monthly call to discuss a variety of issues between formal meetings.

An agenda and accompanying detailed papers, covering key business and governance issues are circulated to the Board in advance of each Board meeting. At each meeting, the Board reviews comprehensive financial and trading information produced by the management team and considers the trends in the Company's business and its performance against strategic objectives and plans.

All Directors are expected to attend each meeting of the Board and any Committees of which they are members, and to devote sufficient time to the Company's affairs to fulfil their duties as Directors. Where Directors are unable to attend a meeting, they are encouraged to submit any comments to be considered at the meeting to the Chairman in advance to ensure that their views are recorded and taken into account during the meeting.

Directors are encouraged to question and voice any concerns they may have on any topic put to the Board for debate. The Board is supported in its work by Board Committees, which are responsible for a variety of tasks delegated by the Board. There is also a Management Board composed of the Chairman, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and those members of the senior management team whose responsibilities are to implement the decisions of the Board and review the key business objectives and status of projects.

The main activities of the Board during the year

There are a number of standing and routine items included for review on each Board agenda. These include operational reports, financial reports, governance and investor relations updates. In addition, key areas put to the Board for consideration and review included:

- approval of annual and half-year reports and financial statements;
- appointment of new Chief Executive Officer;
- appointment of new Non-Executive Director;
- consideration and approval of dividends;
- review and approval of budget;
- review against and implementation of strategy;
- review of insurance arrangements;
- consideration of banking arrangements;
- review and approval of ESG strategy;
- investor relations;
- acquisitions and integration;
- approval of modern slavery act statement; and
- consideration and approval of the response to an FRC review.

Board Committees

The Board delegates certain responsibilities to its Committees, so that it can operate efficiently and give an appropriate level of attention and consideration to relevant matters. The Company has an Audit & Risk Committee, a Remuneration Committee, a Nomination Committee and a Disclosure Committee, all of which operate within a scope and remit defined by specific terms of reference determined by the Board. Details of the operation of the Board Committees are set out in their respective reports. All of the Board Committees are authorised to obtain, at the Company's expense, professional advice on any matter within their Terms of Reference and to have access to sufficient resources in order to carry out their duties.

Board and Committee Evaluations

I consider the operation of the Board and the performance of the Directors on an ongoing basis as part of my duties and will bring any areas of improvement I consider are needed to the attention of the Board. To assist with this, the Company Secretary undertook an evaluation of the Board and its Committees by way of a questionnaire sent to each Director. The responses were then collated and a report presented to the Board and to each Committee for the Directors to review. While no substantive actions were required to be taken as a result of the evaluations, more focus is required on succession planning at the senior management team level and there are operational issues, such as timing of meetings and timeliness of papers, that do require further review and improvements to be made. The evaluations will continue to be undertaken on an annual basis.

External advisors

The Board seeks advice on various matters from its Nominated Adviser Cenkos Securities plc and other advisers, as appropriate. The Board also sought remuneration advice from h2glenfern during the financial year.

Development, information and support

Directors keep their skillset up to date with a combination of attendance at industry events, individual reading and study, and experience gained from other Board roles. The Company Secretary ensures the Board is aware of any applicable regulatory and governance changes and developments and updates the Board as and when relevant. Directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. Directors also have direct access to the advice and services of the Company Secretary. The Company Secretary supports the Chairman in ensuring that the Board receives the information and support it needs to carry out its roles.

Conflicts of interest

Under the Company's Articles, the Directors may authorise any actual or potential conflict of interest a Director may have and may impose any conditions on the Director that are felt to be appropriate. Directors are not able to vote in respect of any contract, arrangement or transaction in which they have a material interest and they are not counted in the quorum. A process is in place to identify any of the Directors' potential or actual conflicts of interest.

Accountability

The Company has in place a system of internal financial controls commensurate with its current size and activities, which is designed to ensure that the possibility of misstatement or loss is kept to a minimum. These procedures include the preparation of management accounts, forecast variance analysis and other ad-hoc reports. There are clearly defined authority limits throughout the Group, including matters reserved specifically for the Board.

Risk management and internal control

Risks throughout the Group are considered and reviewed on a regular basis. Risks are identified and mitigating actions put into place as appropriate. Principal risks identified are set out in the Strategic report on pages 22 and 23. Internal control and risk management procedures can only provide reasonable and not absolute assurance against material misstatement. The internal control procedures were in place throughout the financial year and up to the date of approval of this report.

Financial and business reporting

The Board seeks to present a fair, balanced and understandable assessment of the Group's position and prospects in all half-year, final and any other ad-hoc reports, and other information as may be required from time to time. The Board receives a number of reports, including those from the Audit & Risk Committee, to enable it to monitor and clearly understand the Group's financial position.

Annual General Meeting (AGM)

This year's AGM will be held on Tuesday 5 September 2023. The Notice of Annual General Meeting is available on the Company's website at www.brickabilitygroupplc.com. Separate resolutions are provided on each issue so that they can be given proper consideration and all shareholders are encouraged to submit their votes.

John Richards
Chairman

14 July 2023

Report of the Nomination Committee

Committee Chair

John Richards

Other Members

Clive Norman, David Simpson, Sharon Collins, Susan McErlain

Meetings and attendance

The Committee meets as and when required with the Chief Executive invited to attend meetings as and when appropriate. There were four Nomination Committee meetings held during the financial year. The following table sets out individual attendance by members:

Member	Meetings attended
John Richards, Chairman	4/4
Giles Beale[1,3]	3/4
Clive Norman	3/4
David Simpson[3]	2/4
Sharon Collins[2]	–
Susan McErlain[4]	–

1 Giles Beale stepped down from the Committee on 31 March 2023.

2 Sharon Collins was appointed as a member of the Committee on 31 March 2023.

3 Due to a late change in the March meeting dates, neither Giles Beale nor David Simpson could attend the final meeting of the year.

4 Susan McErlain was appointed as a member of the Committee on 30 May 2023.

5 Where Directors could not attend meetings, their comments were provided to either the Chairman or the Company Secretary for them to inform the rest of the Committee.

All members of the Committee are Non-Executive Directors of the Company whose biographies are contained pages 40 and 41.

As Chairman of the Nomination Committee ("the Committee") I am pleased to present the report of the Committee for the financial year ended 31 March 2023.

Duties

The Duties of the Committee are set out in terms of reference which are available for inspection on the Company's website at www.brickabilitygroupplc.com. The terms of reference are subject to an annual review by the Committee.

As well as considering succession planning for the Board, the Committee also considers succession planning for senior executive positions. The Committee is aware of gender and diversity issues, and these are considered, amongst other factors, when reviewing potential candidates for Board and other senior management positions and determining their suitability for such positions.

Appointment of a new Non-Executive Director

At the Company's 2021 Annual General Meeting (AGM), it was noted that some shareholders had questioned the composition of the Audit & Risk Committee and the Remuneration Committee, which both had me as a member of the Committees. The shareholders concerned did not think I was independent enough as I am also Chairman of the Company. It was also noted that the Board's gender composition had been raised as a concern by some of the Company's larger shareholders.

Accordingly, a search for a new independent Non-Executive Director was commenced after the AGM was held. We did not use an external recruitment agent to assist in the process. Instead, we used the existing network of our advisers and Directors.

In addition to Susan McErlain being recommended and appointed to the Board in May 2022 (the details of which are included in 2022 Annual Report), the search also resulted in Sharon Collins being suggested as a new independent Non-Executive Director. Sharon's CV was circulated to the Committee, and the Committee noted Sharon's extensive executive experience predominantly in marketing, international sales, acquisitions, and business development roles. Sharon is the co-founder of Venture Life Group, which is an AIM listed company, and has been a Board director since the company's inception (2010) and remains Chief Commercial Officer until August 2023. Mr Simpson and I both met Ms Collins and agreed that her expertise would be of great benefit to the Company and Board.

I am pleased to announce that Sharon was appointed as an independent Non-Executive Director of the Company on 6 September 2022. Sharon's biography can be found on page 41 and I have welcomed Sharon to the Board in my Chairman's statement on page 3.

As a result of Sharon's appointment, we now have a better gender balance on the Board, with a male to female ratio of 5 to 2 (29%).

Committee activity during the year

In addition to appointing Sharon, the Committee also undertook the following activities:

- reviewed the terms of reference for the Committee;
- undertook a Committee evaluation (the results of which can be seen in the Board & Committee evaluation section of the Corporate Governance report on page 47); and
- conducted a review of Board composition and diversity and considered matters relating to succession planning.

By order of the Board

John Richards
Chairman of the Nomination Committee

14 July 2023

Report of the Audit & Risk Committee

Committee Chair
David Simpson

Other Members
Susan McErlain
Sharon Collins

Meetings and attendance
There were five Audit & Risk Committee meetings held during the financial year. The following table sets out individual attendance by members:

Member	Meetings attended
David Simpson, Chair	5/5
Giles Beale[1]	5/5
Susan McErlain[2]	5/5
Sharon Collins[3]	3/3

1 Giles Beale stepped down from the Committee at the end of March 2023.
2 Susan McErlain was appointed to the Committee in May 2022.
3 Sharon Collins was appointed to the Committee in September 2022.

Committee Members, Attendance and Independence
The Committee is currently composed of three Non-Executive Directors, all of whom are considered independent by the Board within the meaning of the QCA Code.

As Chairman of the Audit & Risk Committee ("the Committee"), I am pleased to present the report of the Committee for the financial year ended 31 March 2023.

Financial Reporting Council (FRC) Review
In November 2022, the FRC wrote to the Company having undertaken a review of its 2022 Annual Report. The FRC requested the following:

(1) an explanation of the differences between the consideration amounts reported in the Company's 2022 Annual Report and the related RNS announcements made in connection with two acquisitions during the year;

(2) clarification on the discount rates applied in estimating the fair value of contingent consideration in respect of one acquisition during the year; and

(3) an analysis of the tax effect of individual other items excluded from adjusted profit for the year, including an explanation for the low effective tax rate of 2.4% attributed to these items.

Detailed explanations and the analysis were provided to the FRC and the FRC confirmed that it accepted the responses provided. The Company welcomed the FRC's review and more disclosure will be provided in the notes to the financial statements concerning discount rates and tax calculations.

BDO's audit for the year ended 31 March 2022 was selected for review by the FRC's Audit Quality Review (AQR) team. The Audit Committee chairman held discussions with the FRC, and subsequently the Committee discussed the AQR's report findings with the auditor and was satisfied with their response. No matters of significant concern to the Committee were raised.

Duties Undertaken During the Year
The Duties of the Committee are set out in terms of reference which are available for inspection on the Company's website at www.brickabilitygroupplc.com. The terms of reference are subject to an annual review by the Committee.

Specifically, the Committee performed the following duties during the financial year:

Duties	How performed during the year
Financial Reporting	
The Committee must monitor the integrity of the financial statements of the Group.	The Committee reviewed the interim and full-year financial statements, together with the full-year Annual Report, recommending their approval to the Board. The Committee reviewed and approved the Going Concern statement.
The Committee shall review all significant financial reporting issues and all judgements which they contain.	The Committee reviewed the key audit matters raised by the external auditor, together with the significant judgements raised by the management team. These were discussed in depth by the Committee, together with management and BDO. The Committee agreed that the audit matters and significant adjustments were appropriate. The noted key audit matters are included within the independent auditor's report on pages 62 and 63.
Risk Management and Internal Controls	
The Committee determines and reviews the Group's risk profile, including the nature and extent of significant risks that the Group is willing to take in achieving its strategic objectives.	The risk management report, together with the principal risks and uncertainties can be found on pages 22 and 23. The Committee reviewed these on behalf of the Board at the interim and full-year stages to ensure that they were still appropriate and that the risk profile was still right for the growing business.
The Committee shall keep under review the scope, adequacy and effectiveness of the Group's internal financial controls, internal control and risk management systems.	The Group does not have an internal audit department. The Committee keeps this under review but at present believes that the need for such a department is not yet warranted. The Committee reviewed the findings of the Audit Completion Report and discussed the internal controls with the financial management team. The Committee is satisfied that the procedures and controls are adequate and effective for a Group of Brickability's size and complexity.

Duties	How performed during the year
Whistleblowing & Anti-Bribery	
The Committee shall review the scope, adequacy and effectiveness of the Group's arrangements for its employees and, if appropriate, contractors to raise concerns about possible wrongdoing in financial reporting or other matters.	The Group has in place a whistleblowing policy, which sets out the formal process by which an employee of the Group may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. No concerns were raised during the year.
The Committee shall review the Group's systems and controls for the prevention of bribery and corruption and receive reports of non-compliance.	The Group has in place an anti-bribery and corruption policy which sets out a zero-tolerance position and provides information and guidance to those working for the Group on how to recognise and deal with bribery and corruption matters. The Group also maintains a gifts and hospitality register whereby employees must register any gifts or any hospitality events that they have attended, which have been given by suppliers or customers. The Committee relies upon assurances from senior management in satisfying itself that the current policy is operating effectively. The Committee is satisfied that the policy in place has been operating effectively during the year.

Other matters reviewed during the year:

- Review of the external auditor's effectiveness.
- Review of subsidiaries seeking audit exemption under section 479 Companies Act 2006.
- Audit Committee performance evaluation.
- Informed by the external auditors regarding an Audit Quality Review of the prior year financial statements.

Significant Issues Considered by the Committee

The Committee reviews accounting papers prepared by management that provide details of significant financial reporting issues, together with reports from the external Auditor prepared in conjunction with the half and full-year results.

The significant issues considered by the Audit and Risk Committee in respect of the financial year ended 31 March 2023 are set out in the following table:

Significant issue/ accounting judgement identified	How it was dealt with
Intangible Assets	
Identifiable intangible assets (such as brands and customer and supplier relationships) are recognised at fair value on acquisition. Any excess paid over the value of net assets acquired is included as goodwill.	External advisors are engaged to assist with determining this fair value and the Purchase Price Allocation (PPA) between intangibles and goodwill. PPA Valuations have been carried out for the acquisitions of Modular Clay Products Ltd, E.T. Clay Products Limited and Heritage Clay Tiles Limited that took place during the financial year.
Impairment	
Goodwill is not amortised but instead reviewed for impairment annually.	Where indicators of impairment exist, such as an economic downturn, the potential impairment of other non-financial assets, such as intangibles and investments, is also considered. Key assumptions included within the impairment reviews are around cash flows and discount rates.
Contingent Consideration	
Contingent consideration is recognised for those acquisitions where future consideration may be payable depending on certain results being met, such as meeting an EBITDA target.	The amount payable is calculated based on the terms of the contract and future forecast results. Judgement is therefore required in order to prepare appropriate forecasts, based on management's knowledge of the market and industry, for the assessment of how much consideration may be payable.
Leases	
Under IFRS, a lease liability and right of use asset is recognised, over the term of the lease, for all lease agreements (except for those deemed as short-term of low value).	The lease term includes periods covered by options to extend or terminate the lease, depending on whether it is reasonably certain that those options will be exercised or not. Judgement is required in evaluating whether it is reasonably certain or not that an option will be exercised, in order to determine the lease term. The Group's incremental borrowing rate is used in determining the lease liability, where an interest rate in the lease cannot be readily determined.
Provisions	
Provisions are included in the accounts in respect of the following: expected credit losses; inventory; defects and warranties.	Provisions by nature are estimates and, whilst historical data and trends can be used to quantify the values to be provided, management judgement will also be exercised.
Defined Benefit Pension Contributions	
When Taylor Maxwell was acquired, it operated a defined benefit pension scheme.	A buy-out process commenced in July 2021 to transfer the risk and liability to an insurer. However, as this process was not completed before the end of the financial year, an external pension consultant has been engaged to prepare the valuation report and guidance for disclosure in the financial statements for the year ended 31 March 2023.
Joint Arrangements	
During the prior financial year, the Group invested in, and now holds, a 50% share in Schermbecker Building Products GmbH.	The accounting of a joint arrangement depends on the substance of the agreement and whether the Group is considered to have control. Where it is considered to be a joint venture (JV), the Group will account for the investment using the equity method, with a share of the JV's profit or loss recognised in the Group's accounts. The Committee agreed with management's view that the agreement should be considered a JV based on the existence of joint control and the requirement of unanimous consent as defined by IFRS 11.

External Auditor

The Audit & Risk Committee owns the relationship with the external Auditor, BDO LLP, to ensure that Auditor independence and objectivity is maintained. As part of its review, the Committee monitors the provision of non-audit services by the external Auditor. The breakdown of fees between audit and non-audit services is provided on page 87 in note 9 to the financial statements. The non-audit fees for the year were £27,000 (2022: £8,000) which was in relation to a limited scope review of the Group's half-year results, testing the workings for a bank covenant report and reviewing the Company's replies to the Corporate Reporting Review Team in response to the FRC's review of the 2022 Annual Report and Accounts.

Both management and the Committee Chair liaise with the Auditor throughout the year to ensure that if there are areas of significant risk, or other matters of audit relevance, they are regularly communicated. The external Auditor prepares a plan for its audit of the financial statements. The audit plan sets out the scope of the audit, areas to be targeted and the audit timetable. The plan is reviewed by the Committee. Following the audit, the Auditor presents their findings to Audit & Risk Committee for discussion. No major areas of concern were highlighted by the Auditor during the year.

Having reviewed the Auditor's independence and performance to date, the Committee has recommended to the Board that BDO LLP be re-appointed as the Group's Auditor and a resolution to this effect will be proposed at the forthcoming Annual General Meeting.

David Simpson
Chairman of the Audit & Risk Committee

14 July 2023

Report of the Remuneration Committee

Committee Chair
Sharon Collins

Other Members
David Simpson

Susan McErlain

Meetings and attendance
There were five Remuneration Committee meetings held during the financial year. The following table sets out individual attendance by members:

Member	Meetings attended
Giles Beale, Chair[1]	4/5
Sharon Collins, Chair[2]	3/3
David Simpson	4/5
Susan McErlain	5/5

1 Giles Beale stepped down as Chair of the Committee on 31 March 2023.

2 Sharon Collins was appointed as a member of the Committee on 6 September 2022 and subsequently became Chair of the Committee on 31 March 2023.

3 Due to a late change in the March meeting dates, neither Giles Beale nor David Simpson could attend the final meeting of the year.

As Chairman of the Remuneration Committee ("the Committee"), I am pleased to present the report of the Committee for the financial year ended 31 March 2023.

Committee Members and Independence
The Committee is composed of three Non-Executive Directors, all of whom are considered independent by the Board within the meaning of the QCA Code. Giles Beale was Chair of the Committee until 31 March 2023 when he stepped down from the Board and I was appointed Chair of the Committee in his stead. On behalf of the current members, I would like to thank Giles for his contribution to the Committee and its business.

Duties
The Duties of the Committee are set out in the Terms of Reference, which are available for inspection on the Company's website at www.brickabilitygroupplc.com. The Terms of Reference are subject to an annual review by the Committee.

Specifically, the Committee performs the following duties for the Company:

Duties	How performed during the year
Remuneration	
The Committee shall be responsible for setting the remuneration policy of the Company and reviewing the ongoing appropriateness and relevance of the policy.	The remuneration policy was introduced in 2019 and during the financial year was updated to be in force with effect from 1 April 2023. No substantial changes were made from the previous policy. The Committee engaged an external consultant to assist in updating the policy to ensure that it is relevant, appropriate and meets best practice.
The Group operates two share incentive plans, a company share option plan and a long-term incentive plan. The Committee is responsible for the administration of these plans including whether awards will be made under the share incentive plans and, if so, the overall amount of such awards and, where appropriate, the performance targets to be used.	Details of awards made under the Long-Term Incentive Plan are shown on page 55. The Committee has kept the plan and its use, including the terms and conditions attaching to any grants, under review. Awards may be made under the plan on an annual basis. The first awards were made under the Company Share Option Plan in 2019 when the Company listed, and these vested in August 2022. Details of the shares issued as a result of the exercises can be found in note 36. During the prior financial year, following the Company's acquisition of Taylor Maxwell, additional awards were made under the CSOP, and these awards will vest in October 2024.
The Committee shall determine the total individual remuneration package for each Executive Director.	The Committee reviewed and approved the bonus payments for the financial year for each Executive Director. Details of the bonus payments can be found in the Executive Directors Remuneration table. The Committee also approved salary increases for the financial year. When considering the bonus payments and salary increases, the Committee considered the performance of the Group during the year; whether the payment would be in the best interest of all stakeholders within the Group and the Group wide remuneration of all employees. The Committee also reviewed the bonus plan for the following financial year and the proposed performance targets. Details of the remuneration for the Executive Directors can be found on page 54.

Other matters reviewed during the year:

- Review of Committee evaluation report.

ANNUAL REMUNERATION REPORT

The information on pages 54 to 56 has been audited.

Executive Directors' Remuneration

Each individual Executive Director's total remuneration paid over the year is summarised below.

Executive Director	Base Salary £'000	Taxable Benefits[1] £'000	Bonus £'000	Pension Contributions[2] £'000	Total Remuneration 2023 £'000	Total Remuneration 2022 £'000
Alan Simpson	485	4	606	-	1,095	904
Mike Gant	325	13	406	24	768	683

[1] Taxable benefits comprise of private medical insurance benefits and car allowance payments.

[2] Members of the Group operate several defined contributions, and one defined benefit, pension schemes. In addition, there is an auto enrolment Group-wide defined contribution pension scheme. Under these schemes, contributions are based upon base salary with a contribution of 5% per employee and 3% by the employer. In certain cases, the employer's proportion (or cash in lieu where applicable) rise to 7.5% or 10%. Mr Gant receives a cash allowance equal to 7.5% of base salary in lieu of pension. Mr Simpson does not receive a pension contribution.

Annual Bonus

An annual bonus plan is in place, which recognises the emphasis on rewarding key Group employees with competitive performance related remuneration.

For the Executive Directors, a maximum of 125% of base salary can be paid with 50% linked to performance against an adjusted EBITDA target and 50% linked to performance against individual KPIs. Based on the adjusted EBITDA growth for the year and the progress achieved against the individual KPIs, the Committee judged that performance targets had been met in full and accordingly, 125% of base salary was paid as a bonus to both the Chief Executive Officer and the Chief Financial Officer.

Non-Executive Directors' Remuneration

Each individual Non-Executive Director's total remuneration paid over the year is summarised below.

Executive Director	Salary £'000	Taxable Benefits £'000	Bonus £'000	Pension Contributions £'000	Total Remuneration 2023 £'000	Total Remuneration 2022 £'000
John Richards	120	-	-	-	120	100
Giles Beale	57	-	-	-	57	55
Clive Norman	51	-	-	-	51	50
David Simpson	57	-	-	-	57	55
Susan McErlain[1]	46	-	-	-	46	-
Sharon Collins[2]	30	-	-	-	30	-

(1) Susan McErlain from May 2022

(2) Sharon Collins from September 2022

Directors' Interests in Shares

The beneficial interests of Directors', and persons connected with them, as at 31 March 2023 in the ordinary shares of the Company (excluding share options) were as follows:

	Held at 31 March 2022	Sold in the year	Acquired in the year	Held at 31 March 2023
Alan Simpson[1]	33,446,358	-	-	33,446,358
John Richards	4,047,685	-	-	4,047,685
Clive Norman	3,807,096	-	-	3,807,096
David Simpson	151,500	-	-	151,500
Susan McErlain	-	-	24,374	24,374

(1) Total for Alan Simpson and his wife Sarah Simpson.

LONG TERM INCENTIVE PLAN (LTIP)

The table below details the LTIP awards granted to the Executive Directors during the year, together with those which were unvested at 31 March 2023. Mr Simpson does not receive awards under the LTIP due to his substantial shareholding in the Company.

	MAXIMUM AWARD					SHARES VESTING		
	Award and Vesting date	Number of options awarded	% of salary	Face value at grant £'000	Market price at grant[1] (pence)	Threshold	Maximum	End of Performance Period
Mike Gant	04/06/21 – 01/04/24	506,825	125	375	73.99	50%	100%	01/04/24

[1] 1 The weighted average share price calculated over the 10 working days prior to 1 April 2021.

Performance Conditions

50% adjusted EBITDA and 50% Total Shareholder Return. Vesting will occur on a straight-line basis on achieving 18% (equivalent to 6% annually) to 30% (equivalent to 10% annually) of the relevant performance condition over the performance period. There is no vesting if the relevant target is not met, but 50% vesting if the initial 18% hurdle is met with a proportionate additional vesting up to 100% at the 30% threshold being met.

	MAXIMUM AWARD					SHARES VESTING		
	Award and Vesting date	Number of options awarded	% of salary	Face value at grant £'000	Market price at grant[1] (pence)	Threshold	Maximum	End of Performance Period
Mike Gant	21/10/21 – 01/04/24	214,286	75	225	105	25%	100%	01/04/24

[1] The weighted average share price calculated over the 10 working days prior to 21 October 2021.

Performance Conditions

50% adjusted EBITDA and 50% Total Shareholder Return. Vesting will occur on a straight-line basis on achieving 18% (equivalent to 6% annually) to 30% (equivalent to 10% annually) of the relevant performance condition over the performance period. There is no vesting if the relevant target is not met but a 25% vesting if the initial 18% hurdle is met with a proportionate additional vesting up to 100% at the 30% threshold being met.

	MAXIMUM AWARD					SHARES VESTING		
	Award and Vesting date	Number of options awarded	% of salary	Face value at grant £'000	Market price at grant[1] (pence)	Threshold	Maximum	End of Performance Period
Mike Gant	27/10/22 – 31/03/25	440,379	100	325	74	25%	100%	31/03/25

[1] The weighted average share price calculated over the 10 working days prior to 27 October 2022.

Performance Conditions

50% adjusted EBITDA and 50% Total Shareholder Return. Vesting will occur on a straight-line basis on achieving 18% (equivalent to 6% annually) to 30% (equivalent to 10% annually) of the relevant performance condition over the performance period. There is no vesting if the relevant target is not met, but 25% vesting if the initial 18% hurdle is met with a proportionate additional vesting up to 100% at the 30% threshold being met.

Holding Period

The LTIP options are exercisable on at a nominal purchase price of £0.01 per share and, subject to sufficient shares being sold to meet the purchase price and any tax liabilities, the balance of shares must be held for a further period of two years.

Dividend Equivalent Shares

The LTIP options are eligible for dividend equivalent shares during the vesting period.

Malus & Clawback

All awards made under the LTIP are subject to malus & clawback within five years from the grant date in the following circumstances:

(a) if any of the audited financial results for the Company are materially misstated; or

(b) if the Company, any Group Company and/or a relevant business unit has suffered serious reputational damage as a result of the relevant Participant's misconduct or otherwise; or

(c) there has been serious misconduct on the part of the relevant Participant; or

(d) such other circumstances as the Committee determines.

COMPANY SHARE OPTION PLAN (CSOP)

The CSOP is a plan under which selected employees (including Executive Directors) may be granted rights to acquire ordinary shares in the form of tax favoured options or non-tax favoured options with a market value exercise price. Under the current policy all employees below the management board are eligible to participate in the CSOP. An award of up to £30,000 of tax favoured options can be made to each participant in total. There are no tax liabilities on the exercise of tax favoured options subject to the exercise price being paid. Options can be exercised between the third and tenth anniversary of the date of award.

Date of Award	Vesting Date	Exercise Price (pence)	Number of Shares	Forfeited	Lapsed	Exercised	Balance at 31/03/23
02/08/19	02/08/22	41	3,030,314	84,461	(4,627)	(1,751,765)	1,358,383
21/10/21	21/10/24	105	352,346	-	-	-	352,346

Service Agreements & Letters of Appointment of the Board

The Executive Directors who served during the financial year each have a service agreement with the Company as follows:

Executive Director	Date of service agreement	Notice period
Alan Simpson	21 August 2019	6 months
Mike Gant	1 April 2021	12 months

Each Non-Executive Director has specific terms of engagement which are terminable on not less than three months' notice by either party, including the Chairman, unless waived by the Board.

AGM

An advisory resolution to approve our 2021 Remuneration Report was put to shareholders at our AGM in September 2022 and was supported by 99.99% of votes cast. A resolution to approve this Remuneration Report will be put to an advisory resolution at our 2023 AGM.

External Remuneration Adviser

The Committee has access to external advice as required. The remuneration adviser to the Committee is h2glenfern Remuneration Advisory, who is a member of the UK Remuneration Consultants Group and as such, voluntarily adheres to its code of conduct.

h2glenfern has provided advice and support around the following key areas:

- advising on the ongoing drafting of a revised remuneration policy;
- advising on the LTIP and CSOP plans and levels and frequency of awards under those plans; and
- informing the Committee on market practice and governance issues.

The total fees paid to h2glenfern in relation to advice to the Committee in the year were £6,250.

The Committee considers the advice that it receives from h2glenfern to be independent.

Remuneration Policy

During the financial year, the Committee, with the assistance of h2glenfern Remuneration Advisory, reviewed the remuneration policy at that time and updated it to meet market practice. No substantive changes were made, and the new policy was adopted at the end of March 2023. The new policy will be in force for the following financial year and the table below summarises the key points of the new policy.

Purpose and link to strategy	Operation	Maximum potential value	Performance conditions
Base Salary Competitive fixed salary that attracts and retains key individuals, reflecting the Company's current scale and growth ambitions. Reflects likely shareholder views and set in context of peer data. Appropriate differentials reflecting seniority.	Paid in cash. Salaries will be reviewed annually in line with the financial year. Any changes are effective 1 April.	Base salaries are set at appropriate level, based on comparable sized business and reflecting personal and company performance.	Not applicable.
Pension and benefits Supports recruitment and retention of high calibre Executive Directors.	Policy is to provide a contribution to a defined contribution scheme at a proportion of base salary.	The CEO does not currently receive a pension contribution or allowance. Pension funding for CFO is 7.5% of salary payment in lieu. Car allowance, private medical insurance, death in service insurance and reimbursements for reasonable business expenses. Other benefits may be offered in line with market practice if it is considered appropriate to do so.	Not applicable.
Annual Bonus Supports a performance-based culture linking pay to performance. Attractive and effective structured annual cash bonus that supports recruitment and retention. Aligns with business performance over the near term.	Annual bonus is based on targets determined at the start of each year. It is paid in cash following completion of the audit.	For Executive Directors, the maximum amount is 125% of basic salary on the attainment of performance objectives.	The Remuneration Committee sets demanding internal financial and non-financial targets each year, and reviews performance measures annually.
LTIPs Supports recruitment and retention and aligns remuneration and business performance and shareholder interests over the long term. There is an effective balance between earnings and share price.	LTIP awards are granted annually as performance share awards with a nominal value exercise price, which normally vest after three years subject to meeting objective three-year performance targets. Grants are subject to standard leave provisions and malus and clawback provisions. Awards to Executive Directors are subject to a two year post vesting holding period.	200% of salary.	The LTIP award each year is based on demanding targets set by the Remuneration Committee. The Remuneration Committee may amend the type of target applied for each round of awards. Targets applied to date provides an effective and equal balance between growth in earnings and total shareholder return measured over a three-year period.
Chairman and NED fees Supports the appointment of high calibre NEDs.	Base fee plus reasonable expenses.	Base fees for NEDs are set with reference to market rates. Additional fees are paid for additional responsibilities, e.g. committee chair.	Not applicable.

By order of the Board

Sharon Collins
Chairman of the Remuneration Committee

14 July 2023

Report of the Directors

The Directors have pleasure in presenting their Annual Report together with the audited financial statements of the Company for the year ended 31 March 2023.

The following information is provided in other sections as noted below and is incorporated by reference into this report:

Information	Reported
Strategic Report	Pages INC to 38
ESG Report inc SECR	Pages 30 to 38
Corporate Governance Report	Pages 44 to 48
Statement of Directors' Responsibilities	Page 60
Directors Remuneration Report	Pages 53 to 57
Going Concern Statement	Page 26
Future development and events occurring after the balance sheet date	Details can be found in the strategic report on pages INC to 38

The Company is a public limited company, registered in England and Wales, with registered number 11123804 and is listed on the AIM segment of the London Stock Exchange. The Company has been permanently domiciled in the UK since incorporation and is the ultimate parent company of the Brickability Group of companies. Detail of the companies in the Brickability Group are included in note 21 to the audited financial statements on pages 96 to 98.

Review of the Business

The Strategic report on pages INC to 38 provides an operating and financial review of the business and the Group's trading for the year ended 31 March 2023 as well as risk management.

Dividends

The Directors recommend a final dividend for the year of 2.15 pence per share payable on 21 September 2023 (2022: 2.04 pence). An interim dividend of 1.01 pence per share was paid on 23 February 2023 (2022: 0.96 pence).

Directors

Biographical details of the Directors currently serving on the Board and their dates of appointment along with details of their membership of Board Committees are set out on pages 40 to 41.

The Directors who served during the year are as follows:

Executive Directors	Non-Executive Directors
Alan Simpson	John Richards
Mike Gant	Giles Beale***
	Clive Norman
	David Simpson
	Susan McErlain*
	Sharon Collins**

* Susan McErlain joined the Board as an independent Non-Executive Director on 9 May 2022.

** Sharon Collins joined the Board as an independent Non-Executive Director on 6 September 2022.

*** Giles Beale stepped down as a Non-Executive Director on 31 March 2023.

Directors' remuneration, share options, long-term executive plans, pension contributions, benefits and interests are set out in the Directors' remuneration report on pages 53 to 57.

In accordance with our commitment to good corporate governance practice that is relevant to our business, the Board has voluntarily adopted the policy that all continuing Directors will stand for re-election on an annual basis in line with best practice recommendations.

The Company's articles of association allow the indemnification of Directors out of the assets of the Company to the extent permitted by law. These indemnities came into force on 29 August 2019 and remain in force as at the date of this Annual Report and Accounts. The Company maintains liability insurance for its Directors and Officers.

Share Capital and Substantial Shareholders

Full details of the issued share capital of the Company are set out in note 36 to the Financial Statements on page 119. At 30 June 2023, the latest practicable date prior to the approval of this report, the Company had been notified of the following interests amounting to 3% or more of the voting rights attaching to the Company's issued share capital:

18.04% 54,171,326 **Octopus Investments Nominees Limited**	**9.91%** 29,694,391 **Liontrust Asset Management**
8.00% 23,970,456 **Alan Simpson**	**6.70%** 20,007,298 **Paul Hamilton**
4.21% 12,602,900 **Otus Capital Management**	**4.05%** 12,157,852 **FIL Limited**
3.38% 10,123,500 **Arnold van Huet**	**3.16%** 9,475,902 **Sarah Simpson**

Significant Agreements (Change of Control)

The Company is required to disclose any significant agreements that take effect, alter or terminate on a change of control of the Company following a takeover bid.

The Company has committed debt facilities all of which are directly or indirectly subject to change of control provisions.

In the event of a takeover or other change of control outstanding awards under the Group share plans will become exercisable.

Financial Risk Management

Information in respect of the financial risk management of the Group, is contained on page 107 in note 30 on borrowings and on pages 115 to 119 in note 35 on financial instruments of the Financial Statements.

Related Party Transactions

Any related party transactions required to be disclosed under the AIM rules are disclosed on page 123 in note 40 to the Financial Statements.

Disclosure of Information to the Auditor

The Directors in office on 14 July 2023 have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

BDO LLP has indicated its willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting (AGM)

The AGM will be held on Tuesday 5 September 2023 at 12.00p.m. at Queensgate House, Cookham Road, Bracknell, Berkshire, RG12 1RB. The 2023 Notice of AGM will be available on the Company's website, www.brickabilitygroupplc.com.

This Directors' report was approved by the Board of Directors on 14 July 2023.

By Order of the Board

Prism Cosec Limited
Company Secretary

14 July 2023

Statement of Directors' Responsibilities

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements state whether they have been prepared in accordance with UK-adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- for the Parent Company financial statements, 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 a going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

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

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with the legislation in the UK governing the preparation and dissemination of financial statements, which may differ from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

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

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

This Responsibility Statement was approved by the Board on 14 July 2023 and is signed on its behalf by:

Alan Simpson
Chief Executive

Mike Gant
Chief Financial Officer

14 July 2023

Independent Auditor's Report to the members of Brickability Group PLC

Opinion on the financial statements

In our opinion:

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

We have audited the financial statements of Brickability Group PLC (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2023 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- We obtained the going concern assessment, approved by the Directors, including detailed cash flow forecasts covering the period to 30 September 2024 and checked their arithmetic accuracy.
- We compared the going concern risk assessment to the risk register to check that identified risks had been considered in the going concern assessment.
- We assessed the Directors' assumptions in the going concern forecast including revenue and growth projections, profit margin, consideration payments in respect of past acquisitions and funding headroom availability. We performed this with reference to available market data and reviewed the forecasts for any anomalies. We assessed actual historical trading performance and how this was incorporated into future projections.
- We assessed the historical accuracy of the Directors' forecasts, including comparing the current forecasts against post year-end actual results.
- We inspected the Group's signed revolving facility agreements to check that the Group has sufficient funds to settle the deferred and contingent consideration due of £22.1m (note 22) for acquisitions made in the prior year as well as the three new acquisitions in the current year, and maintain sufficient working capital to continue daily operations as normal.
- We obtained documentation of the available facilities that the group is using to fund acquisitions and working capital to check that the facilities are available until 31 December 2024.
- We assessed the debt covenants of the drawn facilities to determine if they would be breached within the forecast period.
- We assessed the appropriateness of sensitivity analyses prepared by the Directors over the Group's cash flow forecasts including the effects of adverse movements in revenue to determine the sufficiency of available cash resources to settle short term liabilities as they fall due over the period to 30 September 2024.
- We reviewed the reverse stress testing and challenged the Directors' assessment of the quantification of the revenue shortfall required for covenants to be breached in the forecast period. We considered the likelihood and reasonableness of the shortfall with reference to the Directors' historical data of revenue and earnings before tax, interest, depreciation and amortisation.
- We reviewed the adequacy of disclosures in note 2 to the financial statements regarding going concern against the requirements of the accounting standards and consistency of the disclosure against the forecast and reverse stress test assessment that the Directors have considered in performing their going concern assessment.

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

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

Overview

Coverage	92% (2022: 92%) of Group profit before tax 90% (2022: 93%) of Group revenue 91% (2022: 94%) of Group total assets		
Key audit matters		**2023**	**2022**
	Pricing of Revenue	–	✔
	IFRS 3, Business Combinations, and Acquisition Accounting in respect of the Taylor Maxwell Group (acquired in prior year)	✔	✔
	IFRS 3, Business Combinations, and Acquisition Accounting in respect of Modular Clay Products Ltd and E.T. Clay Products Limited (acquired during the year).	✔	–
	Revenue cut-off of direct sales	✔	–
	Pricing of Revenue is no longer considered to be a key audit matter based on the conclusions reached in the prior year, our risk assessment and consideration of audit evidence obtained as well as time and resource spent on this risk in the current year.		
Materiality	Group financial statements as a whole £1,750,000 (2022: £1,430,000) based on 4.9% (2022: 4.5%) of Adjusted profit before taxation		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

In determining the scope of our audit, we considered the size and nature of each component within the Group based on revenue and profit before tax to determine the level of work to be performed at each in order to ensure sufficient assurance was gained to allow us to express an opinion on the financial statements as a whole.

We have identified four components to be significant to the Group. All significant components were subject to full scope audits by BDO LLP component teams. Non-significant components were subject to either full scope audits to increase coverage over profit before tax and revenue, specified audit procedures and/or desktop review procedures by either the component or Group engagement team. We also assessed the appropriateness, completeness and accuracy of the Group journals and other adjustments performed on consolidation.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

- Issue of detailed reporting instructions, which included the significant areas to be covered by their audit (including applicable key audit matters as detailed below), materiality levels, and matters relating to irregularities and fraud. The instructions also set out the information required to be reported to the Group audit team;
- Regular communication with the component auditors throughout the planning, execution and completion phases of the audit;
- Members of the Group audit team attended the key meetings and had detailed discussions with the component auditors and component management throughout the audit process in respect of significant risk areas; and
- Review of their working papers with additional challenge and specific work requests to ensure alignment with conclusions drawn.

Key audit matters

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

Key audit matter		How the scope of our audit addressed the key audit matter
IFRS 3, Business Combinations, and Acquisition Accounting in respect of Modular Clay Products Ltd and E.T. Clay Products Limited (acquired during the year). See note 3.15 to the financial statements for the Directors' disclosures for significant accounting policies regarding business combinations and goodwill and note 22 for the detailed business combination disclosures.	In May 2022, the Group acquired Modular Clay Products Ltd. The fair value of consideration was £8.7m. There was an initial cash payment of £7.3m with contingent consideration payable over 3 years dependent on future performance and continued employment of the selling shareholder. In September 2022, the Group acquired E.T. Clay Products Limited. The fair value of consideration was £9.7m. There was an initial cash payment of £8.7m with contingent consideration payable over 3 years dependent on future performance. The determination of the contingent consideration involves significant judgement about whether the financial forecasts will be met, which creates a risk that the resulting valuation is inaccurate. This also involves a review of whether an element of the contingent consideration is in fact remuneration where the contingency is linked to continued employment of a selling shareholder. The Group has recorded assets and liabilities acquired at fair value including the recognition intangible assets (customer relationships, brands, and goodwill on acquisition). As part of the purchase price allocation, an independent expert was involved in the valuation of intangible assets acquired which requires the use of assumptions and estimates. Due to the complexity of the acquisition accounting involving significant judgement and estimates by management, as well as the use of valuation techniques, there is a risk that the fair value of the acquired assets and liabilities are not accounted for in accordance with IFRS 3 *Business Combinations*. Due to above, we identified the business combination and acquisition accounting of Modular Clay Products Limited and E.T. Clay Products Limited as a key audit matter.	We have performed the following procedures to address this key audit matter: • We obtained management's calculation of the purchase consideration and agreed the cash portion to bank statements. • We have reviewed management's assessment of the consideration, and checked whether there is any element of remuneration included as part of the consideration price. This procedure was performed for the Modular Clay Products Ltd. acquisition as the contingent consideration was dependent on continued employment. • We reviewed and challenged management's cash flow forecasts and estimates in determining the value of the contingent consideration. This included a review of growth rates applied to future revenues and expenses, forecast capital expenditures and once off items included in the forecasts. • We tested the completeness and appropriateness of management's identification of intangible assets acquired through a review of due diligence reports, financial statements of Modular Clay Products Ltd and E.T. Clay Products Limited and enquiries with management. • We obtained the valuation report from management's expert and with the support of our own valuation experts, we reviewed the appropriateness of the valuation methods used (multi-period excess earnings method for the customer relationships and valuation & relief from royalty method for the brands). We evaluated the reasonableness of the significant assumptions and judgement applied by management in the valuation of the identifiable intangibles at acquisition by comparing with publicly available industry data and historical financial information of the Modular Clay Products Ltd and E.T Clay Products Limited. • We have considered the competence, capabilities, and objectivity of both our internal experts and managements experts. • We tested the existence, measurement and completeness of the acquired assets and liabilities on a sample basis to supporting documentation and considered whether any fair value adjustment was required. • With the assistance of our internal tax specialists, we tested the accuracy and completeness of the current and deferred tax assets and liabilities acquired including the impact on the tax balances of the fair value adjustments applied in the acquisition accounting. Key observations: Based on our work performed above we did not identify matters to indicate that the judgements and assumptions made in accounting for these business combinations was inappropriate.
Revenue cut-off of direct sales See note 3.4 to the financial statements for the Directors' disclosures of the related revenue recognition accounting policies. See note 5 to the financial statements for the detailed disclosure for Revenue	Trade in the Bricks and Building materials and Importing divisions predominantly comprises direct sales where goods are delivered directly from the supplier to the customer. Satisfaction of performance obligations is at a point in time when the goods are delivered by the Group to customers. We considered that there is a significant risk of inappropriate revenue recognition arising from cut-off of direct sales when revenue is incorrectly recorded by reference to the invoice date and not the date when delivery of the good takes place. This could lead to the overstatement or understatement of revenue as a result of the recognition of revenue in the incorrect period.	We challenged management on the accounting policies with reference to the cut-off of direct sales and the application to the timing of the satisfaction of performance obligations in accordance with the accounting standards and terms and conditions of these types of sales. We agreed a sample of sales invoices recognised covering a risk period before and after year-end through to supporting third party delivery documentation or customer confirmation to check that revenue had been recognised in the correct period. Key observations: Based on our work performed above we did not identify matters to indicate that revenue cut-off was inappropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		**Parent company financial statements**	
	2023 £	2022 £	2023 £	2022 £
Materiality	1,750,000	1,430,000	1,312,500	929,000
Basis for determining materiality	4.9% of Adjusted Profit before Taxation	4.5% of Adjusted Profit before Taxation	65% of Group materiality	65% of Group materiality
Rationale for the benchmark applied	We considered that adjusted profit before tax is a key performance measure to the stakeholders of the Group and therefore an appropriate benchmark. The Group is acquisitive with large intangible asset balances; hence the Group's performance is more accurately reflected when adjusted for amortisation, fair value changes in contingent consideration, and acquisition and other exceptional costs.		Capped at 65% of Group materiality (2022: 65% of Group materiality) given the assessment of the significant components' aggregation risk.	
Performance materiality	1,225,000	1,005,000	918,000	650,000
Basis for determining performance materiality	70% (2022: 70%) of Group materiality		70% (2022: 70%) of Parent Company materiality.	
Rationale for the percentage applied for performance materiality	We have considered the overall risk assessment of the Group, including factors such as areas of estimation within the financial statements, the type of audit testing to be completed and history of misstatements.		We have considered the overall risk assessment of the Parent Company, including factors such as areas of estimation within the financial statements, the type of audit testing to be completed and history of misstatements.	

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, apart from the Parent Company whose materiality is set out above, based on a percentage of between 43% and 57% (2022: 3% and 65%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £750,000 to £1,000,000 (2022: £44,000 to £929,000). In the audit of each component, we further applied performance materiality levels of 70% (2022: 75%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £35,000 (2022: £28,600). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	**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 the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	**We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:** • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, 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.

Extent to which the audit was 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are the Companies Act 2006, accounting standards, AIM Rules and the Corporation Tax Act 2010. We identified these areas of laws and regulations as those that could reasonably be expected to have a material effect on the financial statements from sector experience and through discussion with the Directors and other management.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur. We believed the areas in which fraud might occur were in management override of controls, bias in accounting estimates and inappropriate revenue recognition, specifically in respect of revenue cut-off and the recording of revenue, specifically direct sales in the inappropriate period and manual journal entries. In addressing the risk of fraud:

- We have performed journals testing based on a set of fraud risk criteria and tested to supporting documentation also verifying the business rationale. These criteria included round sum posted journals, material journals, unexpected account combinations and unusual journal descriptions.
- We made enquiries with management and the Audit Committee about their knowledge of any known or suspected instances of fraud.
- We checked the discretionary bonus payments to approval from the remuneration committee.
- We assessed the appropriateness of key estimates and judgements including those set out in the key audit matter above relating to contingent consideration.
- We incorporated unpredictability into our procedures covering all components of the Group as part of our response to the risk of management override of controls.
- We addressed the risk of fraud in revenue recognition through testing of manual entries impacting reported revenue as well as the procedures set out in the key audit matters section of our report.
- We analysed the automated journal entries made to revenue account codes across the Group and investigated the reason for journal entries made that appeared unusual and not in line with our expected transaction flows. We agreed management's explanations back through to supporting documentation.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and component auditors, who were all deemed to have the appropriate skills and competence and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. We also reviewed the work performed by the component auditors in this regard.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Etherington BSc FCA CF (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Reading, UK

14 July 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2023

	Note	2023 Adjusted £'000	2023 Other (note 14) £'000	2023 Total £'000	2022 Adjusted £'000	2022 Other (note 14) £'000	2022 Total £'000
Revenue	5	**681,087**	-	**681,087**	520,169	-	520,169
Cost of sales		**(568,220)**	-	**(568,220)**	(433,366)	-	(433,366)
Gross profit		**112,867**	-	**112,867**	86,803	-	86,803
Other operating income	7	**561**	-	**561**	354	-	354
Administrative expenses		**(64,281)**	**(15,730)**	**(80,011)**	(50,581)	(13,515)	(64,096)
Comprising:							
Depreciation and amortisation		**(4,715)**	**(8,399)**	**(13,114)**	(3,342)	(6,349)	(9,691)
Other administrative expenses		**(59,566)**	**(7,331)**	**(66,897)**	(47,239)	(7,166)	(54,405)
Impairment losses on financial assets	27	**(1,611)**	-	**(1,611)**	(450)	-	(450)
Finance income	11	**143**	-	**143**	54	-	54
Finance expense	12	**(2,365)**	**(2,891)**	**(5,256)**	(1,311)	(938)	(2,249)
Share of post-tax profit of equity accounted associates	23	-	**123**	**123**	-	55	55
Share of post-tax loss of equity accounted joint ventures	24	**(721)**	-	**(721)**	(149)	-	(149)
Fair value gains/(losses)	13	-	**8,432**	**8,432**	-	(1,916)	(1,916)
Profit/(loss) before tax	8	**44,593**	**(10,066)**	**34,527**	34,720	(16,314)	18,406
Tax (expense)/credit	15	**(8,924)**	**2,094**	**(6,830)**	(6,494)	391	(6,103)
Profit/(loss) for the year		**35,669**	**(7,972)**	**27,697**	28,226	(15,923)	12,303
Other comprehensive income							
Items that will not be reclassified to profit or loss:							
Remeasurements of defined benefit pension schemes	34	-	**43**	**43**	-	(1,970)	(1,970)
Deferred tax on remeasurement of defined benefit pension schemes	33	-	**(11)**	**(11)**	-	374	374
Fair value gain on investments in equity instruments designated as FVTOCI	25	-	**10**	**10**	-	53	53
Other comprehensive income/(loss) for the year		-	**42**	**42**	-	(1,543)	(1,543)
Total comprehensive income/(loss)		**35,669**	**(7,930)**	**27,739**	28,226	(17,466)	10,760
Profit/(loss) for the year attributable to:							
Equity holders of the parent		**35,710**	**(7,972)**	**27,738**	28,310	(15,923)	12,387
Non-controlling interests		**(41)**	-	**(41)**	(84)	-	(84)
		35,669	**(7,972)**	**27,697**	28,226	(15,923)	12,303
Total comprehensive income/(loss) attributable to:							
Equity holders of the parent		**35,710**	**(7,930)**	**27,780**	28,310	(17,466)	10,844
Non-controlling interests		**(41)**	-	**(41)**	(84)	-	(84)
		35,669	**(7,930)**	**27,739**	28,226	(17,466)	10,760
Earnings per share							
Basic earnings per share	17			**9.26 p**			4.40 p
Diluted earnings per share	17			**9.10 p**			4.32 p
Adjusted basic earnings per share	17			**11.93 p**			10.06 p
Adjusted diluted earnings per share	17			**11.71 p**			9.86 p

All results relate to continuing operations.

Consolidated Balance Sheet
As at 31 March 2023

	Note	2023 £'000	2022 (Restated)* £'000
Non-current assets			
Property, plant and equipment	18	**24,783**	19,057
Right of use assets	31	**18,553**	12,162
Intangible assets	20	**152,424**	150,951
Investments in equity accounted associates	23	**324**	261
Investments in equity accounted joint ventures	24	**-**	279
Investments in financial assets	25	**188**	178
Trade and other receivables	27	**3,611**	1,023
Total non-current assets		**199,883**	183,911
Current assets			
Inventories	26	**33,159**	28,120
Trade and other receivables	27	**125,603**	131,202
Employee benefit assets	34	**646**	781
Current income tax assets		**1,677**	101
Cash and cash equivalents	28	**21,645**	25,028
Total current assets		**182,730**	185,232
Total assets		**382,613**	369,143
Current liabilities			
Trade and other payables	29	**(131,419)**	(140,046)
Loans and borrowings	30	**(12,624)**	-
Lease liabilities	31	**(3,225)**	(2,216)
Total current liabilities		**(147,268)**	(142,262)
Non-current liabilities			
Trade and other payables	29	**(9,592)**	(17,910)
Loans and borrowings	30	**(16,800)**	(24,240)
Lease liabilities	31	**(12,967)**	(10,417)
Provisions	32	**(2,364)**	(1,728)
Deferred tax liabilities	33	**(18,244)**	(18,102)
Total non-current liabilities		**(59,967)**	(72,397)
Total liabilities		**(207,235)**	(214,659)
Net assets		**175,378**	154,484
Equity			
Called up share capital	36	**3,003**	2,985
Share premium account	37	**102,847**	102,146
Capital redemption reserve	37	**2**	2
Share-based payment reserve	37	**3,509**	1,930
Merger reserve	37	**11,146**	11,146
Retained earnings	37	**55,002**	36,365
Equity attributable to owners of the Company		**175,509**	154,574
Non-controlling interests		**(131)**	(90)
Total equity		**175,378**	154,484

*See note 22 for details of restatement.

These financial statements were approved by the Board of Directors and authorised for issue on 14 July 2023. They are signed on behalf of the Board by:

Alan Simpson Director
Company registration number: 11123804

Mike Gant Director

Company Balance Sheet

As at 31 March 2023

	Note	2023 £'000	2022 £'000
Non-current assets			
Right of use assets	31	**2,523**	-
Investment property	19	**2,023**	531
Investment in subsidiaries	21	**58,720**	57,572
Deferred tax assets	33	**359**	186
Trade and other receivables	27	**153,527**	116,883
Total non-current assets		**217,152**	175,172
Current assets			
Trade and other receivables	27	**1,902**	3,171
Cash and cash equivalents	28	**-**	372
Total current assets		**1,902**	3,543
Total assets		**219,054**	178,715
Current liabilities			
Trade and other payables	29	**(51,756)**	(17,950)
Loans and borrowings	30	**(6,885)**	-
Total current liabilities		**(58,641)**	(17,950)
Non-current liabilities			
Trade and other payables	29	**(67)**	(108)
Loans and borrowings	30	**(16,800)**	(24,240)
Total non-current liabilities		**(16,867)**	(24,348)
Total liabilities		**(75,508)**	(42,298)
Net assets		**143,546**	136,417
Equity			
Called up share capital	36	**3,003**	2,985
Share premium account	37	**102,847**	102,146
Capital redemption reserve	37	**2**	2
Share-based payment reserve	37	**3,191**	1,524
Merger reserve	37	**16,407**	16,407
Retained earnings	37	**18,096**	13,353
Total equity		**143,546**	136,417

The profit of the Company for the financial year was £13,886,000 (2022: profit of £12,978,000).

These financial statements were approved by the Board of Directors and authorised for issue on 14 July 2023. They are signed on behalf of the board by:

Alan Simpson Director

Mike Gant Director

Company registration number: 11123804

Consolidated Statement of Changes in Equity

For the year ended 31 March 2023

	Share capital £'000	Share premium account £'000	Capital redemption £'000	Share-based payments £'000	Merger reserve £'000	Retained earnings £'000	Total attributable to equity holders of the parent £'000	Non-controlling interest £'000	Total £'000
At 1 April 2021	2,305	49,999	2	266	1,245	31,623	85,440	(6)	85,434
Profit or (loss) for the year	-	-	-	-	-	12,387	12,387	(84)	12,303
Other comprehensive income for the year	-	-	-	-	-	(1,543)	(1,543)	-	(1,543)
Total comprehensive income for the year	-	-	-	-	-	10,844	10,844	(84)	10,760
Dividends paid	-	-	-	-	-	(6,102)	(6,102)	-	(6,102)
Issue of paid shares	578	54,422	-	-	-	-	55,000	-	55,000
Issue of consideration shares	99	-	-	-	9,901	-	10,000	-	10,000
Issue of shares on exercise of share options	3	12	-	-	-	-	15	-	15
Equity settled share-based payments	-	-	-	1,173	-	-	1,173	-	1,173
Deferred tax on share based payment transactions	-	-	-	491	-	-	491	-	491
Share issue costs	-	(2,287)	-	-	-	-	(2,287)	-	(2,287)
Total contributions by and distributions to owners	680	52,147	-	1,664	9,901	(6,102)	58,290	-	58,290
At 31 March 2022	2,985	102,146	2	1,930	11,146	36,365	154,574	(90)	154,484
Profit or (loss) for the year	-	-	-	-	-	27,738	27,738	(41)	27,697
Other comprehensive income for the year	-	-	-	-	-	42	42	-	42
Total comprehensive income for the year	-	-	-	-	-	27,780	27,780	(41)	27,739
Dividends paid	-	-	-	-	-	(9,143)	(9,143)	-	(9,143)
Issue of shares on exercise of share options	18	701	-	-	-	-	719	-	719
Equity settled share-based payments	-	-	-	1,637	-	-	1,637	-	1,637
Deferred tax on share-based payment transactions	-	-	-	(197)	-	-	(197)	-	(197)
Current tax on share-based payment transactions	-	-	-	139	-	-	139	-	139
Total contributions by and distributions to owners	18	701	-	1,579	-	(9,143)	(6,845)	-	(6,845)
At 31 March 2023	**3,003**	**102,847**	**2**	**3,509**	**11,146**	**55,002**	**175,509**	**(131)**	**175,378**

Company Statement of Changes in Equity

For the year ended 31 March 2023

	Share capital £'000	Share premium account £'000	Capital redemption £'000	Share-based payments £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2021	2,305	49,999	2	266	6,506	6,477	65,555
Profit for the year	-	-	-	-	-	12,978	12,978
Total comprehensive income for the year	-	-	-	-	-	12,978	12,978
Dividends paid	-	-	-	-	-	(6,102)	(6,102)
Issue of paid shares	578	54,422	-	-	-	-	55,000
Issue of consideration shares	99	-	-	-	9,901	-	10,000
Issue of shares on exercise of share options	3	12	-	-	-	-	15
Equity settled share-based payments	-	-	-	1,173	-	-	1,173
Deferred tax on share-based payment transactions	-	-	-	85	-	-	85
Share issue costs	-	(2,287)	-	-	-	-	(2,287)
Total contributions by and distributions to owners	680	52,147	-	1,258	9,901	(6,102)	57,884
At 31 March 2022	2,985	102,146	2	1,524	16,407	13,353	136,417
Profit for the year	-	-	-	-		13,886	13,886
Total comprehensive income for the year	-	-	-	-	-	13,886	13,886
Dividends paid	-	-	-	-	-	(9,143)	(9,143)
Issue of shares on exercise of share options	18	701	-	-	-	-	719
Equity settled share-based payments	-	-	-	1,637	-	-	1,637
Deferred tax on share-based payment transactions	-	-	-	(6)	-	-	(6)
Current tax on share-based payment transactions	-	-	-	36	-	-	36
Total contributions by and distributions to owners	18	701	-	1,667	-	(9,143)	(6,757)
At 31 March 2023	**3,003**	**102,847**	**2**	**3,191**	**16,407**	**18,096**	**143,546**

Consolidated Statement of Cash Flows

For the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Operating activities			
Profit for the year		**27,697**	12,303
Adjustments for:			
Depreciation of property, plant and equipment	18	**1,566**	1,143
Depreciation of right of use assets	31	**3,101**	2,136
Amortisation of intangible assets	20	**8,447**	6,396
Gain on disposal of property, plant and equipment and right of use assets	8	**(314)**	(75)
Foreign exchange losses/(gains)		**29**	(27)
Share-based payment expense	38	**1,567**	1,597
Other operating income		**(365)**	(27)
Share of post-tax profit in equity accounted associates	23	**(123)**	(55)
Share of post-tax loss in joint ventures	24	**721**	149
Impairment of goodwill	20	**-**	16
Fair value changes in contingent consideration	13	**(8,176)**	1,916
Gain on acquisition	22	**(256)**	-
Movements in provisions	32	**(141)**	12
Finance income	11	**(143)**	(54)
Finance expense	12	**5,256**	2,249
Acquisition costs	14	**281**	1,236
Income tax expense	15	**6,830**	6,103
Pension charge in excess of contributions paid	34	**196**	140
Operating cash flows before movements in working capital		**46,173**	35,158
Changes in working capital:			
Increase in inventories		**(865)**	(6,700)
Decrease/(Increase) in trade and other receivables		**19,331**	(22,194)
(Decrease)/Increase in trade and other payables		**(19,765)**	21,234
Cash generated from operations		**44,874**	27,498
Payment of acquisition expenses		**(281)**	(1,139)
Interest received		**125**	18
Income taxes paid		**(11,074)**	(7,256)
Net cash from operating activities		**33,644**	19,121
Investing activities			
Purchase of property, plant and equipment	18	**(7,229)**	(6,317)
Proceeds from sale of property, plant and equipment		**441**	187
Purchase of right of use assets	31	**(2,525)**	-
Purchase of intangible assets	20	**(478)**	(488)
Acquisition of subsidiaries	22	**(16,674)**	(50,292)
Net cash acquired with subsidiary undertakings	22	**4,676**	3,422
Acquisition of interests in joint ventures	24	**(442)**	(428)
Loan to joint venture		**(2,960)**	-
Proceeds from repayment of directors' loans		**-**	978
Dividends received from associates		**60**	15
Net cash used in investing activities		**(25,131)**	(52,923)

The Consolidated Statement of Cash Flows continues on the following page.

Consolidated Statement of Cash Flows (continued)

For the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Financing activities			
Equity dividends paid	16	**(9,143)**	(6,102)
Proceeds from issue of ordinary shares net of share issue costs		**719**	52,728
Payment of financing costs		**-**	(97)
Proceeds from bank borrowings		**115,400**	52,100
Repayment of bank borrowings		**(123,000)**	(43,400)
Payment of lease liabilities	31	**(2,791)**	(2,103)
Payment of deferred and contingent consideration	39	**(3,499)**	(1,358)
Interest paid		**(2,246)**	(1,139)
Payment of transaction costs relating to loans and borrowings		**-**	(375)
Net cash flows (used in)/from financing activities		**(24,560)**	50,254
Net (decrease)/increase in cash and cash equivalents		**(16,047)**	16,452
Cash and cash equivalents at beginning of year		**25,028**	8,592
Effect of changes in foreign exchange rates		**40**	(16)
Cash and cash equivalents at end of year	39	**9,021**	25,028

The notes on pages 75 to 124 form an integral part of these Financial Statements.

Notes to the Financial Statements
Year ended 31 March 2023

1. General information
Brickability Group PLC is a public company, limited by shares, incorporated in England and Wales. The address of the registered office is shown on page 125. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages INC to 38.

2. Basis of preparation
The consolidated financial statements have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

The Company, as the ultimate parent of the Group, has elected to prepare its individual financial statements in accordance with FRS 101 Reduced Disclosure Framework. The Company's individual financial statements are presented within these Group financial statements. The Company has adopted the following disclosure exemptions:

i. the requirements of IFRS 7 Financial Instruments: Disclosures;

ii. the requirement to present a cash flow statement under IAS 7 Statement of Cash Flows;

iii. the requirement to disclose key management personnel compensation; and

iv. the requirement to disclose related party transactions with wholly owned members of the Group.

The financial statements are presented in pounds sterling, which is the functional currency of the Company and Group. Amounts are rounded to the nearest thousand, unless otherwise stated.

The financial statements are prepared on the historical cost basis, with the exception of certain financial assets and liabilities which are stated at fair value.

Going Concern
The key uncertainly faced by the Group is the demand for its products and how this is impacted by economic factors.

The expected budget forecast was reviewed with no concerns noted and sufficient headroom in place. Budget scenarios have been prepared to compare a number of outcomes where there is a significant and prolonged drop in demand in the industry.

For each scenario, cash flow and covenant compliance forecasts have been prepared. A significant drop in revenue of 50% with no adjustment to overheads would lead to a breach. However, if overheads were cut by 17%, then a breach could be avoided. The scenarios in which revenue could fall by this level so rapidly are considered remote.

Having taken into account the scenarios modelled, the Directors are satisfied that the Group and Company has sufficient resources to continue to operate for a period of not less than 12 months from the date of this report and until at least 30 September 2024. Accordingly, the financial information has been prepared on a going concern basis.

New standards, interpretations and amendments effective from 1 January 2022
The following standards and amendments became effective for the current financial year:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16));
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to the Conceptual Framework (Amendments to IFRS 3).

The amendments above did not have any impact on the amounts recognised in prior periods or the current year. They are also not expected to significantly affect future periods.

New standards, interpretations and amendments not yet effective
Certain new standards and amendments have been issued by the IASB and will be effective in future accounting periods. The standards and amendments that are not yet effective, are likely to impact the Group and have not been adopted early by the Group include:

Amendments effective from 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2));
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

Amendments effective from 1 January 2024:

- IFRS 16 Leases (Amendment – Liability in a sale and leaseback);
- IAS 1 Presentation of Financial Statements (Amendment – Classification of liabilities as current or non-current);
- IAS 1 Presentation of Financial Statements (Amendment – Non-current liabilities with covenants).

The amendments to IAS 12 will likely result in the Group recognising additional deferred tax assets and liabilities in respect of right of use assets accounted for under IFRS 16. The other amendments listed above are not expected to have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

3. Significant accounting policies
The accounting policies which follow set out those policies which were applied in preparing the financial statements for the year ended 31 March 2023.

3.1 Basis of consolidation
The consolidated financial statements comprise the financial statements of Brickability Group PLC and its subsidiary undertakings. Control is achieved when the Group:

- has power over the investee;

3. Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

- is exposed or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect those variable returns.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

Intra-group transactions and balances are eliminated fully on consolidation and the consolidated financial statements reflect external transactions only. Subsidiaries' accounting policies are amended where necessary to ensure consistency with the policies adopted by the Group.

The Company has applied the exemption under section 408 of the Companies Act 2006 and not presented its individual income statement.

3.2 Investments

Non-current asset investments by the Company in subsidiaries, associates and joint ventures are initially recorded at cost and subsequently stated at cost less any accumulated provision for impairment.

3.3 Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent from those sharing the control.

Investments in associates and joint ventures are accounted for using the equity method of accounting. Under the equity method, investments are initially recognised at cost and subsequently adjusted to reflect changes in the Group's share of profit or loss and other comprehensive income of the associate or joint venture since the acquisition date.

Where a Group company transacts with an associate or joint venture of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant entity.

Dividends received from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

3.4 Revenue

Recognition

Revenue is recognised when the Group has satisfied its performance obligations to the customer. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and Value Added Tax.

The Group generates revenue primarily through the following activities:

- the sale of superior quality building materials to all sectors of the construction industry including national house builders, developers, contractors, general builders and retail to members of the public;
- the transportation and distribution of building materials from Europe to the UK;
- the supply of roofing construction services, primarily within the residential construction sector; and
- the sale of high-performance joinery materials and the distribution of radiators and associated parts and accessories.

The Group considers itself to be the principal in its revenue arrangements as it typically controls the goods or services before transferring them to the customer; the Group is primarily responsible for fulfilling its promise to provide the goods or services and for those goods or services meeting customer specifications, it assumes the inventory risk prior to delivery to the customer and it has complete discretion in setting its prices for the required goods or services. Revenue from the sale of goods is recognised when control of the goods has transferred to the buyer. This is usually when the goods are delivered to the customer.

There is limited judgement required in identifying the point at which the service is complete or control passes as, once physical delivery has taken place, the Group no longer has possession of the goods, does not retain the significant risks and rewards of those goods and has an unconditional right to consideration. A receivable is therefore recognised on delivery and payment expected according to the specific credit terms agreed with each customer.

Revenue from contracts for the provision of services, in relation to roof installations, is recognised over time by reference to the stage of completion. Jobs in progress are reviewed and invoiced at the end of each month to reflect the value of work carried out in the period. This is considered an appropriate measure of the progress towards complete satisfaction of the Group's performance obligations and reflects the Group's right to consideration for services performed to date. Payment is due throughout the duration of the contract, based on the amounts invoiced and according to the credit terms agreed.

Revenue from the provision of transportation and distribution services is also recognised over time, by reference to the stage of completion of the Group's performance obligations, as the customer simultaneously receives and consumes the benefits from the delivery service provided. The revenue is recognised in the consolidated profit or loss in the period in which the services are rendered.

Determining the transaction price and allocating amounts to performance obligations

The majority of the Group's revenue is derived from fixed price contracts with stand-alone selling prices. There is therefore no judgement involved in allocating the contract price to the goods or services provided.

Certain roofing products and services provided by the Group are subject to warranty, requiring the Group to rectify defects during the warranty period should those goods and services not comply with agreed-upon specifications. Such warranties cannot be purchased separately and are therefore accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Further details are disclosed in notes 3.19 and 32.

Practical exemptions

The Group has applied the practical expedients within IFRS 15 in respect of the following:

- not accounting for significant financing components where the time difference between receiving consideration and transferring control of the goods or services to its customers is one year or less; and

- expensing the incremental costs of obtaining a contract when the amortisation period of the asset otherwise recognised is one year or less.

Customer rebates

The Group offers customer rebates in respect of volume discounts. These customer rebates give rise to variable consideration. Where the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring its goods to the customer. The Group applies the most likely amount method to estimate the variable consideration in the contract.

Where the Group has rebate agreements with its customers, rebates payable are deducted from revenue in the period that the associated revenue is recognised. The value of rebates payable is based on the terms of the individual contracts in place, to the extent that it is highly probable that the variable consideration estimated will not result in a significant reversal in the amount of cumulative revenue recognised when the uncertainty associated with the variable contract is subsequently resolved.

3.5 Supplier rebates

The Group receives volume rebates from its suppliers. Amounts receivable are recognised as a reduction to cost of sales in the period in which the associated purchase is recorded. The Group estimates the amount receivable based on the terms of the agreements in place, to the extent that it is probable that the rebates will be received and the amounts can be reliably estimated.

3.6 Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). The results and financial position of each Group company are expressed in pounds sterling, which is also the functional currency of the Company and the presentation currency for the consolidated financial statements.

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate on the dates of the transactions. Monetary assets and liabilities, that are denominated in foreign currencies, are retranslated at the exchange rates ruling at the reporting date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the year.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and not retranslated at the reporting date. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date at which the fair value is determined.

3.7 Group pension schemes

Defined contribution schemes

Payments to defined contribution retirement benefit schemes are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

Defined benefit schemes

During the prior year, the Group acquired a defined benefit pension scheme as part of the net assets acquired in Taylor Maxwell Group (2017) Limited. The scheme is closed to further accrual and an insurance policy was incepted shortly afterwards. Where the Group retains a legal or constructive obligation in respect of insured benefits, the plan is treated as a defined benefit plan.

The retirement benefit obligation recognised in the Consolidated Balance Sheet represents the surplus or deficit in the Group's defined benefit plans. A surplus is recognised to the extent that it will lead to a refund or reduction in future payments.

Actuarial valuations are carried out at the reporting date to determine the cost of providing benefits using the projected unit credit method. Remeasurements, including the effect of actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognised immediately in the balance sheet, with a charge or credit recognised in other comprehensive income in the period in which it occurs. Remeasurements recognised in other comprehensive income are not re-classified. Past service cost is recognised in profit or loss when a plan amendment or curtailment occurs, or when the Group recognises related restructuring costs or termination benefits, if earlier. Gains or losses on settlement of a defined benefit plan are recognised when the settlement occurs. Net interest is calculated by applying a discount rate to the net defined benefit obligation or asset. Defined benefit costs are split into three categories:

- service costs, including current service cost, past service cost and gains and losses on curtailments and settlements;
- net interest expense or income; and
- remeasurements.

The Group recognises service costs within administrative expenses in profit or loss. The net interest expense or income is recognised in finance expense or income.

3.8 Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period that the related service is rendered and in which the benefit is earned.

Liabilities in respect of short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

3.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax

Current tax is the expected tax payable or recoverable based on taxable profit for the year and any adjustment to tax payable in respect of prior years. Current tax is calculated using tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used

3. Significant accounting policies (continued)

3.9 Taxation (continued)

Deferred tax (continued)

in the computation of taxable profit. It is accounted for using the liability method.

Deferred tax assets and liabilities are recognised where the carrying value of an asset or liability in the Consolidated Balance Sheet differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and joint arrangements where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are also re-assessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable Group company or different taxable Group companies which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax on other items

Where alternative performance measures are presented, the tax impact of 'other items' outlined in note 14 is considered and also included within 'other items' in order to match the relevant tax charge or credit with the associated income or expense.

3.10 Property, plant and equipment

Property, plant and equipment is initially recorded at cost and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation is charged so as to write off the cost or valuation of an asset, less its residual value, over the estimated useful life of that asset, using the straight-line or reducing balance method, as follows:

Freehold property	2% – 25% per annum
Leasehold property	Over the term of the lease
Plant and machinery	20% to 33% per annum
Fixtures, fittings and equipment	10% to 33% per annum
Motor vehicles	10% to 25% per annum

Freehold land is not depreciated.

3.11 Leases

The Group assesses, at the inception of a contract, whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed when the Group has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use.

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected not to separate non-lease components and thus account for the entire contract as a lease.

Lessee accounting

All leases are accounted for by recognising a right of use asset and a lease liability except for:

- leases of low value assets; and
- leases with a term of 12 months or less.

Lease payments for short-term (those with a term of 12 months or less) and low value asset leases are recognised as an expense, in profit or loss, on a straight-line basis over the lease term.

Right of use assets

At the lease commencement date, right of use assets are measured at the amount of the corresponding lease liability, less any lease incentives received, plus the following:

- lease payments made at or before the lease commencement date;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually obliged to dismantle, remove or restore the leased asset or site on which the leased asset is located.

Right of use assets are presented as a separate line in the Consolidated Balance Sheet.

Right of use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right of use assets are depreciated, on a straight-line basis, over the shorter period of the lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset, or the cost reflects that the Group expects to exercise a purchase option, the related right of use asset is depreciated over the useful life of the asset.

Lease liabilities

At the lease commencement date, lease liabilities are measured at the present value of the lease payments due to the lessor over the lease term, discounted at the rate implicit in the lease, where this can be readily determined. Where the rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability include:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of any purchase option, if it is reasonably certain to be exercised by the Group; and
- any penalties payable for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as an expense, in profit or loss, in the period to which they relate.

Lease liabilities are presented as a separate line in the Consolidated Balance Sheet.

Lease liabilities are subsequently increased to reflect interest charged on the lease liability, using the effective interest method, and reduced for lease payments made.

Lease liabilities are remeasured if there is a modification (and the lease modification is not accounted for as a separate lease), a change in the lease term, a change in the lease payments due to changes in an index or rate, a change in the expected payment under a guaranteed residual value or a change in the assessment to exercise a purchase option.

In the event of a lease modification, change in lease term or change in the assessment of a purchase option, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

In the event of a change in the lease payments, the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate, unless the lease payment change is due to a change in a floating interest rate, in which case a revised discount rate is used.

When a lease liability is remeasured, a corresponding adjustment is made to the carrying value of the right of use asset, with the revised asset value being depreciated over the remaining lease term.

Lessor accounting

The Group enters into lease agreements as a lessor in respect of sub-leasing some of its leasehold property. Where the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as an operating lease by reference to the right of use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and recognised on a straight-line basis over the lease term.

3.12 Investment property

The Group does not hold any investment property.

Investment properties held by the Company are all leased to subsidiaries within the Group. The Company recognises its investment property at cost and subsequently measures it using the cost model, with the carrying value stated at cost less any accumulated depreciation and impairment losses.

Depreciation is charged so as to write off the cost of the asset over the estimated useful life of that asset on a straight-line basis as follows:

Investment property	2% per annum

Land is not depreciated.

3.13 Intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired as part of a business combination is their fair value at the acquisition date. Intangible assets are subsequently stated at cost less any accumulated amortisation and impairment losses.

Amortisation is charged so as to write off the cost of the asset, less its residual value, over the estimated useful life of that asset, using the straight-line or reducing balance method, as follows:

Brands	7% – 12% per annum
Customer and supplier relationships	7% – 25% per annum
Other intangibles	33% per annum

Other intangibles relate to software and product development costs.

If there is an indication that there has been a change in the useful life or residual value of an intangible asset, the amortisation charge is revised prospectively to reflect the new estimates.

3.14 Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development costs are only recognised as an intangible asset if, and only if, the Group can demonstrate all of the following:

- the technical feasibility to complete the development so that the asset will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

3.15 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in profit or loss.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Contingent consideration is recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as a liability that is a financial instrument, and within the scope of IFRS 9 Financial Instruments, is measured at fair value at the reporting date with changes in fair value recognised in the Statement of Profit or Loss and Other Comprehensive Income in accordance with IFRS 9.

3. Significant accounting policies (continued)

3.15 Business combinations and goodwill (continued)

In accordance with interpretation guidance of IFRS 3, where amounts payable based on future performance are deemed to effectively be contingent on continued employment due to 'good leaver' clauses within the purchase agreements, the amounts payable are recognised as remuneration in profit or loss in the period in which the further amounts payable are earned.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is remeasured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3.16 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the recoverable amount of the asset. The recoverable amount is the higher of the value in use and the fair value less costs of disposal.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is estimated for the smallest group of assets to which it belongs and for which there are separately identifiable cash flows (its cash generating unit (CGU)).

When the carrying value of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised as an expense in profit or loss, except to the extent that they reverse gains previously recognised in other comprehensive income, in which case the impairment loss is also recognised in other comprehensive income up to the amount of any previous gain.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

For assets, excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the recoverable amount of the asset or CGU. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but only to the extent that the carrying value does not exceed the carrying amount that would have been determined, net of amortisation or depreciation, had no impairment loss been recognised for the asset in prior years. The reversal of an impairment loss is recognised in profit or loss.

Goodwill is not amortised but is reviewed for impairment at least annually. CGUs, to which goodwill has been allocated, are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying value, an impairment loss is recognised. It is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset of the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

3.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and costs that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and sale.

3.18 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognised in the Consolidated Balance Sheet when the Group becomes party to the contractual provisions of the instrument.

Financial assets

Financial assets, on initial recognition, are classified as those to be subsequently measured at amortised cost or those to be subsequently measured at fair value (either through profit or loss or through other comprehensive income). The classification depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets held at amortised cost comprise trade and other receivables and cash and cash equivalents in the Balance Sheet. They are assets held for the collection of contractual cash flows where those cash flows represent solely payments of the principal and interest.

They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition. They are subsequently stated at amortised cost, using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9, using lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables that are reported net, such provisions are recorded in a separate provision account with the loss being recognised within profit or loss. The gross carrying amount of a financial asset is reduced when the Group has no reasonable expectation of recovering the financial asset in its entirety or a portion thereof.

Assets measured at fair value through profit or loss are subsequently remeasured at fair value, with gains and losses being recognised in profit or loss. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

For investments in equity instruments that are not held for trading and fall within the scope of IFRS 9, the Group may (on an instrument-by-instrument basis) irrevocably elect to present subsequent changes in fair value within other comprehensive income. Where this election is made, there is no subsequent re-classification of fair value gains and losses to profit or loss following derecognition of the investment. Dividends from such investments are recognised in profit or loss as other income when the Group's right to receive payment is established.

Financial liabilities

Financial liabilities, on initial recognition, are classified as those to be subsequently measured at amortised cost or those to be subsequently measured at fair value through profit or loss.

All financial liabilities are initially recognised at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities measured at amortised cost include trade and other payables and loans and other borrowings, including bank overdrafts. These are subsequently stated at amortised cost, using the effective interest rate method. The interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Financial liabilities measured at fair value are subsequently remeasured at fair value, with gains and losses recognised in profit or loss.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Fair value measurement

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, based on the degree to which the fair value is observable, as follows:

- level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Details of significant unobservable inputs used in determining fair values within level 3 are disclosed in note 35.

3.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to transfer economic benefits to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions are recognised as a liability in the Balance Sheet with a corresponding expense recognised in profit or loss.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance expense.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the receivable can be measured reliably.

Warranties

The Group provides for the expected cost of warranty obligations for defects that existed at the time of sale, as required by law. Provision is based on historical experience and management's best estimate of the amount required to settle the Group's obligation. Further details are outlined in note 32.

Dilapidations

The Group provides for the expected cost of restoring its operating premises to their original state in accordance with its lease terms. Provision is based on management's best estimate of the work and cost involved in completing this restoration. The cost is recognised as part of the right of use asset and is depreciated over the remaining term of the lease.

3.20 Share-based payments

Equity-settled share option schemes and long-term incentive plans are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Market conditions are taken into account when estimating the fair value. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 38.

The fair value, determined at the grant date of the equity-settled share-based payments, is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The probability of market conditions being met are not subsequently adjusted for. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

3. Significant accounting policies (continued)

3.21 Statement of cash flows

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the Consolidated Balance Sheet.

Deferred and contingent consideration arrangements contain an implicit financing element. As such, the Group's policy is to include the payment of deferred and contingent consideration within cash flows from financing activities.

Cash flows in respect of the payment of lease liabilities are also included within cash flows from financing activities.

Payments in respect of short-term or low value leases that are not included within the measurement of the lease liabilities are presented within cash flows from operating activities.

The Group's finance expenses include interest payable and commitment fees on the unutilised portion of the Group's finance facility. Interest payable on loans and borrowings is therefore considered to be in connection with obtaining financial resources and is presented within cash flows from financing activities.

Interest on loans and borrowings, lease liabilities and deferred and contingent consideration is presented on a separate line in financing activities, within the statement of cash flows.

3.22 Alternative performance measures

Alternative performance measures (APMs) are disclosed within the 2023 Annual Report and Accounts where management believes it is helpful to do so to provide further understanding of the financial performance of the Group.

Underlying results are used in the day-to-day management of the Group. They represent statutory measures adjusted for items which may reduce comparability year on year. Adjusted EBITDA is primarily used when providing guidance to the Group's investors, which is in line with similar companies and expectations within the market.

The provision of alternative performance measures is intended to provide additional information to users of the financial statements to assist with their understanding of the Group's trading performance. They are not intended to be used as a replacement for IFRS measures nor are they considered superior to the IFRS measures. As adjusted results exclude certain costs, particularly in connection with business combinations, but include associated net revenues, adjusted measures may present a materially different result to the statutory measures.

Adjusted Profit

Adjusted profit is defined as statutory profit adjusted for other items that management does not consider to relate to its underlying trading operations or for which separate disclosure would assist in understanding the Group's performance in the period. Further details are provided in note 14.

Adjusted EBITDA

Adjusted EBITDA is the primary non-statutory measure used by the Group. This is represented by earnings before interest, tax, depreciation, amortisation and other non-underlying items. Such other items include acquisition and share based payment related expenses, including fair value gains/losses on the remeasurement of contingent consideration and contingent consideration accounted for as remuneration, as outlined in note 14. A reconciliation between adjusted EBITDA and statutory profit before tax is included in note 6.

Adjusted basic and diluted EPS

Adjusted basic EPS is defined as the adjusted profit after tax divided by the weighted average number of shares outstanding during the year.

Adjusted diluted EPS is defined as the adjusted profit after tax divided by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Adjusted basic and diluted EPS are outlined in note 17.

Net debt/cash

Net debt is defined as bank borrowings (excluding the impact of arrangement fees) less cash and cash equivalents. Net cash arises when the cash and cash equivalents exceed bank borrowings and is defined as cash and cash equivalents less bank borrowings.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities 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 ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Joint ventures

Investments in joint ventures are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the Group's share of the profit or loss, other comprehensive income and equity of the joint venture. Judgement is required when assessing the substance of the joint arrangement to determine whether it should be classified as a joint venture or joint operation. This includes consideration of whether the Group has the rights to the joint arrangement's net assets and whether decisions concerning the entity's activities require unanimous consent from those sharing the control.

Provisions

Provisions are a key area of the financial statements and are subject to both judgement and estimation uncertainty. Defect provisions are recognised for the potential rectification cost or claims made in respect of products and services sold under warranty. Provision is based on the potential claims that could be made in relation to the products and services supplied. This requires judgement as to whether a claim would likely give rise to a provision based on the Group's knowledge of its products, services and customers. The provision would then need to be estimated based on management's assessment of the likely work and cost required to rectify any defect. This estimate is subjective and based on management's knowledge of the products, services and past customer experience (see note 32).

Lease term
Judgement is required in determining the lease term where a lease includes periods covered by an option to extend the lease or an option to terminate the lease. The Directors apply judgement in evaluating whether it is reasonably certain or not that an option will be exercised. When recognising the lease, all relevant factors are taken into account, including the Group's intentions and any factors that create an economic incentive to exercise an option. After the commencement date, the lease term will be re-assessed if there is a significant event or change in circumstances that is within the Group's control and affects its ability to exercise an option.

Defined benefit pension
The Group acquired a defined benefit pension scheme, as part of the net assets acquired in Taylor Maxwell Group (2017) Limited, during the prior year and an insurance backed buy-in policy was incepted on 7 July 2021. Any defined benefit asset is recognised to the extent that the asset will result in a refund or reduction in future payments. Judgement is therefore required in determining whether the Group has an unconditional right to a refund. Upon the winding up of the pension scheme, any residual value would be payable to the Group. The right to obtain a refund is not affected by future costs that could change the amount of the surplus ultimately recovered. Therefore, while the trustees could, at their discretion, enhance members' benefits and reduce the surplus payable to the Group, this event is not anticipated and would not remove the Group's unconditional right to the surplus. The Group therefore considers that is has an unconditional right to a refund or reduction in future payments and has recognised the defined benefit pension asset. Upon completion of the buy-out process that was in progress at the reporting date, the Group expects to receive any residual surplus and this will be payable to the sellers of Taylor Maxwell Group (2017) Limited as part of the consideration. Details of the defined benefit pension scheme are disclosed in note 34.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Fair value measurement of financial instruments
When fair values cannot be measured based on quoted prices in an active market, the fair value is measured using valuation techniques, including the discounted cash flow model. Inputs into this model are taken from observable markets where possible but a degree of judgement is required where this is not possible. Expert valuers are engaged by the Group where appropriate.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The fair value is determined using discounted cash flows. The key estimates are therefore the probability of the performance target being met and the discount rate used.

Contingent consideration is discounted at a rate based on the cost of debt or acquired company's WACC. Where forecast cash flows are adjusted to take into account the probability of the contingent consideration being payable, a lower discount rate is used with the residual risk effectively being the time value of money. Where forecast cash flows are less certain, a higher discount rate based on the WACC is used, with the greater risk incorporated into the discount rate. The WACC rate is calculated from the perspective of a market participant, including an additional risk premium where significant growth is forecast and/or the earn-out period is longer than the Group's usual three-year period.

Further details are disclosed in note 35.

Lease incremental borrowing rate
Where the interest rate in a lease cannot be readily determined, the Group uses its incremental borrowing rate to measure the lease liability. The incremental borrowing rate is that which the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. This rate therefore requires estimation when no observable rates are available, for new leases acquired in the year. The Group estimates the rate by assessing the rates implied in similar agreements and using observable inputs, such as market interest rates, when available.

Defined benefit pension
The determination of the Group's defined benefit obligations depends on certain key assumptions, including the discount rate, inflation rate and life expectancy of the members. The Group engages an experienced pension consultant to establish the value of its defined benefit obligations. The key estimates and a sensitivity of the rates used are disclosed in note 34.

5. Revenue

An analysis of the Group's revenue, by type, is as follows:	2023 £'000	2022 £'000
Sale of goods	**620,393**	482,669
Rendering of services	**60,694**	37,500
	681,087	520,169

An analysis of the Group's revenue, by geographic location, is as follows:	2023 £'000	2022 £'000
UK	**678,267**	517,351
Europe	**2,802**	2,808
Other	**18**	10
	681,087	520,169

The Group's revenue is primarily derived from contracts with customers. Revenue in relation to the sale of goods comprises amounts receivable from the sale of building and joinery materials. Revenue in connection with the rendering of services relates to amounts receivable from the provision of roofing construction, installation services and the transportation and distribution of building materials. Revenue by segment is included in note 6. Trade receivables are disclosed in note 27.

Included within other payables is an amount of £982,000 (2022: £1,314,000) in relation to contract liabilities in respect of amounts paid in advance of goods being transferred to the customer. Due to the nature of the business and short turnaround between orders being placed and goods being delivered, liabilities at the reporting date are recognised within revenue in the following year.

Included within accruals and deferred income is an amount of £5,889,000 (2022: £4,774,000) in relation to customer rebates payable at the year end.

6. Segmental analysis

For management purposes, the Group is organised into segments based on its products and services. During the year, the Group changed its reportable segments due to increasing diversification following recent acquisitions. It now has four reportable divisions as follows:

- Bricks and Building Materials, which incorporates the sale of superior quality building materials to all sectors of the construction industry including national house builders, developers, contractors, general builders and retail to members of the public;
- Importing, which is primarily responsible for importing building products, the majority of which are on an exclusive basis to the UK market, to complement traditional and contemporary architecture;
- Distribution, which focuses on the sale and distribution of a wide range of products, including windows, doors, radiators and associated parts and accessories; and
- Contracting, which provides flooring and roofing installation services, primarily within the residential construction sector.

This is the first time results have been presented in these segments within the Group's Annual Report and Accounts and thus the results reported for the prior year have also been re-presented for comparison purposes.

The Group's segments are strategic business units that offer different products and services. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The Group considers the CODM to be the senior management team, including the Board of Directors, who are responsible for allocating resources and assessing performance of the operating segments.

The accounting policies of the reportable segments are the same as the Group's accounting policies as described in note 3. Segment performance is evaluated based on Adjusted EBITDA, without allocation of depreciation and amortisation, finance expenses and income, impairment losses, fair value movements or the share of results of associates and joint ventures. This is the measure reported to the Board for the purpose of resource allocation and assessment of segment performance.

The Group's revenue is primarily generated in the United Kingdom. An analysis by geographic location is included within note 5. Of the revenue generated in Europe, £229,000 (2022: £66,000) is included within revenue from the sale of goods within the Bricks and Building Materials segment and £111,000 (2022: £nil) is included within revenue from the sale of goods within the Importing segment. The balance of £2,462,000 (2022: £2,742,000) is included within revenue from the rendering of services within the Importing segment. All of the revenue generated in Other geographic locations is included within revenue from the sale of goods within the Bricks and Building Materials segment.

Revenue from the sale of goods and rendering of services is analysed by segment below. Revenue from the rendering of services within the Importing segment relates to the provision of transportation and distribution services. Revenue from the rendering of services within the Distribution segment relates to solar panel installation services.

No individual customer accounts for more than 10% of the Group's total revenue.

	Year ended 31 March 2023					
	Bricks and Building Materials £'000	**Importing £'000**	**Distribution £'000**	**Contracting £'000**	**Unallocated and group eliminations £'000**	**Consolidated £'000**
Revenue from sale of goods	**490,472**	**75,411**	**54,510**	**-**	**-**	**620,393**
Revenue from rendering of services	**-**	**11,472**	**8,085**	**41,137**	**-**	**60,694**
Total external revenue	**490,472**	**86,883**	**62,595**	**41,137**	**-**	**681,087**
Total internal revenue	**8,122**	**30,700**	**394**	**201**	**(39,417)**	**-**
Total revenue	**498,594**	**117,583**	**62,989**	**41,338**	**(39,417)**	**681,087**
Adjusted EBITDA	**30,141**	**13,188**	**8,893**	**5,620**	**(6,312)**	**51,530**
Depreciation and amortisation					**(13,114)**	**(13,114)**
Acquisition and re-financing costs					**(281)**	**(281)**
Earn-out consideration classified as remuneration under IFRS 3					**(5,483)**	**(5,483)**
Share based payment expense					**(1,567)**	**(1,567)**
Finance income					**143**	**143**
Finance expense					**(5,256)**	**(5,256)**
Share of results of associates					**123**	**123**
Fair value gains and losses					**8,432**	**8,432**
Group profit before tax	**30,141**	**13,188**	**8,893**	**5,620**	**(23,315)**	**34,527**

	Year ended 31 March 2022 (Re-presented)					
	Bricks and Building Materials £'000	Importing £'000	Distribution £'000	Contracting £'000	Unallocated and group eliminations £'000	Consolidated £'000
Revenue from sale of goods	398,198	40,451	44,020	–	–	482,669
Revenue from rendering of services	–	10,180	2,818	24,502	–	37,500
Total external revenue	398,198	50,631	46,838	24,502	–	520,169
Total internal revenue	6,384	21,649	188	286	(28,507)	–
Total revenue	404,582	72,280	47,026	24,788	(28,507)	520,169
Adjusted EBITDA	24,317	8,273	7,849	2,680	(3,651)	39,468
Depreciation and amortisation					(9,691)	(9,691)
Acquisition and re-financing costs					(1,236)	(1,236)
Earn-out consideration classified as remuneration under IFRS 3					(4,333)	(4,333)
Share based payment expense					(1,597)	(1,597)
Finance income					54	54
Finance expense					(2,249)	(2,249)
Share of results of associates					55	55
Share of results of joint ventures					(149)	(149)
Fair value gains and losses					(1,916)	(1,916)
Group profit before tax	24,317	8,273	7,849	2,680	(24,713)	18,406

For the purposes of monitoring segment performance and allocating resources between segments, the CODM monitors the total non-current and current assets attributable to each segment. All assets are allocated to reportable segments with the exception of those used primarily for corporate purposes (central), investments in associates, joint ventures and financial assets and deferred tax assets. Goodwill has been allocated to reportable segments as detailed in note 20. No other assets are used jointly by reportable segments. All liabilities are allocated to reportable segments with the exception of those used primarily for corporate purposes (central), bank borrowings and deferred tax liabilities.

6. Segmental analysis (continued)

	Year ended 31 March 2023					
	Bricks and Building Materials £'000	Importing £'000	Distribution £'000	Contracting £'000	Central £'000	Consolidated £'000
Non-current segment assets	79,152	33,147	49,880	29,520	7,672	199,371
Current segment assets	114,359	26,403	25,849	11,965	4,154	182,730
Total segment assets	193,511	59,550	75,729	41,485	11,826	382,101
Unallocated assets:						
Investment in associates						324
Investment in joint ventures						-
Investments in financial assets						188
Group assets						382,613
Total segment liabilities	(96,394)	(17,739)	(18,601)	(4,933)	(34,524)	(172,191)
Loans and borrowings (excluding leases and overdrafts)						(16,800)
Deferred tax liabilities						(18,244)
Group liabilities						(207,235)
Non-current asset additions						
Property, plant and equipment	485	2,352	2,443	430	1,520	7,230
Right of use assets	1,803	1,521	2,939	78	2,618	8,959
Intangible assets	-	-	478	-	-	478
Total non-current asset additions	2,288	3,873	5,860	508	4,138	16,667

	Year ended 31 March 2022 (Re-presented)					
	Bricks and Building Materials £'000	Importing £'000	Distribution £'000	Contracting £'000	Central £'000	Consolidated £'000
Non-current segment assets (Restated: note 22)	82,280	16,123	52,901	31,358	531	183,193
Current segment assets	131,498	17,258	25,258	10,143	1,075	185,232
Total segment assets	213,778	33,381	78,159	41,501	1,606	368,425
Unallocated assets:						
Investment in associates						261
Investment in joint ventures						279
Investments in financial assets						178
Group assets (As restated)						369,143
Total segment liabilities (Restated: note 22)	(99,360)	(15,433)	(4,357)	(4,913)	(48,254)	(172,317)
Loans and borrowings (excluding leases and overdrafts)						(24,240)
Deferred tax liabilities (Restated: note 22)						(18,102)
Group liabilities (As restated)						(214,659)
Non-current asset additions						
Property, plant and equipment	720	4,676	95	295	531	6,317
Right of use assets	438	2,768	126	-	-	3,332
Intangible assets	-	-	488	-	-	488
Total non-current asset additions	1,158	7,444	709	295	531	10,137

7. Other operating income

	2023 £'000	2022 £'000
Rental income	**124**	127
Other	**437**	227
	561	354

8. Profit before tax

Profit before tax is stated after charging/(crediting):

	2023 £'000	2022 £'000
Amortisation of intangible assets	**8,447**	6,396
Impairment of goodwill	**-**	16
Depreciation of property, plant and equipment	**1,566**	1,143
Depreciation of right of use assets	**3,101**	2,136
Gain on disposal of property, plant and equipment and right of use assets	**(314)**	(75)
Cost of inventories recognised as an expense	**555,592**	418,698
Customer rebates	**7,987**	6,153
Supplier rebates	**(8,799)**	(6,147)
Subcontractor costs	**15,984**	9,436
Impairment of trade receivables	**1,611**	450
Net foreign exchange losses/(gains)	**87**	(32)

9. Auditor's remuneration

During the year, the Group incurred the following costs for services provided by the Company's Auditor:

	2023 £'000	2022 £'000
Fees payable for audit services:		
Audit of the company and group annual financial statements	**1,000**	123
Audit of the company's subsidiaries	**-**	427
Total audit related fees	**1,000**	550
Fees payable for other services:		
Other services	**27**	8
Total non-audit fees	**27**	8
Total auditors' remuneration	**1,027**	558

10. Staff numbers and costs

The average number of persons employed by the Company during the year amounted to nil (2022: nil).

The average number of persons employed by the Group during the year, including the Directors, amounted to:

	2023 Number	2022 Number
Production staff	**26**	22
Distribution staff	**128**	72
Administrative staff	**259**	180
Management staff	**69**	70
Sales staff	**243**	260
	725	604

	2023 £'000	2022 £'000
Staff costs:		
Wages and salaries	**39,793**	31,633
Social security costs	**4,419**	3,793
Other pension costs (note 34)	**1,200**	1,024
Share-based payments expense including NI (note 38)	**1,567**	1,597
	46,979	38,047

	2023 £'000	2022 £'000
Directors' emoluments:		
Remuneration	**2,224**	1,847
	2,224	1,847

Remuneration of the highest paid Director in respect of qualifying services was:

	2023 £'000	2022 £'000
Remuneration	**1,095**	904
	1,095	904

No Directors accrue benefits under company pension plans.

Full details of Directors' remuneration is included within the Report of the Remuneration Committee on pages 53 to 57.

11. Finance income

	2023 £'000	2022 £'000
Interest on cash and cash equivalents	**15**	2
Other interest receivable	**128**	52
	143	54

12. Finance expense

	2023 £'000	2022 £'000
Interest on bank loans and overdrafts	**1,676**	779
Interest on lease liabilities	**675**	532
Unwinding of discount on deferred and contingent consideration	**2,891**	938
Other interest payable	**14**	-
	5,256	2,249

13. Fair value gains and losses

	2023 £'000	2022 £'000
Gain/(loss) on re-measurement of contingent consideration (notes 22 & 35)	**8,176**	(1,916)
Gain on acquisition (note 22)	**256**	-
	8,432	(1,916)

14. Other items

In order to assist with the understanding of the Group's performance, certain business combination related items that are significant in nature and items that management do not consider to be directly reflective of the Group's underlying performance in the period are presented separately, on the face of the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

This includes certain cash and non-cash items which tend to be charged or recognised throughout the year regardless of trading performance. For the purpose of assessing performance on a comparable basis year on year, management therefore considers both statutory and adjusted profit measures, with these adjusted measures presented separately in order to provide additional useful information about the Group's performance to users of the accounts.

Other items that are excluded from adjusted profit measures are as follows:

	2023 £'000	2022 £'000
Amortisation of acquired intangible assets (note 20)	**(8,399)**	(6,333)
Impairment of goodwill (note 20)	**-**	(16)
Total depreciation and amortisation	**(8,399)**	(6,349)
Acquisition costs	**(281)**	(1,139)
Re-financing costs	**-**	(97)
Earn-out consideration classified as remuneration under IFRS 3	**(5,483)**	(4,333)
Share-based payment expense (including employer NI)	**(1,567)**	(1,597)
Total other administrative expenses	**(7,331)**	(7,166)
Unwinding of discount on contingent consideration (note 12)	**(2,891)**	(938)
Total finance expense	**(2,891)**	(938)
Share of post-tax profit of equity accounted associates (note 23)	**123**	55
Gain/(loss) on re-measurement of contingent consideration (notes 22 & 35)	**8,176**	(1,916)
Gain on acquisition (note 22)	**256**	-
Total fair value gains/(losses) (note 13)	**8,432**	(1,916)
Total other items before tax	**(10,066)**	(16,314)
Tax on other items (note 15)	**2,094**	391
Total other items after tax	**(7,972)**	(15,923)
Other comprehensive income/(loss)		
Remeasurements of defined benefit pension schemes	**43**	(1,970)
Deferred tax on remeasurement of defined benefit pension schemes	**(11)**	374
Fair value gain on investments in equity instruments designated as FVTOCI	**10**	53
Total other comprehensive income/(loss)	**42**	(1,543)
Total other items in total comprehensive income	**(7,930)**	(17,466)

14. Other items (continued)

Impact of business combinations

Following a business combination, intangible assets in respect of brands, customer relationships and supplier relationships are recognised as part of the fair value assessment of net assets acquired. Amortisation on these acquired intangibles is excluded from adjusted profit as the recognition of these intangibles is not comparable with the recognition of other internally generated assets. Its exclusion enables performance to be assessed on a like for like basis regardless of whether growth is organic or through acquisition and whether acquired intangibles have been fully amortised.

Acquisition costs associated with business combinations can fluctuate from year to year depending on the size and number of acquisitions. Legal and professional fees for acquisitions are also generally considered to be greater than those incurred during the course of regular trading. These are therefore excluded from adjusted results for improved comparability.

Any gains recognised on acquisition, subsequent changes in the fair value of contingent consideration and the related finance expense in connection with discounting deferred and contingent consideration can also make a comparison of trading performance on a like for like basis more difficult. These gains/losses and expenses are therefore also excluded from adjusted results, with the inclusion within other items consistent with the presentation of other acquisition related costs.

Fair value gains/(losses) include a gain of £8,176,000 (2022: loss of £1,916,000) in respect of changes in contingent consideration expected to be payable. A reconciliation of the movement in the year, including details of the reasons for the change in the year is outlined in note 22.

Acquisition costs comprise of transaction costs of £92,000 (2022: £383,000), in relation to stamp duty, plus a further £189,000 (2022: £756,000) in respect of legal and professional fees. £259,000 (2022: £1,060,000) was directly associated with the acquisitions in the year (note 22), £13,000 was in connection with a prior year acquisition and the remainder related to aborted acquisitions.

To facilitate the acquisition of Taylor Maxwell Group (2017) Limited in the prior year, the Group re-financed and agreed an increase in its available banking facilities, The re-financing costs directly associated with this are therefore considered to be connected with the acquisition and outside the normal course of business.

The agreements to purchase Taylor Maxwell Group (2017) Limited and Modular Clay Products Ltd include earn-out consideration, payable if certain performance-based targets are met over the following three-years. The share purchase agreements also include a 'bad leaver' clause, under which the earn-out consideration payment to such a leaver is forfeited. The clauses were included with the intention of protecting the value of the business over the first few years following acquisition. However, as a result of the earn-out consideration effectively being contingent on the continued employment or 'good leaver' status of the individual, the amount payable has been treated as remuneration in accordance with current IFRS interpretation guidance of IFRS 3. As such, the amount payable is considered significant in nature, business combination related and not reflective of a typical remuneration cost that would usually be incurred within the underlying trade of the Group.

Share-based payments

The share-based payment expense represents the share-based payment charge for the year, including associated accrued employer taxes. The majority of share options issued are subject to performance criteria, including both market and non-market conditions. Changes in market conditions after the grant date are not reflected in the share-based payment expense recognised. The accounting charge is therefore not considered to be directly linked to the Group's trading operations in the year and thus separate disclosure is deemed appropriate to assist with the understanding of the Group's performance in the year.

Equity accounted associates

The Group is not directly involved in the day-to-day operations of its associate and thus considers it appropriate to separate its share of this entity's results from the Group's adjusted results.

Tax

The tax credit arising on the other items is presented on the same basis as the cost to which it relates. The tax impact attributable to each other item is outlined in note 15.

Other comprehensive income

Other comprehensive income relates to the remeasurement of the defined pension scheme, the associated deferred tax movement and the fair value gain on investments in equity instruments designated as fair value through other comprehensive income.

The defined benefit pension scheme was acquired as part of the net assets of Taylor Maxwell Group (2017) Limited in the prior year. Shortly afterwards, the Group entered into a buy-in insurance policy and is in the process of completing a buy-out, whereby the defined benefit pension liability will be transferred to an insurer. As such, the scheme related remeasurement and deferred tax movements are not considered to be part of the Group's underlying operations and have been reported separately from the Group's adjusted results. Further details of the scheme are disclosed in note 34.

The fair value change in investments in equity instruments designated as fair value through other comprehensive income is also not reflective of the Group's underlying trading performance and thus is not included in the Group's adjusted comprehensive income.

15. Tax on profit

The major components of the income tax expense are:

	2023 £'000	2022 £'000
Current tax		
UK current tax expense	**8,949**	6,730
Adjustments in respect of prior periods	**(319)**	(286)
Total current tax	**8,630**	6,444
Deferred tax		
Origination and reversal of temporary differences	**(1,800)**	(341)
Total tax on profit	**6,830**	6,103

Reconciliation of tax expense

The standard rate of corporation tax in the UK is 19% (2022: 19%). The charge for the year can be reconciled, to the standard rate applied to the profit before tax, as follows:

	2023 £'000	2022 £'000
Profit on ordinary activities before taxation	**34,527**	18,406
Tax on profit on ordinary activities at standard rate	**6,560**	3,497
Adjustments to current tax charge in respect of prior periods	**(319)**	(286)
Adjustments to deferred tax charge in respect of prior periods	**62**	69
Effect of expenses not deductible for tax purposes	**565**	311
Effect of changes in deferred and contingent consideration	**(1,004)**	542
Effect of remuneration under IFRS 3 not deductible for tax purposes	**1,042**	823
Effect of gain on acquisition	**(49)**	
Effect of capital allowances and depreciation	**(15)**	(64)
Effect of changes in UK tax rates	**10**	1,211
Effect of utilisation of tax losses	**99**	–
Effect of share options	**(121)**	–
Tax on profit	**6,830**	6,103

On 11 March 2021, the UK Government announced that the main rate of corporation tax in the United Kingdom would increase to 25%, with effect from April 2023. This change was substantively enacted during the prior year. Deferred tax assets and liabilities, previously recognised at 19%, were therefore remeasured at 25%. This change resulted in an increase of £1,211,000 in the deferred tax liability recognised at 31 March 2022.

The tax impact of the 'other' items outlined in note 14 and within the Consolidated Statement of Profit or Loss and Other Comprehensive Income is as follows:

	2023		2022	
	Other item £'000	Tax impact £'000	Other item £'000	Tax impact £'000
Amortisation of acquired intangible assets	**(8,399)**	**1,596**	(6,333)	1,203
Remeasurement of deferred tax liability associated with acquired intangibles	-	-	-	(1,158)
Impairment of goodwill	-	-	(16)	-
Acquisition costs	**(281)**	**23**	(1,139)	-
Re-financing costs	-	-	(97)	-
Earn-out consideration classified as remuneration under IFRS 3	**(5,483)**	-	(4,333)	-
Share-based payment expense (including employer NI)	**(1,567)**	**475**	(1,597)	346
Unwinding of discount on contingent consideration	**(2,891)**	-	(938)	-
Share of post-tax profit of equity accounted associates	**123**	-	55	-
Gain/(loss) on re-measurement of contingent consideration	**8,176**	-	(1,916)	-
Gain on acquisition	**256**	-	-	-
Total other items	**(10,066)**	**2,094**	(16,314)	391

15. Tax on profit (continued)

	2023		2022	
	Other item £'000	Tax impact £'000	Other item £'000	Tax impact £'000
Other comprehensive income/(loss)				
Remeasurements of defined benefit pension schemes	43	(11)	(1,970)	374
Fair value gain on investments in equity instruments designated as FVTOCI	10	-	53	-
Total other items in other comprehensive income/(loss)	53	(11)	(1,917)	374

The effective tax rate on other items was particularly low in the year to 31 March 2022 due to the remeasurement of deferred tax on acquired intangibles. Included within the income tax expense is a net credit of £45,000, comprising a tax credit of £1,203,000 in respect of the amortisation charge, with a charge of £1,158,000 offsetting this as a result of remeasuring the deferred tax liability due to the increase in UK tax rate from 19% to 25%.

16. Dividends

	2023 £'000	2022 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 March 2022 of 2.0400p per share (2022: for the year ended 31 March 2021 of 1.0850p per share)	6,111	3,236
Interim dividend for the year ended 31 March 2023 of 1.0100p per share (2022: for the year ended 31 March 2022 of 0.9600p per share)	3,032	2,866
Total dividends paid in the year	9,143	6,102

The Directors recommend that a final dividend for 2023 of 2.15p (2022: 2.04p) per ordinary share be paid.

The final dividend will be paid, subject to shareholders' approval at the Annual General Meeting, to shareholders on the register at the close of business on 25 August 2023. This dividend has not been included as a liability in these financial statements.

17. Earnings per share

Earnings per share (EPS) is calculated by dividing the profit for the year, attributable to ordinary equity holders of the parent, by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit for the year, attributable to ordinary equity holders, by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The calculation of basic and diluted earnings per share is based on the following data:

	2023			2022		
	Earnings £'000	Weighted average number of shares	Earnings per share (p)	Earnings £'000	Weighted average number of shares	Earnings per share (p)
Basic earnings per share	27,738	299,439,718	9.26	12,387	281,474,903	4.40
Effect of dilutive securities:						
Employee share options	-	5,403,747	-	-	5,512,650	-
Diluted earnings per share	27,738	304,843,465	9.10	12,387	286,987,553	4.32

Adjusted earnings per share and adjusted diluted earnings per share based on the adjusted profit attributable to the equity holders of the parent, as shown in the Adjusted column of the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Details of the Other items after tax, forming the difference between the statutory earnings above and adjusted earnings below, are outlined in note 14 of the financial statements.

	2023			2022		
	Earnings £'000	**Weighted average number of shares**	**Earnings per share (p)**	Earnings £'000	Weighted average number of shares	Earnings per share (p)
Adjusted basic earnings per share	**35,710**	**299,439,718**	**11.93**	28,310	281,474,903	10.06
Effect of dilutive securities:						
Employee share options	**-**	**5,403,747**	**-**	-	5,512,650	-
Adjusted diluted earnings per share	**35,710**	**304,843,465**	**11.71**	28,310	286,987,553	9.86

18. Property, plant and equipment

Group	Land and buildings (Restated) £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total (Restated) £'000
Cost					
At 1 April 2021	8,543	789	689	964	10,985
Additions	5,086	329	229	673	6,317
Acquisition through business combinations (Restated: note 22)	3,658	425	278	513	4,874
Disposals	-	(9)	(2)	(290)	(301)
At 31 March 2022 (As restated)	17,287	1,534	1,194	1,860	21,875
Additions	5,667	256	473	833	7,229
Acquisition through business combinations	27	-	162	13	202
Transferred from right of use assets	-	-	-	35	35
Disposals	(71)	(27)	(7)	(316)	(421)
At 31 March 2023	**22,910**	**1,763**	**1,822**	**2,425**	**28,920**
Depreciation					
At 1 April 2021	765	396	267	432	1,860
Charge for the year	422	200	248	273	1,143
On disposals	-	(9)	-	(175)	(184)
At 31 March 2022	1,187	586	515	530	2,818
Charge for the year	483	224	300	559	1,566
Transferred from right of use assets	-	-	-	20	20
On disposals	(63)	(18)	(7)	(179)	(267)
At 31 March 2023	**1,607**	**792**	**808**	**930**	**4,137**
Net book value					
At 31 March 2023	**21,303**	**971**	**1,014**	**1,495**	**24,783**
At 31 March 2022 (As restated)	16,100	948	679	1,330	19,057

Included within land and buildings is freehold land amounting to £2,479,000 (2022: £1,113,000) which is not depreciated.

Property, plant and equipment with a carrying value of £23,301,000 (2022: £17,715,000) is pledged as security for the Group's bank loan.

19. Investment property

Company	Investment property £'000
Cost	
At 1 April 2021	-
Additions	531
At 31 March 2022	531
Additions	1,520
At 31 March 2023	**2,051**
Depreciation	
At 1 April 2021 and 31 March 2022	-
Charge for the year	28
At 31 March 2023	**28**
Net book value	
At 31 March 2023	**2,023**
At 31 March 2022	531

The Company's investment properties are all used by its subsidiaries. The Group therefore has no investment property, with the properties included within Property, Plant and Equipment within the consolidated financial statements.

The Company recognises its investment properties at cost. One property was purchased at the end of the prior year. As such, no depreciation charge was incurred or recognised in the year to 31 March 2022.

Rental income of £198,000 (2022: £nil) is included within the individual company's profit for the year. The Company did not incur any direct operating expenses in respect of the properties during the year.

At both 31 March 2023 and 31 March 2022, there were no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal. There are also no contractual obligations to purchase, construct or develop investment property.

As all properties were acquired during the year or at the end of the prior financial year on commercial market terms, the Directors consider that the fair value of the properties at 31 March 2023 is not materially different to the cost value at which they are recorded in the financial statements.

20. Intangible assets

	Brands (Restated) £'000	Customer & supplier relationships (Restated) £'000	Other intangibles £'000	Goodwill (Restated) £'000	Total (Restated) £'000
Cost or valuation					
At 1 April 2021	8,336	28,020	4	49,969	86,329
Additions	–	–	488	–	488
Acquisition through business combinations (Restated: note 22)	15,185	37,263	–	27,579	80,027
At 31 March 2022 (As restated)	23,521	65,283	492	77,548	166,844
Additions	–	–	478	–	478
Acquisition through business combinations	1,700	5,502	–	2,240	9,442
At 31 March 2023	**25,221**	**70,785**	**970**	**79,788**	**176,764**
Amortisation and impairment					
At 1 April 2021	2,011	7,451	3	16	9,481
Charge for the year	1,559	4,774	63	–	6,396
Impairment	–	–	–	16	16
At 31 March 2022	3,570	12,225	66	32	15,893
Charge for the year	1,993	6,406	48	–	8,447
At 31 March 2023	**5,563**	**18,631**	**114**	**32**	**24,340**
Net book value					
At 31 March 2023	**19,658**	**52,154**	**856**	**79,756**	**152,424**
At 31 March 2022 (As restated)	19,951	53,058	426	77,516	150,951

The Company has no intangible assets.

Goodwill is reviewed annually for impairment. The economic climate continued to be volatile during the year and since the year end, with increased interest rates and fluctuations in inflation which rose significantly during the year before falling since the year end. This could give rise to an indication of potential impairment as outlined within the key sources of estimation uncertainty in note 4 of the financial statements. As such, impairment reviews have also been carried out in respect of other intangible assets and other non-financial assets, including property, plant and equipment and right of use assets.

The carrying amount of goodwill and impairment losses by segment are as follows:

	Bricks and Building Materials £'000	Importing £'000	Distribution £'000	Contracting £'000	Total £'000
At 1 April 2021 (Re-presented)	14,882	7,740	14,897	12,434	49,953
Recognised on acquisitions (Restated: note 22)	11,437	-	8,534	7,608	27,579
Impairment	(16)	-	-	-	(16)
At 31 March 2022 (As restated)	26,303	7,740	23,431	20,042	77,516
Recognised on acquisitions	-	2,240	-	-	2,240
At 31 March 2023	**26,303**	**9,980**	**23,431**	**20,042**	**79,756**

Impairment losses regarding goodwill are included within the depreciation and amortisation expense in the Statement of Profit or Loss and Other Comprehensive Income.

The carrying amount of goodwill is allocated to CGUs as follows:

	2023 £'000	2022 £'000
Brick-ability trading group	**12,845**	12,845
PVH trading group	**16,399**	16,399
HHG trading group	**12,690**	12,690
Taylor Maxwell trading group	**11,437**	11,437
HBS NE	**8,534**	8,534
Other CGUs	**17,851**	15,611
Total	**79,756**	77,516

The goodwill allocated to the Brick-ability trading group, PVH trading group, HHG trading group, Taylor Maxwell trading group and HBS NE CGUs is considered significant in comparison with the Group's total carrying amount of goodwill. CGUs within the Other CGU category each represent between 0.02% and 5.04% of the total goodwill and relate to the business operations of entities acquired during the current and previous years. CGU's representing more than 10% of the total goodwill are considered to be significant to the Group.

The recoverable amount is the higher of fair value less costs of disposal (FVLCD) and value in use (VIU). The Group estimates the recoverable amount of each significant CGU, using a VIU model by projecting cash flows for the next three years together with a terminal value using a long-term growth rate. The key assumptions underpinning the recoverable amounts of the CGUs tested for impairment are forecast revenues and EBITDA, upon which the forecast cash flows are based, the long-term growth rates and the discount rates applied to the forecast cash flows.

Revenue and EBITDA forecast in the impairment models are based on management's past experience and future expectations of performance. The projections also consider the ongoing uncertainty in the market, with assumptions for future trade supported by actual trends and previous performance. The growth rate and discount rate applied for each CGU is as follows:

	Growth rate		Discount rate	
	2023 %	2022 %	**2023 %**	2022 %
Brick-ability trading group	**2.0**	2.0	**12.7**	11.8
PVH trading group	**2.0**	2.0	**15.0**	11.8
HHG trading group	**2.0**	2.0	**12.7**	11.8
Taylor Maxwell trading group	**2.0**	2.0	**12.7**	11.8
HBS NE	**2.0**	2.0	**23.3**	23.6
Other CGUs	**2.0**	2.0	**12.7 - 17.5**	11.8

20. Intangible assets (continued)

The long-term growth rates used to extrapolate the cash flow projections beyond the initial three-year period do not exceed the average long-term growth rates for the relevant markets. The discount rates applied are derived from the CGU's weighted average cost of capital (WACC), by reference to comparable quoted company data. Inputs into the calculation of the discount rates reflect the risks associated with the CGU's size and industry within which it operates. A growth risk factor of 5% (2022: 10%) has also been incorporated into the discount rate for HBS NE given the company was relatively recently formed and there being a significant level of growth anticipated during the forecast period, due to changes in renewable energy legislation. Risk-free rates included within the discount rate calculations are obtained from observable market rates.

The impairment loss of £16,000 in the prior period related to goodwill held in a subsidiary and is included within the Other CGU total above. This goodwill arose following incorporation of that subsidiary and acquisition of the business previously operating as a partnership. Given the age of the goodwill asset, management no longer considered that economic benefits generated by that subsidiary are attributable to this asset. Its carrying amount was therefore written down to £nil, based on its value in use.

Sensitivity
The total recoverable amount in respect of goodwill arising on consolidation, other intangibles and other non-financial assets, as assessed by management using the above assumptions, is greater than the carrying amount. No further impairment loss has therefore been recorded, in either the current or previous year.

The projections used in the impairment reviews have also been sensitised. Management considers it not reasonably possible for the assumptions to change so significantly as to eliminate the excess level of headroom for any of the significant CGUs, with EBITDA required to fall to between 28.53% and 76.34% of forecasted results or the discount rate required to increase by between 5.95% and 64.39% in order for there to be an impairment.

If there were to be a drop in forecast EBITDA of 20%, the carrying amount of all non-current assets for three CGUs within the 'Other CGUs' category may exceed the CGU's recoverable amount. Should EBITDA fall by 20%, there would be a decrease in the VIU of £ 6,279,000 which may result in an impairment of £1,391,000.

21. Subsidiaries

Company

Shares in group undertakings	2023 £'000	2022 £'000
Cost and carrying value		
At 1 April	**57,572**	6,542
Additions	**1,148**	51,030
At 31 March	**58,720**	57,572

An addition of £1,148,000 (2022: £956,000) was recognised in the year in respect of the company issuing share options to employees of its subsidiaries, which are the receiving entities of the associated employee services.

At the reporting date, the Company had the following subsidiary undertakings, all of which are included in these consolidated financial statements:

Subsidiary	Country of operation and incorporation	Class of share held	Proportion of shares held 2023	Proportion of shares held 2022
Brickability Enterprises Holding Limited	England and Wales	Ordinary	100%	100%
Brickability Enterprises Investments Limited	England and Wales	Ordinary	100%	100%
Brickability UK Holdings Limited (1)	England and Wales	Ordinary	100%	100%
Brick-ability Ltd. (2)	England and Wales	Ordinary	100%	100%
Brick Services Limited (2)	England and Wales	Ordinary	100%	100%
The Matching Brick Company Limited (2)	England and Wales	Ordinary	100%	100%
Brick-Link Limited (2)	England and Wales	Ordinary	100%	100%
Plansure Building Products Limited (2)	England and Wales	Ordinary	100%	100%
P V H Holdings Limited (1)	England and Wales	Ordinary	100%	100%
Crest Brick Slate & Tile Limited (3)	England and Wales	Ordinary	100%	100%
Crest Roofing Limited (3)	England and Wales	Ordinary	100%	100%
Crown Roofing (Centres) Limited (5)	England and Wales	Ordinary	100%	100%
Excel Roofing Services Limited (5)	England and Wales	Ordinary	100%	100%
Hamilton Heating Group Limited (1)	England and Wales	Ordinary	100%	100%

Subsidiary	Country of operation and incorporation	Class of share held	Proportion of shares held 2023	Proportion of shares held 2022
Towelrads.com Limited (6)	England and Wales	Ordinary	100%	100%
Radiatorsonline.com Ltd (6)	England and Wales	Ordinary	100%	100%
Frazer Simpson Limited (1)	England and Wales	Ordinary	100%	100%
FSN Doors Limited (1)	England and Wales	Ordinary	100%	100%
DSH Flooring Limited (6)	England and Wales	Ordinary	100%	100%
CPG Building Supplies Limited (1)	England and Wales	Ordinary	100%	100%
The Bespoke Brick Company Limited (1)	England and Wales	Ordinary	100%	100%
The Brick Slip Business Limited (1)	England and Wales	Ordinary	100%	100%
Brickmongers (Wessex) Ltd (2)	England and Wales	Ordinary	100%	100%
LBT Brick & Facades Limited (2)	England and Wales	Ordinary	100%	100%
McCann Roofing Products Limited (4)	England and Wales	Ordinary	100%	100%
U Plastics Limited (1)	England and Wales	Ordinary	100%	100%
Bathroom Barn Limited (7)	England and Wales	Ordinary	100%	100%
McCann Logistics Ltd (3)	England and Wales	Ordinary	100%	100%
Forum Tiles Limited (8)	England and Wales	Ordinary	75%	75%
Taylor Maxwell Group (2017) Limited (9)	England and Wales	Ordinary	100%	100%
Taylor Maxwell Group Limited (10)	England and Wales	Ordinary	100%	100%
Taylor Maxwell Holdings Limited (11)	England and Wales	Ordinary	100%	100%
Taylor, Maxwell & Co Limited (12)	England and Wales	Ordinary	100%	100%
Taylor Maxwell Timber Limited (13)	England and Wales	Ordinary	100%	100%
The Vobster Cast Stone Company Limited (12)	England and Wales	Ordinary	100%	100%
SBS Cladding Ltd (13)	England and Wales	Ordinary	100%	100%
Pacific Lumber Services (UK) Limited (14)	England and Wales	Ordinary	100%	100%
Timber Marketing Corporation Limited (14)	England and Wales	Ordinary	100%	100%
Taymax Independent Plywood Limited (14)	England and Wales	Ordinary	100%	100%
Michael Douglas & Co Limited (12)	England and Wales	Ordinary	100%	100%
Taylor Maxwell Timber Consolidated Limited (12)	England and Wales	Ordinary	100%	100%
Proctor & Lavender Brick Distributors Limited (13)	England and Wales	Ordinary	100%	100%
Taylor Maxwell Hardwoods Limited (12)	England and Wales	Ordinary	100%	100%
Taylor Maxwell (International) Limited (14)	England and Wales	Ordinary	100%	100%
Taymax Forest Products Limited (14)	England and Wales	Ordinary	100%	100%
Added Value Timber Products Limited (14)	England and Wales	Ordinary	100%	100%
Leadcraft Limited (15)	England and Wales	Ordinary	100%	100%
Rangeley Holdings Limited (1)	England and Wales	Ordinary	100%	100%
HBS NE Limited (1)	England and Wales	Ordinary	100%	100%
HBS NE Two Limited (17)	England and Wales	Ordinary	100%	100%
Whiffen Holdings Limited (1)	England and Wales	Ordinary	100%	100%
Beacon Roofing Limited (16)	England and Wales	Ordinary	100%	100%
Modular Clay Products Ltd (1)	England and Wales	Ordinary	100%	-
E. T. Clay Products Limited (1)	England and Wales	Ordinary	100%	-
Heritage Clay Tiles Limited (1)	England and Wales	Ordinary	100%	-

(1) Wholly owned by Brickability Enterprises Investments Limited.

(2) Wholly owned by Brickability UK Holdings Limited.

(3) Wholly owned by P V H Holdings Limited.

21. Subsidiaries (continued)

(4) Wholly owned by Crest Brick Slate & Tile Limited.
(5) Wholly owned by Crest Roofing Limited.
(6) Wholly owned by Hamilton Heating Group Limited.
(7) Wholly owned by Towelrads.com Limited.
(8) 75% owned by Towelrads.com Limited.
(9) Wholly owned by Brickability Group PLC.
(10) Wholly owned by Taylor Maxwell Group (2017) Limited.
(11) Wholly owned by Taylor Maxwell Group Limited.
(12) Wholly owned by Taylor Maxwell Holdings Limited.
(13) Wholly owned by Taylor, Maxwell & Co Limited.
(14) Wholly owned by Taylor Maxwell Timber Limited.
(15) Wholly owned by Rangeley Holdings Limited.
(16) Wholly owned by Whiffen Holdings Limited.
(17) Wholly owned by HBS NE Limited.

Forum Tiles Limited was incorporated in January 2021, with the Group owning 75% of the issued share capital. The non-controlling interest is not material to the Group and thus no further disclosure is included in respect of the profit or loss allocated to non-controlling interests.

By virtue of section 479A of the Companies Act 2006, the following subsidiaries are exempt from the requirements relating to the audit of individual accounts, with the ultimate parent company, Brickability Group PLC, providing a guarantee for these companies under section 479C:

Subsidiary	Company number
Brickability Enterprises Holding Limited	10332050
Brickability Enterprises Investments Limited	10332505
Brickability UK Holdings Limited	07805178
Brick-ability Ltd.	01972562
Brick Services Limited	03719911
The Matching Brick Company Limited	02530773
Brick-Link Limited	02245364
Plansure Building Products Limited	06016447
P V H Holdings Limited	02484708
Crest Brick Slate & Tile Limited	03633185
Crest Roofing Limited	02487387
Crown Roofing (Centres) Limited	02828966
Excel Roofing Services Limited	03595977
Hamilton Heating Group Limited	09921801
Towelrads.com Limited	04906064
Radiatorsonline.com Ltd	10757797
Frazer Simpson Limited	06838234
FSN Doors Limited	07304174
DSH Flooring Limited	08209834
CPG Building Supplies Limited	02937329
The Bespoke Brick Company Limited	08723889
The Brick Slip Business Limited	09707800

Subsidiary	Company number
Brickmongers (Wessex) Ltd	06944174
LBT Brick & Facades Limited	02545642
McCann Roofing Products Limited	08732318
U Plastics Limited	05110347
McCann Logistics Ltd	01403830
Forum Tiles Limited	13134891
Taylor Maxwell Group (2017) Limited	10596770
Taylor Maxwell Group Limited	05726000
Taylor Maxwell Holdings Limited	01913316
Taylor, Maxwell & Co Limited	00476749
Taylor Maxwell Timber Limited	01295681
The Vobster Cast Stone Company Limited	00843928
SBS Cladding Ltd	07607128
Leadcraft Limited	03839874
Rangeley Holdings Limited	10476725
HBS NE Limited	13451727
Whiffen Holdings Limited	07804032
Beacon Roofing Limited	02830038
Modular Clay Products Ltd	06471686
E. T. Clay Products Limited	03373142
Heritage Clay Tiles Limited	05044301

The Directors believe that the likelihood of the guarantee being called upon is remote, based on the above subsidiaries either being intermediate parents within the Group, with primarily just Group debt balances, or considered low risk.

22. Business combinations

The Group acquired the entire share capital and 100% of the voting rights in the following companies during the year:

Company acquired	Acquisition date
Modular Clay Products Ltd	31 May 2022
E. T. Clay Products Limited	30 September 2022
Heritage Clay Tiles Limited	30 September 2022

The fair value of the assets acquired and liabilities assumed on acquisition are as follows:

	Modular Clay Products Ltd £'000	E. T. Clay Products Limited £'000	Heritage Clay Tiles Limited £'000
Property, plant and equipment	16	157	29
Right of use assets	28	792	305
Identifiable intangible assets (note 20)	3,810	3,083	309
Inventory	164	2,838	1,172
Trade and other receivables	2,888	8,651	1,732
Cash and cash equivalents	4,205	627	(156)
Trade and other payables	(2,104)	(5,604)	(2,864)
Current income tax	(514)	(858)	-
Lease liabilities	(28)	(792)	(305)
Provisions	-	(27)	(5)
Deferred tax	(926)	(792)	(16)
Total identifiable net assets	7,539	8,075	201
Goodwill	-	1,630	610
Gain on acquisition (note 13)	(256)	-	-
Total consideration	7,283	9,705	811
Satisfied by:			
Cash paid	7,283	8,662	729
Contingent consideration (note 35)	-	1,043	82
Total consideration	7,283	9,705	811

Cash paid reflects an initial cash payment agreed in respect of the value attributed to the business, based on a multiple of Adjusted EBITDA, plus any further amounts paid in respect of excess working capital, including any surplus cash, based on agreed form completion accounts.

The Group acquired each of the above subsidiaries in order to expand its presence in the specification market and further broaden the Group's access to overseas manufacturers, whilst enhancing the range of products that can be offered to its customers.

The fair value of identifiable intangible assets acquired through business combinations relate to brands and customer relationships.

The fair value of brands is based on a relief from royalty method, with a royalty rate of 0.75% to 1% applied based on comparable businesses in the market, reflecting the size of the entities acquired. The fair value of customer relationships is established using a multi-period excess earnings method, with discount rates of between 13% and 22% applied to the acquisitions in the year. Projected cashflows that underpin the valuations are based on management's best estimate of the expected levels of trade and profits following acquisition, taking into account actual results around the time of acquisition. Forecasts are prepared for a three-year period, with an inflationary 2% growth in revenue applied thereafter.

Any excess paid over the value of net assets acquired is included as goodwill. Goodwill principally comprises the value of expected synergies arising from the acquisitions and the value of the assembled workforce. None of the goodwill is expected to be deductible for tax purposes.

A gain has arisen on the acquisition of Modular Clay Products Ltd, which is recognised within the Fair Value Gains/(Losses) line in the Consolidated Statement of Profit or Loss and Other Comprehensive Income (note 13). The Group does not consider the acquisition to be a bargain purchase commercially. Further amounts are expected to be payable to the seller depending on future performance. However, these amounts are recognised as remuneration for post business combination services, as outlined in the following Contingent Consideration section. Due to this component of consideration being accounted for as remuneration, the fair value of identifiable net assets acquired exceeds the consideration under IFRS 3. The gain has therefore arisen as a result of accounting treatments, with IFRS 3 requiring the gain to be credited to profit or loss on acquisition.

22. Business combinations (continued)

Included within the fair value of trade and other receivables above are the following gross contractual amounts due and amounts not expected to be collected in respect of trade receivables:

	Modular Clay Products Ltd £'000	E. T. Clay Products Limited £'000	Heritage Clay Tiles Limited £'000
Gross contractual trade receivables	2,363	5,482	1,021
Amounts not expected to be collected	(7)	(5)	-
Fair value of contractual receivables	2,356	5,477	1,021

Included in the consolidated financial statements are the following amounts of revenue and profit in respect of the subsidiaries acquired:

	Modular Clay Products Ltd £'000	E. T. Clay Products Limited £'000	Heritage Clay Tiles Limited £'000
Revenue	11,119	14,728	2,458
Net profit	1,637	618	122

Had the current year business combinations taken place at the beginning of the financial year, the Group's revenue for the year would have been £706,624,000 (2022: £617,122,000) and Group profit would have been £30,332,000 (2022: £15,507,000).

Acquisition related costs, included in administrative expenses (note 14), amounted to £259,000 in respect of the above acquisitions, as follows:

	Modular Clay Products Ltd £'000	E. T. Clay Products Limited £'000	Heritage Clay Tiles Limited £'000
Acquisition costs	100	133	26

Business combinations completed in prior periods

Whiffen Holdings Limited and Beacon Roofing Limited

The Group acquired 100% of the share capital and voting rights in Whiffen Holdings Limited and its subsidiary, Beacon Roofing Limited (together the 'Whiffen Holdings Group'), on 31 March 2022. As disclosed in the 2022 financial statements, due to the timing of the acquisition the value of the identifiable net assets was included on a provisional basis pending a detailed assessment of the fair value of the contingent consideration and all identifiable net assets.

Details of the revised fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

	Book value originally reported £'000	Adjustment £'000	Restated fair value £'000
Property plant and equipment	709	502	1,211
Identifiable intangible assets	-	2,255	2,255
Inventory	45	-	45
Trade and other receivables	2,476	-	2,476
Cash and cash equivalents	741	-	741
Trade and other payables	(1,206)	-	(1,206)
Current income tax liabilities	(365)	-	(365)
Provisions	(76)	-	(76)
Deferred tax	(73)	(675)	(748)
Total identifiable net assets	2,251	2,082	4,333
Goodwill	5,968	(1,889)	4,079
Total consideration	8,219	193	8,412
Satisfied by:			
Cash paid	5,371	-	5,371
Deferred cash consideration	1,676	-	1,676
Contingent consideration	1,172	193	1,365
Total consideration	8,219	193	8,412

Had the full fair value assessment been carried out prior to announcing the annual results to 31 March 2022, the financial statements would have differed as follows:

- The cost of property, plant and equipment would have been £502,000 higher, with a corresponding decrease in goodwill.
- Intangible assets of £2,255,000 and a related deferred tax liability of £675,000 would have also been recognised, with a corresponding net decrease in goodwill.
- The contingent consideration liability on acquisition would have been £193,000 higher, with a corresponding increase in goodwill.
- As the acquisition took place on the final day of the financial year, there is no impact on the profit or loss reported for the year ended 31 March 2022.

The March 2022 comparatives have been restated in these financial statements to reflect the above changes.

Under paragraph 10(f) of IAS 1 Presentation of financial statements, a prior period restatement would usually require the presentation of a third balance sheet at 1 April 2021. However, as the restatement of the provisional fair values would have no impact on the balance sheet at that date, it is not considered that this would provide additional useful information. As such, a third consolidated balance sheet has not been included within these financial statements due to prior period business combinations.

Contingent consideration

The Group has entered into contingent consideration arrangements during the purchase of several subsidiaries. Final amounts payable under these agreements are all subject to future performance and the acquired business achieving pre-determined adjusted EBITDA targets, over the three years following acquisition, with the exception of HBS NE Limited which is over five years.

The fair value of all contingent consideration is based on a discounting cash flow model, applying a discount rate of between 1.7% and 23.6% to the expected future cash flows.

Summarised below are the fair values of the contingent consideration at both acquisition and reporting date, the potential undiscounted amount payable and the discount rates applied within the discounting cash flow models, for each acquisition where contingent consideration arrangements remain in place.

Company acquired	Discount rate	Fair value at acquisition £'000	Fair value at reporting date 2023 £'000	Fair value at reporting date 2022 £'000	Undiscounted amount payable 2023 £'000	Undiscounted amount payable 2022 £'000
The Bespoke Brick Company Limited	4.9%	-	-	675	-	686
Brickmongers (Wessex) Ltd	4.8%	138	-	87	-	89
U Plastics Limited	3.5%	2,208	962	2,092	964	2,164
Bathroom Barn Limited	1.7%	231	108	166	110	170
McCann Logistics Ltd	1.7%	889	1,324	1,597	1,330	1,628
Taylor Maxwell Group (2017) Limited	4.1%	-	390	422	406	435
SBS Cladding Limited	4.1%	1,845	1,464	1,804	1,500	1,900
Leadcraft Limited	10.4%	722	964	795	1,128	1,028
HBS NE Limited	16.1% -	10,069	3,901	10,770	6,998	22,188
	23.6%					
Beacon Roofing Limited*	13.0%	1,365*	2,355	1,365*	2,802	1,885*
E. T. Clay Products Limited	16.0%	1,043	2,433	-	3,210	-
Heritage Clay Tiles Limited	20.0%	82	193	-	270	-

* 2022 and acquisition values restated following completion of fair value assessment of total consideration payable and net assets acquired as noted above.

The potential undiscounted amount payable in respect of E. T. Clay Products Limited and Heritage Clay Tiles Limited ranges from £nil to £3,480,000. In respect of prior period acquisitions, the undiscounted amount payable for U Plastics Limited ranges from £572,000 to £1,200,000 (2022: £246,000 to £2,400,000) and the amount payable for SBS Cladding Limited ranges from £500,000 to £2,000,000 (2022: £nil to £2,000,0000). It is not possible to determine a range of outcomes for other acquisitions as the arrangements do not contain a maximum payable.

Changes in the range of outcomes are due to amounts paid or payable being determined during the year as milestones within the performance period are met.

22. Business combinations (continued)

The acquisition of Taylor Maxwell Group (2017) Limited is also subject to further payments depending on future performance, ranging from £nil to £13,000,000, over the three years following acquisition. Based on current interpretation guidance concerning contingent payments to employees under IFRS 3, the earn-out amounts payable are recognised in profit or loss over the earn-out period as remuneration costs. This is due to the inclusion of a 'bad leaver' clause in the share purchase agreement, under which the earn-out consideration payment is forfeited. The earn-out consideration is therefore deemed to effectively be contingent on the continued employment of the seller and the seller not being considered a 'bad leaver'. The anticipated total amount payable, however, is not expected to change due to other clauses and payment terms within the share purchase agreement. A charge of £4,333,000 has been recognised in the year in respect of this earn-out consideration, presented within other administrative expenses (note 14).

Similarly, the acquisition of Modular Clay Products Ltd is also subject to further amounts payable depending on future performance over the three years following acquisition, which are recognised as remuneration due to a 'good leaver' clause within the share purchase agreement. It is not possible to determine a range for these future payments as the agreement does not contain a maximum payable. A charge of £1,150,000 has been recognised in the year in respect of this earn-out consideration, presented within other administrative expenses (note 14).

Changes in amounts recognised in respect of contingent consideration can be reconciled as follows:

Company acquired	Fair value at 31 March 2022 £'000	Additions through business combinations £'000	Finance expense (note 12) £'000	Fair value (gain)/loss (note 13) £'000	Settlement £'000	Fair value at 31 March 2023 £'000
U Plastics Limited	2,092	-	47	(1,177)	-	962
McCann Logistics Ltd	1,597	-	26	(124)	(175)	1,324
SBS Cladding Limited	1,804	-	60	100	(500)	1,464
HBS NE Limited	10,770	-	2,352	(9,221)	-	3,901
Beacon Roofing Limited	1,365	-	178	812	-	2,355
E. T. Clay Products Limited	-	1,043	80	1,310	-	2,433
Other business combinations	2,146	82	111	124	(808)	1,655

During the year, a gain of £9,221,000 was recognised in respect of HBS NE Limited. Upon acquisition, significant growth was forecast with an anticipated increase in revenues and profits due to the introduction of Part L and Part S renewable energy legislation, which requires new homes within the UK to reduce their carbon footprint.

The application of this legislation by housebuilders has taken longer than initially anticipated. This, together with a forecast slowdown of the housing market compared to prior years, is expected to delay the period over which HBS NE will benefit from the new legislation and achieve the forecast growth. As a result, an element of the projected future growth is now expected to fall outside of the performance period under which the contingent consideration payable is assessed.

In the case of U Plastics Limited, focus has continued to be on the acquisition and opening of additional branches. Profit levels achieved in the period immediately following acquisition have therefore not been as high as originally anticipated due to the timing of development and opening of these branches. As such, there has been a fair value gain of £1,177,000 recognised in the year.

Beacon Roofing Limited has performed well following acquisition, with results exceeding initial expectations. During the year, the company gained new business from a competitor that entered administration which has contributed to their strong performance. Consequently, the contingent consideration expected to be payable in relation to this acquisition is expected to increase, resulting in a fair value loss of £812,000.

The fair value loss for E. T. Clay Products Limited of £1,310,000 has arisen as a result of forecast results at the year end, from which the year-end expected contingent consideration payable has been derived, exceeding the initial expectations on acquisition. The company was acquired on 30 September 2022, when the economic environment was particularly volatile with high inflation and interest rates on the rise. In the second half of the financial year, whilst interest rates have continued to rise, inflation has started to fall and economic conditions stabilise, with the expectation that any recession or downturn in the UK would not be as severe as originally thought.

Other fair value gains and losses in the year also reflect changes in performance and/ or anticipated profits compared to those originally forecast at the end of the prior year or on acquisition.

A sensitivity in respect of the inputs into the discounted cash flow model, determining the contingent consideration, is outlined in note 35.

23. Associates

At the reporting date, the Group had the following associated undertaking, which is included in the consolidated financial statements using the equity method:

Associate	Country of operation and incorporation	Class of share held	Proportion of shares held
Apex Brickcutters Limited	England and Wales	Ordinary	50%

Interest in associates	**2023 £'000**	2022 £'000
At 1 April	**261**	221
Dividends received from associates	**(60)**	(15)
Share of profit	**123**	55
At 31 March	**324**	261

Aggregate information of associates that are not individually material	**2023 £'000**	2022 £'000
Group's share of profit from continuing operations	**123**	55
Group's share of other comprehensive income	**-**	-
Group's share of total comprehensive income	**123**	55

Investments in associates are not attributed to the Group's reportable segments. No impairment loss has been recognised in either the current or prior year.

24. Joint Ventures

At the reporting date, the Group had the following associated undertaking, which is included in the consolidated financial statements using the equity method:

Joint Venture	Country of operation and incorporation	Class of share held	Proportion of shares held
Schermbecker Building Products GmbH	Germany	Ordinary	50%

Interest in joint ventures	**2023 £'000**	2022 £'000
At 1 April	**279**	-
Additions	**442**	428
Share of loss	**(721)**	(149)
At 31 March	**-**	279

During the prior year, the Group acquired 50% of the share capital in Schermbecker Building Products GmbH, a tile manufacturer in Germany. The joint venture company was not fully trading at the reporting date and incurred only a nominal level of set up costs in the prior year. It was therefore not considered material to the group.

The Group made a further capital investment of €500,000, equating to £442,000, during the year.

The Group also issued a loan of €3,450,000 to the joint venture, which equated to a balance of £3,033,000 at the year end (note 27). The loan is repayable by 30 June 2025 and carries interest, payable monthly, at a rate of 3% above the Bank of England base rate.

The Group has performed an ECL review in accordance with IFRS 9 and carried out an impairment review on its investment in the joint venture.

The joint venture's performance has been below that initially expected due to delays in becoming fully operational as a result of increased gas prices in Europe and delays in obtaining necessary plant and machinery to facilitate tile production. The joint venture is, however, expected to trade profitably in the near future.

24. Joint Ventures (continued)

Summarised financial information in relation to the joint venture is presented below:	**2023 £'000**	2022 £'000
Current assets	**2,586**	809
Non-current assets	**2,732**	1,355
Current liabilities	**2,575**	1,619
Non-current liabilities	**3,033**	-
Included in the above amounts are:		
Cash and cash equivalents	**382**	120
Current financial liabilities (excluding trade and other payables and provisions)	**-**	-
Non-current financial liabilities (excluding trade and other payables and provisions)	**3,033**	-
Net (liabilities)/assets (100%)	**(290)**	544
Group share of net (liabilities)/assets (50%)	**(145)**	272
Year ended 31 March		
Revenue	**4,487**	84
Loss from continuing operations	**(1,699)**	(297)
Post-tax profit or loss from discontinued operations	**-**	-
Other comprehensive income	**-**	-
Total comprehensive loss	**(1,699)**	(297)
Group share of total comprehensive loss (50%)	**(849)**	(149)
Dividends received by Group from joint venture	**-**	-
Included in the above amounts are:		
Depreciation and amortisation	**196**	31
Interest income	**-**	-
Interest expense	**165**	-
Income tax expense	**1**	-

Reconciliation between above summarised financial information and the carrying amount of investments in equity accounted joint ventures	**2023 £'000**	2022 £'000
Net (liabilities)/assets of joint venture	**(290)**	544
Group's share of net (liabilities)/assets	**(145)**	272
Group's share of loss not recognised	**128**	-
Cumulative effect of foreign exchange translation	**17**	7
Carrying amount of investment in joint venture	**-**	279

25. Investments

Investments in equity instruments at fair value through other comprehensive income	2023 £'000	2022 £'000
Non-current		
At 1 April	**178**	125
Change in fair value recognised in OCI	**10**	53
At 31 March	**188**	178

At the year end, the Group held an investment of 14.46% (2022: 12.5%) in Lendwell Holdings Limited. The change in shareholding percentage follows Lendwell Holdings buying back a number of shares held by other investors.

The equity investments are not held for trading and thus the Group made an irrevocable election to classify the equity instruments at fair value through other comprehensive income as it is considered more appropriate for this nature of investment.

The fair value is based on the Group's share of the net assets of the entity in which it has the investment, under a cost approach. The investment is in an unquoted entity but the fair value of the assets and liabilities are not expected to be significantly different to the carrying value. As the net asset value is observable, it is considered to be at level 2 of the fair value hierarchy.

Since the year end, the Group agreed to sell its share of Lendwell Holdings to the majority shareholder (see note 41). The amount recovered from this transaction is consistent with the carrying value of the investment.

26. Inventories

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Goods for resale	**33,159**	28,120	**-**	-

27. Trade and other receivables

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Current				
Trade receivables	**118,598**	123,263	**-**	-
Less allowance for expected credit loss	**(1,699)**	(854)	**-**	-
	116,899	122,409	**-**	-
Amounts owed by group undertakings	**-**	-	**1,893**	3,066
Prepayments and accrued income	**5,092**	6,242	**9**	-
Other receivables	**3,612**	2,551	**-**	105
	125,603	131,202	**1,902**	3,171
Non-current				
Trade receivables	**578**	1,023	**-**	-
Loan to joint venture (note 24)	**3,033**	-	**-**	-
Amounts owed by group undertakings	-	-	**153,527**	116,883
	3,611	1,023	**153,527**	116,883
	129,214	132,225	**155,429**	120,054

Included within Prepayments and accrued income for the Group is an amount of £768,000 (2022: £1,987,010) in relation to supplier rebates receivable at the year end.

Non-current trade receivables for the Group relate to retentions payable after one year, in connection with contracting services.

Trade receivables are non-interest bearing. The allowance for credit losses has been determined by reference to past default experience and a review of specific customers' debts at the year end. The Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. Trade receivables are written off when there is no reasonable expectation of recovering the amounts due, for example when a customer has entered liquidation.

27. Trade and other receivables (continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments that have similar credit risk and loss patterns, for example by customer type, size or credit rating. The concentration of credit risk is limited due to the customer base being large and unrelated.

The provision matrix is initially based on the Group's historical observed default rates over the previous 2 years. The Group will then adjust the historical loss rate to take into account forward-looking information, for example when forecast economic conditions, such as gross domestic product or unemployment rates, are expected to deteriorate. At each reporting date, the historical default rates are updated and forward-looking estimates re-assessed.

The Group's ECL rate has increased due to there being greater uncertainty in the market, following an increase in inflation and interest rates, which have a subsequent impact on mortgages and the construction and housebuilding sectors. The forward-looking estimates applied have considered the ongoing impact of economic challenges and the potential future risk of loss, also taking into account any known cases of default that have occurred since the 2 year period on which the historical rate is initially calculated.

The Group maintains credit insurance for its main customer accounts within the Bricks and Building Materials division, which will mitigate some of this risk. Details of the Group's credit exposure are included in note 35.

Set out below is the risk profile of trade receivables and contract assets based on the Group's provision matrix. Any reasonable change in rates applied would not result in a material adjustment to the expected credit loss recognised.

	Trade Receivables Days past due					
31-Mar-23	**Current £'000**	**< 30 days £'000**	**30-60 days £'000**	**61-90 days £'000**	**>91 days £'000**	**Total £'000**
Expected credit loss rate	**0.33%**	**0.51%**	**1.44%**	**24.83%**	**14.35%**	
Gross carrying amount	**70,463**	**35,829**	**5,359**	**1,164**	**6,361**	**119,176**
Expected credit loss	**236**	**184**	**77**	**289**	**913**	**1,699**

	Trade Receivables Days past due					
31-Mar-22	**Current £'000**	**< 30 days £'000**	**30-60 days £'000**	**61-90 days £'000**	**>91 days £'000**	**Total £'000**
Expected credit loss rate	0.07%	0.10%	0.92%	8.26%	15.69%	
Gross carrying amount	73,169	39,465	6,077	2204	3,371	124,286
Expected credit loss	49	38	56	182	529	854

Movement in the allowance for expected credit losses	**2023 £'000**	2022 £'000
Balance at the beginning of the year	**854**	358
Increase in loss allowance arising from acquisitions	**12**	402
Impairment losses recognised	**1,611**	450
Amounts written off as uncollectible	**(778)**	(356)
	1,699	854

28. Cash and cash equivalents

	Group		Company	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Cash and cash equivalents	**21,645**	25,028	**-**	372

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates to their fair value.

29. Trade and other payables

	Group		Company	
	2023 £'000	2022 (Restated) £'000	**2023 £'000**	2022 £'000
Current				
Trade payables	**83,262**	92,839	**-**	6
Amounts owed to group undertakings	**-**	-	**45,294**	10,926
Accruals and deferred income	**22,121**	24,378	**576**	1,122
Other taxation and social security	**9,852**	9,810	**22**	-
Deferred and contingent consideration	**7,762**	6,544	**1,531**	1,563
Other payables	**8,422**	6,475	**4,333**	4,333
	131,419	140,046	**51,756**	17,950
Non-current				
Accruals and deferred income	**191**	342	**67**	108
Deferred and contingent consideration	**8,647**	17,568	**-**	-
Other payables	**754**	-	**-**	-
	9,592	17,910	**67**	108
	141,011	157,956	**51,823**	18,058

Trade payables are non-interest bearing and principally comprise amounts outstanding for trade purchases and ongoing costs. The Group's policy is to pay all payables within its pre-agreed credit terms, which, for the majority of suppliers, is a period of 30 days. The Directors consider that the carrying amount of trade payables approximates to their fair value.

30. Loans and borrowings

	Group		Company	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Current				
Overdrafts	**12,624**	-	**6,885**	-
	12,624	-	**6,885**	-
Non-current				
Bank loans	**16,800**	24,240	**16,800**	24,240
	16,800	24,240	**16,800**	24,240
Total loans and borrowings	**29,424**	24,240	**23,685**	24,240

The Directors consider that the carrying amount of loans and borrowings approximates to their fair value. Non-current bank loans comprise a principal loan value of £17,000,000 (2022: £24,600,000) less arrangement fees of £200,000 (2022: £360,000), which are amortised over the term of the loan.

The Group has a revolving credit facility of £60,000,000, including an ancillary carve out of a £5,000,000 overdraft, which runs to December 2024. The revolving facility bears interest at a variable rate based on the SONIA. At the reporting date, interest was charged at a rate of 1.9% above the adjusted SONIA interest rate benchmark.

During the year, the Group entered into a notional pool agreement, whereby certain cash balances within the Group are entitled to be offset, providing the overall overdrawn balance does not exceed the £5,000,000 facility limit. The Company's overdraft balance at the year-end is a result of the timing of cash transfers within the Group and funds being transferred from the Group's central facility.

The bank loans are secured by a fixed charge over the Group's properties and floating charges over the remaining assets of the Group, including all property, investments and assets of the Company's subsidiary undertakings. A guarantee has also been provided by certain trading subsidiaries.

31. Leases

Group as lessee

Right of use assets

	Land and buildings £'000	Plant and vehicles £'000	Equipment £'000	Total £'000
Cost				
At 1 April 2021	7,192	2,637	181	10,010
Additions	387	2,939	6	3,332
Acquisition through business combinations	3,031	79	-	3,110
Disposals	(94)	(83)	-	(177)
At 31 March 2022	10,516	5,572	187	16,275
Additions	6,227	2,630	102	8,959
Acquisition through business combinations	1,016	110	-	1,126
Transferred to property, plant and equipment	-	(35)	-	(35)
Disposals	(1,531)	(912)	(6)	(2,449)
At 31 March 2023	**16,228**	**7,365**	**283**	**23,876**
Depreciation				
At 1 April 2021	1,460	533	72	2,065
Charge for the year	1,024	1,080	32	2,136
Depreciation on disposals	(5)	(83)	-	(88)
At 31 March 2022	2,479	1,530	104	4,113
Charge for the year	1,693	1,358	50	3,101
Transferred to property, plant and equipment	-	(20)	-	(20)
Depreciation on disposals	(1,031)	(838)	(2)	(1,871)
At 31 March 2023	**3,141**	**2,030**	**152**	**5,323**
Carrying value				
At 31 March 2023	**13,087**	**5,335**	**131**	**18,553**
At 31 March 2022	8,037	4,042	83	12,162

Lease liabilities

	Land and buildings £'000	Plant and vehicles £'000	Equipment £'000	Total £'000
At 1 April 2021	6,105	2,077	111	8,293
Additions	387	2,939	6	3,332
Acquisition through business combinations	3,175	80	-	3,255
Interest expense	375	151	6	532
Lease payments	(1,395)	(1,204)	(36)	(2,635)
Foreign exchange losses	-	(50)	-	(50)
Disposals	(94)	-	-	(94)
At 31 March 2022	8,553	3,993	87	12,633
Additions	2,974	2,630	102	5,706
Acquisition through business combinations	1,016	110	-	1,126
Interest expense	441	221	13	675
Lease payments	(1,793)	(1,610)	(63)	(3,466)
Foreign exchange losses	-	123	-	123
Disposals	(530)	(75)	-	(605)
At 31 March 2023	**10,661**	**5,392**	**139**	**16,192**

Maturity analysis

	2023 £'000	2022 £'000
Due within 1 year	**3,225**	2,216
Due between 1 and 5 years	**7,668**	5,512
Due after 5 years	**5,299**	4,905
	16,192	12,633

The undiscounted maturity analysis in respect of lease payments is disclosed in note 35.

Included within administration expenses within the Consolidated Statement of Profit or Loss and Other Comprehensive Income is an amount of £213,000 (2022: £167,000) in respect of short-term leases and an amount of £15,000 (2022: £8,000) in respect of low value asset leases.

The lease liabilities are secured over the assets to which they relate. The Group is not permitted to pledge these assets as security for any other borrowings or to sell them to another entity.

31. Leases (continued)

Company as lessee

Right of use assets

	Land and buildings £'000
Cost	
At 1 April 2021 and 31 March 2022	-
Additions	2,525
At 31 March 2023	**2,525**
Depreciation	
At 1 April 2021 and 31 March 2022	-
Charge for the year	2
At 31 March 2023	**2**
Carrying value	
At 31 March 2023	**2,523**
At 31 March 2022	-

The Company's right of use asset relates to a long leasehold property for which a negligible fee is payable annually, if requested. It is not expected that any lease payments will be made in respect of the long leasehold property and thus there is no lease liability associated with the right of use asset.

Group as lessor

The Group does not have significant leasing activities acting as a lessor. Operating leases, in which the Group is the lessor relate to the sub-let of part of its freehold and leasehold property.

Rental income on operating leases recognised in the Statement of Profit or Loss and Other Comprehensive Income is as follows:

	2023 £'000	2022 £'000
Rental income	**124**	127

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

Maturity analysis

	2023 £'000	2022 £'000
Due within 1 year	**102**	109
Due between 1 and 5 years	**158**	252
	260	361

The Company did not have any formal non-cancellable operating lease arrangements in place at the reporting date, with rent charged to subsidiaries during the year on a rolling basis.

32. Provisions

Group

	Defect provisions £'000	Dilapidation provisions £'000	Total £'000
At 1 April 2021	1,247	-	1,247
Additions	75	-	75
Arising through business combinations	76	469	545
Utilised in the year	(20)	-	(20)
Unused amounts reversed	(119)	-	(119)
At 31 March 2022	1,259	469	1,728
Additions	26	745	771
Arising through business combinations	-	32	32
Utilised in the year	(49)	(50)	(99)
Unused amounts reversed	(68)	-	(68)
At 31 March 2023	**1,168**	**1,196**	**2,364**

The Company does not have any provisions.

Defect provisions

A 10-year warranty is offered in connection with roofing services. These warranties are offered in the normal course of business and are in line with industry standards. Provision is therefore recognised for expected defect claims on goods and services sold during the last 10 years. The provision is based on the estimated cost to rectify potential claims as a proportion of sales, applied to sales in the previous 10 years. The rectification cost is based on management's best estimate of the Group's liability under the warranties granted, based on past experience. The main uncertainty relates to estimating the value and number of claims expected to be made.

Management consider their estimate on a case by case basis, following a specific review of jobs carried out during the year. This is considered to be the most appropriate method for determining the provision due to the individual nature of the materials used in construction, the size and geography of the site and other external factors. The cost and number of historical claims forms the basis of the estimated costs that could potentially arise from future claims over the 10-year warranty period. The cost of any warranty claim is charged against the associated provision as those costs become payable. Due to the long-term nature of the liabilities and uncertainty surrounding the potential timing of the claims, the provision is inherently subjective. The potential impact of discounting is considered immaterial.

Dilapidation provisions

Provision is recognised for expected repairs on the Group's operating premises. Leasehold dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. The cost is recognised as part of the right of use asset and is depreciated over the remaining term of the lease. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease.

33. Deferred tax

Group

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period:

Group	Accelerated tax depreciation £'000	Acquired intangibles (Restated) £'000	Other temporary differences £'000	Total (Restated) £'000
At 1 April 2021	(145)	(5,110)	52	(5,203)
(Charged)/Credited to profit or loss	(195)	45	491	341
Credited to other comprehensive income	-	-	374	374
Credited directly to equity	-	-	491	491
Acquired through business combinations (Restated: note 22)	(214)	(12,837)	(1,054)	(14,105)
At 31 March 2022 (As restated)	(554)	(17,902)	354	(18,102)
(Charged)/Credited to profit or loss	(51)	1,596	255	1,800
Credited to other comprehensive income	-	-	(11)	(11)
Credited directly to equity	-	-	(197)	(197)
Acquired through business combinations	(23)	(1,647)	(64)	(1,734)
At 31 March 2023	**(628)**	**(17,953)**	**337**	**(18,244)**

The credit to the consolidated profit or loss account in the prior year, of £341,000, includes a charge of £1,211,000 following the announcement that the main rate of corporation tax in the United Kingdom would increase from 19% to 25%, with effect from April 2023. As the rate change was substantively enacted by 31 March 2022, deferred tax assets and liabilities, previously recognised at 19%, were remeasured at 25%.

Company

	Other temporary differences £'000	Total £'000
At 1 April 2021	-	-
Credited to profit or loss	101	101
Credited directly to equity	85	85
At 31 March 2022	186	186
Credited to profit or loss	179	179
Credited directly to equity	(6)	(6)
At 31 March 2023	**359**	**359**

Deferred tax assets and liabilities are presented in the Consolidated Balance Sheet and Company Balance Sheet as follows:

	Group		Company	
	2023 £'000	2022 (Restated) £'000	**2023 £'000**	2022 £'000
Deferred tax assets	**-**	-	**359**	186
Deferred tax liabilities	**(18,244)**	(18,102)	**-**	-
	(18,244)	(18,102)	**359**	186

At the reporting date, the Group had no unused tax losses (2022: £nil), available for offset against future profits, where deferred tax assets have not been recognised.

34. Pensions

Defined contribution plans

The total expense recognised in profit or loss in relation to contributions payable under defined contribution pension plans is £1,200,000 (2022: £1,024,000).

At the reporting date, contributions of £192,000 (2022: £104,000) due in respect of the reporting period had not yet been paid over to the pension provider.

Defined benefit plans

When the Group acquired Taylor Maxwell Group (2017) Limited on 30 June 2021, the net assets acquired included the Taylor Maxwell Group Limited Pension and Assurance Scheme, which is funded by the payment of contributions to a separately administered trust fund and provides both defined benefit and defined contribution pension benefits to members. The defined benefit pension scheme is closed to future accrual. Pension benefits are related to the members' final salary at retirement (or earlier date of leaving or death) and their length of service.

The scheme is a registered scheme under UK legislation and is subject to scheme funding requirements. It was established under trust and is governed by the scheme's Third Definitive Trust Deed and Rules, dated 20 September 2016. The trustees are responsible for the operation and governance of the scheme, including making decisions regarding the scheme's funding and investment strategy, in conjunction with the Group.

During the year, the Group made contributions of £nil (2022 - £nil) to the scheme. Contributions in the next year are also expected to be £nil. The most recent actuarial valuation was conducted as at 31 March 2018. On 7 July 2021, an insurance policy was purchased via the scheme assets with the intention of meeting future benefits payable and reducing the risk of additional funding from the Group.

A full buy-out process commenced in order to completely transfer the risk associated with the scheme to an insurer. This process was ongoing throughout the year and is substantially complete at the time of approving these financial statements. The process is expected to be finalised and the pension scheme wound up within the financial year ending 31 March 2024, at which point the scheme liabilities and associated assets will be derecognised and the residual surplus repaid net of any final expenses, which are expected to be immaterial.

A full actuarial valuation has been carried out at 31 March 2023, based on scheme membership data as at 1 October 2022, by a qualified independent actuary. Scheme invested assets are stated at their current bid price at 31 March 2023.

The principal assumptions used for the purposes of the actuarial valuations, on acquisition and at the reporting date, were as follows:

	2023	2022
Discount rate	**4.80%**	2.60%
Inflation rate (CPI)	**3.00%**	3.60%
Pension increases (Post 1988 GMP)	**2.60%**	2.80%
Pension increases (Post 1997 pension)	**3.00%**	3.60%
Longevity at retirement age for current pensioners		
Male	**22.1 years**	22.0 years
Female	**24.4 years**	24.3 years
Longevity at retirement age for future pensioners		
Male	**23.4 years**	23.4 years
Female	**25.8 years**	25.8 years

Amounts recognised in profit or loss in respect of the defined benefit plan are as follows:

	2023 £'000	2022 £'000
Service cost	**196**	140
Net interest expense	**(18)**	(36)
Included in profit or loss	**178**	104

The service cost has been included in profit or loss within administrative expenses and the net interest expense within other interest receivable (note 11). The remeasurement of the net defined benefit asset is included in other comprehensive income.

34. Pensions (continued)

Amounts recognised in other comprehensive income, in respect of the defined benefit plan, are as follows:

	2023 £'000	2022 £'000
Re-measurement (gain)/loss arising from:		
Financial assumptions	**(1,974)**	(637)
Experience assumptions	**167**	62
Return on assets, excluding interest income	**1,764**	2,545
Included in other comprehensive income/(loss)	**(43)**	1,970

Reconciliation of defined benefit obligation and fair value of scheme assets

	Defined benefit obligation £'000	Fair value of scheme assets £'000	Net defined scheme asset £'000
At 1 April 2021	-	-	-
Acquired through business combinations	(10,210)	13,065	2,855
Interest cost	(127)	163	36
Net re-measurement gains - financial	637	-	637
Net re-measurement losses - experience	(62)	-	(62)
Return on assets, excluding interest income	-	(2,545)	(2,545)
Benefits paid	417	(417)	-
Scheme administrative cost	-	(140)	(140)
At 31 March 2022	(9,345)	10,126	781
Interest cost	(236)	254	18
Net re-measurement gains - financial	1,974	-	1,974
Net re-measurement losses - experience	(167)	-	(167)
Return on assets, excluding interest income	-	(1,764)	(1,764)
Benefits paid	522	(522)	-
Scheme administrative cost	-	(196)	(196)
At 31 March 2023	**(7,252)**	**7,898**	**646**

The weighted average duration of the scheme is 9.3 years (2022: 11.3 years).

Disaggregation of defined benefit scheme assets

The fair value of the scheme assets is analysed as follows:

	2023 £'000	2022 £'000
Cash fund and net current assets	**852**	980
Insured annuities	**7,046**	9,146
Fair value of scheme assets	**7,898**	10,126

The scheme assets do not include any of the Group's own financial instruments or any property occupied by the Group.

Risks

The scheme exposes the Group to actuarial risk, such as market (investment) risk, interest rate risk, inflation risk, currency risk and longevity risk.

The key risks are considered to be life expectancy and inflation risk. The scheme's obligation is to provide a pension for the life of the member, As the life expectancy increases, the value of the scheme's liabilities also increase. The benefit obligations are also linked to inflation. Higher inflation would therefore result in an increase in the scheme's liabilities.

However, following the purchase of a buy-in insurance policy, many of the risks associated with future pension obligations are transferred to the insurer under the policy. The scheme does not expose the Group to any unusual scheme specific or group specific risks.

The value of the insured annuity policy is expected to equal the value of the liabilities, excluding any additional liability that may arise from amending benefits for the impact of the recent Lloyds Banking Group high court ruling on GMP equalisation. The insured annuity policy therefore provides a high level of protection against interest, inflation and mortality risks associated with the benefits. The cash holding is expected to be sufficient to meet any additional GMP equalisation liabilities and future expenses of running the scheme.

Sensitivity

A sensitivity analysis has been determined based on reasonably possible changes the discount rate, rate of inflation (CPI) and life expectancy, with all other variables held constant. Increases in pension payments are derived from the assumed inflation rate.

If the discount rate were to decrease by 0.25%, the defined benefit scheme obligation would increase by £168,000 (2022: £266,000). If the rate of inflation (CPI) were to increase by 0.25%, the defined benefit scheme obligation would increase by £75,000 (2022: £111,000). If the life expectancy were to increase by 1 year, the defined benefit scheme obligation would increase by £281,000 (2022: £437,000) at the reporting date.

35. Financial instruments

The Group has the following financial assets and liabilities:

Financial assets	2023 £'000	2022 £'000
Financial assets measured at amortised cost		
Cash and cash equivalents (note 28)	**21,645**	25,028
Trade and other receivables (note 27)	**124,122**	125,983
Total financial assets	**145,767**	151,011

Financial liabilities	2023 £'000	2022 (Restated) £'000
Financial liabilities measured at amortised cost		
Trade and other payables (note 29)	**117,067**	128,372
Loans and borrowings	**29,424**	24,240
Lease liabilities	**16,192**	12,633
	162,683	165,245
Financial liabilities measured at fair value through profit or loss		
Contingent consideration	**14,093**	19,581
	14,093	19,581
Total financial liabilities	**176,776**	184,826

35. Financial instruments (continued)

Fair values

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, trade and other payables, loans and borrowings, deferred consideration and lease liabilities.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables and trade and other payables approximates their fair value.

For details of the fair value of loans and borrowings, refer to note 30.

The significant unobservable inputs used in the fair value measurements categorised within level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis at 31 March 2023 and 31 March 2022 are shown below:

Financial instrument	Valuation technique	Significant Unobservable inputs	Range/ estimate	Sensitivity of the input to fair value
Contingent Consideration in a business combination (note 22)	Present value of future cash flows	Assumed probability-adjusted EBITDA of acquired entities.	**2023:** £406,000 – £17,702,000 **2022:** £485,000 – £55,468,000	The higher the adjusted EBITDA, the higher the fair value. If forecast EBITDA was 10% higher, while all other variables remained constant, the fair value of the overall contingent consideration liability would increase by £706,000. A 10% decrease in EBITDA would result in a decrease in the liability of £706,000. (2022: increase of £1,982,000 and decrease of £2,282,000)
		Discount rate	**2023:** 1.7% - 23.6% **2022:** 1.7% - 23.6%	The higher the discount rate, the lower the fair value. If the discount rate applied was 2% higher, while all other variables remained constant, the fair value of the overall contingent consideration liability would decrease by £372,000. A 2% decrease in the rate would result in an increase in the liability of £393,000. (2022: decrease of £794,000 and increase of £730,000)

Reconciliation of level 3 fair value measurements of financial instruments

	Contingent consideration £'000
At 1 April 2021	(3,442)
Additions through business combinations (Restated: note 22)	(14,001)
Finance expense charged to profit or loss	(900)
Settlement	485
Fair value gains recognised in profit or loss	(1,916)
At 31 March 202 (As restated)	(19,774)
Additions through business combinations	(1,125)
Finance expense charged to profit or loss	(2,853)
Settlement	1,483
Fair value losses recognised in profit or loss	8,176
At 31 March 2023	**(14,093)**

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including cash flow, interest rate and currency risk), investment risk, liquidity risk and credit risk. Risk management is carried out by the Directors. The Group finances its operations through a mixture of debt finance, cash and liquid resources and various items such as trade receivables and payables which arise directly from the Group's operations.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows associated with an instrument will fluctuate due to changes in market interest rates. Interest bearing assets, including cash and cash equivalents, are considered to the short-term liquid assets. It is the Group's policy to settle trade payables within the credit terms allowed and thus the Group does not incur interest on overdue balances. The Group's exposure to interest rate risk is therefore primarily in respect of its long-term floating rate borrowings.

In the prior year, the Group had a mix of fixed and floating rate borrowings and used an interest rate swap to manage interest rate risk volatility and hedge against interest exposure on future firm commitments. The fair values of the assets and liabilities held at fair value through profit or loss at the reporting date are determined using quoted prices. Where quoted prices are not available for derivatives, the fair value of derivatives has been calculated by discounting the expected future cash flows at prevailing interest rates.

The Group also has the facility to offset cash and cash equivalents against its bank borrowings in order to minimise its interest charge.

Interest rate sensitivity analysis

The following table demonstrates the impact on the Group's profit before tax and equity based on the sensitivity of a reasonably possible change in interest rates on the Group's floating rate borrowings, with all other variables held constant. The analysis is prepared assuming the liability outstanding at the reporting date was outstanding for the whole year.

	2023		2022	
	Change in rate	**Effect on profit before tax £'000**	Change in rate	Effect on profit before tax £'000
Sterling	**+1.0%**	**(170)**	+1.0%	(246)
	-1.0%	**170**	-1.0%	246

The change in interest rate is based on the observable market environment.

Foreign currency risk

The Group undertakes transactions denominated in foreign currencies and thus there is the risk of exposure to changes in foreign currency exchange rates. The Group enters into forward foreign exchange contracts in order to manage fluctuations in exchange rates.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Assets		**Liabilities**	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Euro	**1,317**	740	**6,951**	7,767
USD	**173**	100	**163**	3
Total	**1,490**	840	**7,114**	7,770

Foreign currency sensitivity analysis

The Group is mainly exposed to the Euro currency.

The following table demonstrates the Group's sensitivity to a reasonably possible change in the Euro and USD exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities, including non-designated foreign currency derivatives.

	2023		2022	
	Change in rate	**Effect on profit and equity before tax £'000**	Change in rate	Effect on profit and equity before tax £'000
Euro	**10%**	**512**	10%	639
	-10%	**(626)**	-10%	(781)
USD	**10%**	**(1)**	10%	9
	-10%	**1**	-10%	(11)

The change in exchange rate is based on management's assessment of the reasonably possible change in foreign exchange rates.

35. Financial instruments (continued)

Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash balances and reserves and by ensuring it has adequate banking and borrowing facilities available. Management reviews cash flow forecasts on a regular basis to determine whether the Group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.

Liquidity and inherent risk tables

The following tables detail the Group's remaining contractual maturity for its financial liabilities, based on the undiscounted cash flows.

31-Mar-23	< 1 year £'000	1 – 5 years £'000	> 5 years £'000	Total £'000
Non-derivative financial liabilities				
Trade and other payables	121,815	13,980	-	135,795
Lease liabilities	3,906	9,556	6,570	20,032
Loans and borrowings	12,624	18,635	-	31,259
Total financial liabilities	138,345	42,171	6,570	187,086

31-Mar-22	< 1 year £'000	1 – 5 years (Restated) £'000	> 5 years £'000	Total (Restated) £'000
Non-derivative financial liabilities				
Trade and other payables (Restated: note 22)	130,380	30,213	-	160,593
Lease liabilities	2,787	6,981	6,225	15,993
Bank loans	-	24,240	-	24,240
Total financial liabilities (As restated)	133,167	61,434	6,225	200,826

Capital risk management

The capital structure of the Group consists of cash and cash equivalents, debt and equity. Equity comprises share capital, share premium, retained earnings and the merger reserve which is equal to the amount shown as 'Equity' in the Balance Sheet. Debt comprises loans and borrowings and lease liabilities.

The Group's objectives when maintaining capital are to:

- safeguard the Group's ability to remain a going concern so that it can continue to pursue its growth plans;
- provide a reasonable expectation of future returns to shareholders; and
- maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term.

The Group is not subject to any externally imposed capital requirements.

The Board reviews the capital structure annually, considering the cost of capital and the risks associated with each class of capital.

The Group's gearing ratio at the reporting date is as follows:

	2023 £'000	2022 £'000
Debt	45,616	36,873
Cash and cash equivalents	(21,645)	(25,028)
Net debt	23,971	11,845
Equity	175,378	154,484
Net debt to equity ratio	14%	8%

Debt is defined as short and long-term loans and borrowings and lease liabilities, as detailed in notes 30 and 31. Equity includes all capital and reserves.

Credit risk and impairment

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Group. In order to minimise the risk, the Group endeavours to only deal with companies which are demonstrably creditworthy. This, together with the aggregate financial exposure, is continuously monitored. Credit approval processes are in place for new customers and regular reviews of credit limits carried out. Credit insurance is also taken out where appropriate. Policies in place primarily cover customers within the Bricks and Building Materials segment.

The maximum exposure to credit risk is the carrying value of the Group's financial assets, including trade and other receivables and cash and cash equivalents. The Group does not consider that there is any concentration of risk within either trade or other receivables. The age of receivables is analysed and evaluated on a regular basis for potential credit losses, considering historic, current and forward-looking information. Details regarding the credit risk exposure on trade receivables are outlined in note 27.

Credit risk on cash and cash equivalents is considered to be very low as the counterparties are all substantial banks with high credit ratings.

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

36. Share capital

	Group and Company			
	2023		2022	
	Number	**£'000**	Number	£'000
Issued and fully paid - Ordinary shares of £0.01 each				
At 1 April	**298,534,802**	**2,985**	230,458,821	2,305
Issued during the year	**1,751,765**	**18**	68,075,981	680
At 31 March	**300,286,567**	**3,003**	298,534,802	2,985

During the year, a total of 1,751,765 (2022: 280,254) ordinary shares of £0.01 each were issued upon the exercising of share options, for consideration of £719,000 (2022: £15,000).

Any profits distributed shall be applied pari passu amongst the holders of the ordinary shares. In the event of liquidation, the surplus assets shall be applied pari passu amongst the holders of the ordinary shares.

The Company has share option schemes under which options have been granted to certain employees to acquire ordinary shares. Further details are included in note 38.

37. Reserves

The share capital reserve represents the nominal value received for shares issued.

The share premium reserve represents the amount received, for shares issued, in excess of the nominal value, less transaction costs.

The capital redemption reserve represents the par value of shares purchased back by the Company and subsequently cancelled.

The share-based payment reserve represents the value of equity settled share-based payments provided to employees, including key management personnel, as part of their remuneration. See note 38.

The retained earnings reserve represents the total of all current and prior period retained profits and losses.

The merger reserve in the Consolidated Balance Sheet includes £1,245,000 in respect of a difference between the carrying value of assets and liabilities acquired and the value of consideration transferred in a historical group re-organisation. £9,901,000 is also included in respect of merger relief applied when shares were issued at a premium in exchange for obtaining the shareholding of Taylor Maxwell Group (2017) Limited in the prior year.

Within the Company Balance Sheet, the merger reserve represents merger relief arising on historical acquisitions following a share for share exchange and the issue of shares as consideration.

38. Share-based payments

Equity settled share option plans

The Company operates a Company Share Option Plan (CSOP) and Long-term Incentive Plan (LTIP) for certain employees, including senior management and Directors.

Company Share Option Plan (CSOP)

Options are exercisable at a price equal to the market value per ordinary share at the grant date. Options have a vesting period of three years and a contractual life of ten years. Options are forfeited if the employee leaves employment before the options vest, unless considered a 'good leaver'.

Some CSOP awards are subject to performance based vesting conditions dependent on total shareholder return (TSR) and adjusted EBITDA, with each award split equally between the two performance conditions. Vesting occurs on a straight-line basis on achieving 18% (equivalent to 6% per annum) to 30% (equivalent to 10% per annum) of the relevant performance period. There is no vesting is the relevant target is not met but a 25% vesting if the initial 18% hurdle is met, with a proportionate additional vesting of up to 100% at the 30% threshold being met.

Details of the CSOP share options outstanding during the year are as follows:

	2023		2022	
	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £
Outstanding at 1 April	**3,382,660**	**0.48**	3,115,629	0.41
Granted during the year	-	-	352,346	1.05
Forfeited during the year	**84,461**	**0.41**	(50,145)	0.41
Exercised during the year	**(1,751,765)**	**0.41**	(31,160)	0.41
Lapsed during the year	**(4,627)**	**0.41**	(4,010)	0.41
Outstanding at 31 March	**1,710,729**	**0.54**	3,382,660	0.48
Exercisable at 31 March	**1,358,383**	**0.41**	90,524	0.41

The options outstanding at the reporting date have an exercise price ranging between £0.41 and £1.05. The options have a remaining weighted average contractual life of 6.8 years (2022: 7.58 years).

No options were granted under the CSOP scheme during the year. The aggregate of the estimated fair value of options granted in the prior year was £79,000. The fair value of awards granted in the prior year, subject a TSR performance condition, was determined using a Monte Carlo model. The fair value of awards subject to an EBITDA performance condition was determined using a Black-Scholes model. The inputs to these models were as follows:

	2023	2022
Weighted average share price	-	£1.05
Weighted average exercise price	-	£1.05
Expected volatility	-	38.5%
Option life	-	10 years
Expected dividend yield	-	3.5%
Risk free interest rate	-	1.2%

Long Term Investment Plan (LTIP)

Options granted under the LTIP scheme are exercisable at the nominal price of £0.01 and, mostly, have performance based vesting conditions dependent on total shareholder return (TSR) and adjusted EBITDA, with each award split equally between the two performance conditions. Vesting occurs on a straight-line basis on achieving 18% (equivalent to 6% per annum) to 30% (equivalent to 10% annually) of the relevant performance condition over the performance period. There is no vesting if the relevant target is not met but a 50% or 25% vesting if the initial 18% hurdle is met with a proportionate additional vesting of up to 100% at the 30% threshold being met. Some awards granted in the year are only subject to service-related vesting conditions and not TSR and EBITDA performance criteria.

Options are forfeited if the employee leaves employment before the options vest, unless considered a 'good leaver'.

Details of the share options outstanding during the year are as follows:

	2023		2022	
	Number of share options	Weighted average exercise price £	Number of share options	Weighted average exercise price £
Outstanding at 1 April	6,845,054	0.01	4,862,015	0.01
Granted during the year	4,037,124	0.01	2,599,248	0.01
Forfeited during the year	(124,549)	0.01	(367,114)	0.01
Exercised during the year	-	0.01	(249,095)	0.01
Outstanding at 31 March	10,757,629	0.01	6,845,054	0.01
Exercisable at 31 March	-	-	-	-

The options outstanding at the reporting date have an exercise price of £0.01 and a remaining weighted average contractual life of 8.56 years (2022: 8.87 years).

Options were granted under the LTIP scheme on 27 October 2022. Those issued to senior management ('Management options') are subject to a two-year holding period in addition to the performance criteria outlined above. Awards to other staff do not have performance based vesting conditions but do require that the employee remains employed with the Group for a period of three years. The aggregate of the estimated fair value of the options granted during the year is £2,030,000 (2022: £1,705,000). For options granted during the year, the fair value in connection with the TSR awards was determined using a Monte Carlo model. The fair value of the EBITDA awards and service only awards was determined using a Black-Scholes model. The weighted average inputs to these models are as follows:

	2023	2022
Weighted average share price	£0.74	£1.04
Weighted average exercise price	£0.01	£0.01
Expected volatility	32.4%	39.1%
Option life	10 years	10 years
Expected dividend yield	3.5%	3.5%
Risk free interest rate	3.2%	1.1%
Adjustment for holding period	10.0%	10%

39. Notes to the statement of cash flows

Cash and cash equivalents

Cash and cash equivalents within the Consolidated Statement of Cash Flows comprise:

	2023 £'000	2022 £'000
Cash and bank balances (note 28)	**21,645**	25,028
Bank overdrafts (note 30)	**(12,624)**	-
Cash and cash equivalents	**9,021**	25,028

Changes in liabilities arising from financing activities

The table below outlines the changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes.

			Non-cash changes				
	1 April 2022 £'000	Financing cash flows (1) £'000	New leases £'000	Acquisition of subsidiaries £'000	Changes in fair value £'000	Other changes(2) £'000	31 March 2023 £'000
Bank borrowings (note 30)	**24,240**	**(7,600)**	**-**	**-**	**-**	**160**	**16,800**
Lease liabilities (note 31)	**12,633**	**(2,791)**	**5,706**	**1,125**	**-**	**(481)**	**16,192**
Deferred and contingent consideration	**23,919**	**(3,499)**	**-**	**1,318**	**(8,176)**	**2,846**	**16,408**
Total liabilities from financing activities	**60,792**	**(13,890)**	**5,706**	**2,443**	**(8,176)**	**2,525**	**49,400**

			Non-cash changes				
	1 April 2021 £'000	Financing cash flows (1) £'000	New leases £'000	Acquisition of subsidiaries £'000	Changes in fair value £'000	Other changes(2) £'000	31 March 2022 £'000
Bank borrowings (note 30)	15,750	8,325	-	-	-	165	24,240
Lease liabilities (note 31)	8,293	(2,103)	3,332	3,255	-	(144)	12,633
Deferred and contingent consideration (Restated: note 22)	4,524	(1,358)	-	18,095	1,916	935	24,112
Total liabilities from financing activities (As restated)	28,567	4,864	3,332	21,350	1,916	956	60,985

(1) The cash flows make up the net amount of proceeds and repayments of loans and borrowings in the cash flow statement.
(2) Other changes include interest and fee accruals, foreign currency movements and right of use lease remeasurements.

Non-cash changes in equity arising from financing activities

During the prior year, the Company issued new shares for consideration of £55,000,000. Share issue costs of £2,287,000 were incurred in connection with the placing of these new shares, with the fees deducted from the proceeds received by the Company.

The proceeds of £52,728,000 from the issue of ordinary shares, presented in the Consolidated Statement of Cash Flows is net of the share issue costs. The full share proceeds and share issue costs are reported separately in the Consolidated and Company Statement of Changes in Equity in the comparative period.

40. Related party transactions

Group

Transactions and balances between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Key management personnel

	2023 £'000	2022 £'000
Key management personnel compensation		
Short-term employee benefits	**6,031**	6,355
Post-employment benefits	**80**	56
Share-based payment expense	**538**	417
Termination benefits	**-**	409
	6,649	7,237

Key management personnel consists of members on the Board of Directors and Group's Management Board.

During the year, the Group made sales amounting to £31,000 (2022: £12,000) to members of key management. A balance of £nil (2022: £nil) was included within trade receivables at the reporting date, in respect of these sales.

A balance of £nil (2022: £24,000) is included in other payables in respect of a deposit paid by a member of key management.

Other related parties

Included within trade and other receivables/payables are the following amounts due from/to other related parties, at the reporting date:

	Amounts owed by related parties		Amounts owed to related parties	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Associates	**6**	-	**184**	104
Joint ventures (note 24)	**3,033**	-	**88**	-
Other related parties	**200**	-	**27**	-
	3,239	-	**299**	104

Transactions undertaken between the Group and its related parties during the year were as follows:

	Sales to related parties		Purchases from related parties	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Associates	**5**	-	**537**	512
Joint ventures	**-**	-	**431**	-
Other related parties	**202**	-	**218**	219
	207	-	**1,186**	731

Other related parties comprise of entities owned by Directors or key management. Sales relate to building materials. Purchases relate to rent and administrative expenses payable.

Right of use assets in respect of properties leased from other related parties had a carrying value of £2,377,000 (2022: £407,000), while associated lease liabilities of £2,209,000 (2022: £434,000) are included at the year end.

Company

In accordance with the exemption under FRS 101, transactions and balances with wholly owned Group members and key management personnel are not disclosed.

At the year end, a balance of £33,000 (£nil) was due from a subsidiary that is not wholly owned within the Group.

41. Post balance sheet events

On 2 June 2023, the Group completed the acquisition of the entire share capital and 100% of the voting rights in Precision Façade Systems Ltd.

The acquisition was made in order to supplement and expand the Group's existing product range in the cladding market.

The book value of the separable assets acquired and liabilities assumed on acquisition are estimated as follows:

	£'000
Property plant and equipment	15
Inventory	5
Trade and other receivables	34
Cash and cash equivalents	7
Trade and other payables	(40)
Total identifiable net assets	**21**

Due to the timing of the acquisition, a detailed assessment of the fair value of the identifiable net assets, and value of any uncollectible contractual cash flows, has not been completed at the date of approving these financial statements.

The total consideration expected to be payable is:

	£'000
Cash	600
Total consideration	**600**

The above consideration is subject to post completion adjustments.

It is expected that goodwill will arise on the acquisition and this will primarily comprise the strategic value of the acquisition, including the potential for future growth within the framing market. This goodwill is not expected to be deductible for tax purposes.

Acquisition costs of £23,000, in relation to stamp duty and legal and professional fees, are estimated to be incurred in connection with this acquisition and will be recognised in profit or loss. Due to the timing of the acquisition, not all costs have been invoiced or finalised at the time of approving these financial statements.

On 8 June 2023, the Group completed the sale of its shares in Lendwell Holdings Limited for consideration of £188,000. There was a £nil gain or loss on the sale of this investment in equity instruments designated as FVTOCI.

Company Information

Board of Directors

Chairman
John Richards

Chief Executive Officer
Alan Simpson

Chief Financial Officer
Mike Gant

Non-Executive Directors
Clive Norman
David Simpson
Susan McErlain
Sharon Collins

Company Secretary

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FINANCIAL CALENDAR

Annual General Meeting	5 September 2023
Interim Report	November 2023

Dividends:

Final announced	July 2023
Paid	September 2023
Interim announced	November 2023
Paid	February 2024

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