13 January 2025

Hercules Site Services plc

(“Hercules”, the “Company” or the “Group”)

Final Results

Hercules Site Services plc (AIM: HERC), a leading technology enabled labour supply company for the UK infrastructure and construction sector, is pleased to announce its audited results for the year ended 30 September 2024 (“FY 2024”).

As announced on 6 January 2025, the Suction Excavator business results are presented as discontinued operations as the Company proposes to divest this division. The results for the year ended 30 September 2023 (“FY 2023”) have also been adjusted on this basis to enable like for like comparison. Results summary:

	Year ended 30 September 2024				**Year ended 30 September 2023**		
£m	**Continuing operations**	**Discontinued operations**	**Total**		**Continuing operations**	**Discontinued operations**	**Total**
Revenue	101.9	5.1	107.0		79.8	4.9	84.7
Gross Profit	15.0	2.4	17.4		14.1	2.3	16.4
Adjusted* EBITDA	4.7	0.4	5.1		3.5	0.6	4.1
Adjusted** pre-tax profit	2.6	(1.3)	1.3		1.8	(0.9)	0.9
Adjusted*** EPS (pence)	3.47	(2.01)	1.46		2.86	(1.48)	1.38

Continuing Operations – Financial Highlights:

- A further record year with Hercules delivering ahead of market expectations, with growth achieved across the Group’s Labour Supply and Civil Projects business:
    - 28% increase in revenue
    - 34% increase in Adjusted* EBITDA
    - 43% increase in Adjusted** pre-tax profit
    - 173% increase in EPS from 2023 reported EPS of 1.27p supporting decision to divest Suction Excavator business
    - Cash generated in the year £7.5m (2023: £3.3m)
    - Lease/debt liabilities of £9.4m relate to discontinued operations
- Successful equity fundraising of £8m to support organic growth and acquiring other labour supply companies in the infrastructure market
- Proposed final dividend of 1.12 pence per share (2023: 1.12p) (following 0.6p interim dividend paid March 2024, total dividend 1.72p (2023: 1.72p))

Corporate Highlights:

- **Labour Supply:** Record demand and delivery, supplying labour resources to over 40 clients and 300 different project locations during the last year
    - 35% increase in the average number of operatives deployed by the Labour Supply business to 1,150 (2023: average of 850)
    - Labour Supply to HS2 (Birmingham section) increased from c.425 operatives at 30 September 2023 to c.630 at 30 September 2024
    - Acquisition of Future Build which established the Company's white collar and permanent recruitment offering
    - App downloads (Recruitment and Onboarding) increased year on year to c. 16,000 (2023: c.11,500)
    - Strong foundations for FY 2025 growth laid in Rail with client base diversified and increased

- **Construction Services:** Continued Civil Projects growth and Construction Academy delivered first revenues
    - Civil Projects leveraged its water sector experience to win significant levels of repeat work, mainly for key delivery partners for AMP 7
    - Anglian Water Civils Framework continued at pace, with sizeable projects being allocated to Hercules
    - Construction Academy opened in January 2024 and has started to deliver a diverse range of accredited courses

- Martin Tedham appointed to the Board as Non-Executive Director

**Adjusted EBITDA definition – adjusted for profit/loss on sale of fixed assets, exceptional items and R&D expenditure.*

***Adjusted pre-tax profit definition – same adjustments as for EBITDA but also excluding extraordinary impairment.*

****Adjusted EPS definition – same adjustments as for pre-tax profit but also excluding prior year tax charges.*

Brusk Korkmaz, Chief Executive Officer, commented:

"We have yet again exceeded the market's expectations and achieved another record year, delivering growth across all our core performance metrics. In doing so, our revenue growth for the last three years since listing has averaged 48% (CAGR), a performance of which we are incredibly proud. Cross-selling has continued to be a strong feature, and we have broadened our ability to maintain this trend having delivered our first acquisition during the year. This has provided us with a solid footing in the white-collar and permanent recruitment market, complementing our blue-collar labour supply services.

"Looking ahead, our confidence for FY 2025 is fuelled by a strong pipeline and a positive start to trading in Q1. We anticipate further organic growth across our continuing operations, while our recent equity raise of £8m provides us with a strong balance sheet with which to fund our ongoing, targeted M&A strategy. Add to this the fact that the outlook for the infrastructure sector remains buoyant and we are positive that we are well positioned for the year ahead."

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 which has been incorporated into UK law by the European Union (Withdrawal) Act 2018.

Retail Investor Webinar

Brusk Korkmaz, CEO, and Paul Wheatcroft, CFO, will deliver a live presentation relating to the Full-Year Results via the Investor Meet Company platform this morning at 11.00am GMT.

The online presentation is open to all existing and potential shareholders.

Questions can be submitted pre-event via the IMC dashboard up until 9.00am or at any time during the live presentation via the "Ask a Question" function. Although the Company may not be in a position to answer every question it receives, it will address the most prominent within the confines of information already disclosed to the market. Responses to the Q&A from the live presentation will be published at the earliest opportunity on the Investor Meet Company platform.

Investor feedback can also be submitted directly to management post-event to ensure the Group can understand the views of all elements of its shareholder base.

Investors can sign up to Investor Meet Company for free and add to meet Hercules via:

https://www.investormeetcompany.com/hercules-site-services-plc/register-investor

Investors who have already registered and added to meet the Group will be automatically invited.

For further information and enquiries, please contact:

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CHAIRMAN'S REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2024

Hercules has had another very productive and successful year with revenue from continuing operations increasing by 28% to £101.9m over the previous year (2023: £79.8m) which once again means we are surpassing market expectations.

Following a strategic internal review of future activities and expected market demand and likely returns, the Board decided to focus on the Group's core labour supply and construction services divisions, and therefore decided to seek a buyer for our suction excavator services subsidiary. As such, the results of the suction excavator services division have been treated as discontinued activities within the results for the year. This strategic change will, when it concludes, reduce our debt significantly, enhance earnings and provide greater capacity to finance the future expansion of our core activities. Total revenue including that from discontinued operations was £106.9m (2023: £84.7m).

It was also pleasing to see our Construction Academy open its doors January 2024. We expect this facility to underpin our labour supply chain and training needs for many years to come. During the period, we have started building a number of relationships with both local (Warwickshire area) and national educational and training bodies as well as increasing the commercial training offering at the Academy.

Strong market dynamics

In terms of the wider market, interest rates have not yet shown significant reductions. Despite this, Hercules will continue to benefit from significant investment in infrastructure spending, which is high on the agenda for the new government. We also note that the election of the new government in July 2024 is not expected to have any impact on our existing contracts, nor our outlook for 2025 and beyond.

Whilst inflationary pressures affected the business in FY23, particularly pay levels, these challenges reduced during FY24, and we have continued to demonstrate our ability to regularly renegotiate increased pay levels with our clients. Looking ahead, it is also worth noting that the majority of the National Insurance cost increases announced in the recent government budget can be passed on to our clients. There is only a relatively small amount of the tax increase, relating to the management and administration functions, that has to be absorbed by the business.

Dividend

The Board is pleased to propose a final dividend of 1.12 pence per share (2023: 1.12 pence). The dividend will be paid on 21 March 2025 to shareholders on the register at close of business on 21 February 2025. The shares will go ex-dividend on 20 February 2025.

Outlook

After a year of significant growth, the outlook for Hercules remains very positive. Revenue growth has averaged 48% (CAGR) over the last three years; our pipeline for 2025 looks robust and we have experienced positive trading across all areas for the first three months of our current financial year. We entered the 2025 financial year with a strong balance sheet following a substantial equity fundraising of £8m and an invoice discounting debt facility for up to £15m, with which to fund our continued expansion and ongoing working capital needs. As part of the post-period-end fundraise, we were delighted to welcome two successful entrepreneurs to our register, testament to their shared belief in the trajectory and potential of Hercules. One of these individuals, Martin Tedham, has also been appointed as Non-Executive Director and we look forward to benefitting from his vast experience in growing successful companies in the years ahead.

We are progressing positively but selectively on the acquisition front with several early-stage discussions ongoing. We look forward to updating the market when appropriate.

Once again, I would like to thank our shareholders and advisers for their support during the year, and the Hercules team for continuing to successfully deliver a range of operational growth milestones.

We are anticipating another productive financial year ahead with exciting opportunities and initiatives on which the Company will focus.

Henry Pitman, Non-executive Chairman

10 January 2025

CHIEF EXECUTIVE OFFICER'S REVIEW FOR THE YEAR ENDED 30 SEPTEMBER 2024

We have yet again exceeded the market's expectations and achieved another record year. This has been achieved despite operating in an environment that was not without its challenges, with interest rates still relatively high.

Revenue from continuing operations has increased by 28% year on year to £101.9m (2023: £79.8m). This included £1.5m of growth from the acquisition we made during the period. Total revenue, including discontinued operations, was £106.9m (2023: £84.7m).

Adjusted EBITDA from continuing operations for the year was £4.7m (2023: £3.5m), representing growth of 34%. Total adjusted EBITDA including that from discontinued operations was above market expectations at £5.1m (2023: £4.1m).

Revenue growth was accompanied by strong cash conversion and effective credit management. Net cash generated from continuing operations during the year was £7.5m (2023 £3.3m).

Our positive results have been achieved through growth across our Labour Supply and Civil Projects businesses, and we are pleased that cross-selling has continued to be a strong feature in 2024. This takes determination and coordination across our talented teams and given the challenges that all businesses have had to navigate this year, the Hercules team has worked incredibly hard and shown dedication throughout the year, and for that they have my sincere thanks.

The infrastructure and construction sectors are still experiencing continued buoyancy providing a supportive backdrop for our growth. Pleasingly, post the July 2024 election and the recent Budget, there is no evidence that there will be any reduction in infrastructure investment in the next few years. The Board believes that investment in infrastructure will increase.

Given the labour shortages experienced by the sector, and the effectiveness of our digital tools in placing operatives on projects, we are well placed to benefit from ongoing government investment in the months and years ahead. Demand for our range of complementary services has been strong and our pipeline is very robust.

Labour Supply

Labour Supply is our core business, and we have a strong track record of working in partnership with blue chip construction companies to deliver key infrastructure, civil engineering, utilities, groundworks, highway and railway projects. It represented 82% of Hercules' revenue for the year ended 30 September 2024 (FY 2023: 80%).

This is our third year working with the Balfour Beatty Vinci Joint Venture on the HS2 (Birmingham section). This is our largest ever contract and the Company is now playing a huge part in the delivery of one of modern history's greatest legacy projects. We are the leading labour supplier on the six-supplier labour desk, now with circa 630 operatives on HS2 sites. This growth is expected to continue for the next 5-7 years with FY 2025 requirements expected to be greater than those in 2024.

During the year to 30 September 2024 the Labour Supply business has continued to achieve month-on-month growth, having supplied between 850 and 1,300 workers (average of 1,150). Compared with the FY 2023 monthly average of 850 this represents year on year growth in operatives deployed of circa 35%. We have supplied labour resources to over 40 clients and 300 different project locations during the last year. Our ability to deliver for our clients irrespective of their size, location or duration of their requirements has driven repeat business and built sustained trust in our delivery capability.

As shown by the contracts referenced above, we have traditionally supplied blue collar personnel. Having tested the white-collar market through organic initiatives, our 60% acquisition of Future Build Recruitment Ltd ("Future Build") during the period has provided exposure to the growing white-collar and permanent recruitment market. With minimal overlap between clients, the acquisition enhances the service offering we are able to provide to our existing customer base and creates new cross-selling opportunities which are already starting to deliver.

The rail department, the newest part of the Labour Supply portfolio, had a relatively slow start to 2024. We carefully built a team from scratch and as such, income was slow in the early part of the year with a focus solely on the newly awarded Balfour Beatty Rail Framework. This coincided with the end of a control period (CP6), which meant there was time to focus on getting the appropriate structure in place and formulate the required processes, in a very compliance heavy part of the industry.

In the second half of the year, under the new control period of CP7 which comprises of £46 billion of planned investment, the rail department has flourished and started to gain traction due to all the early hard work and planning. As a result, we are expecting FY 2025 to show steady growth and development within the department. We have managed to diversify and increase our client base providing rail staff to Kier, Beaver Bridge and Octavius in the second half of the year, as well as strengthening our position with Balfour Beatty.

FY 2024 has been a successful year for our other sectors as well, having begun supplying labour at Sizewell C, we anticipate increases in workforce requirements heading into 2025. Within the water sector, we have supplied labour predominantly within the Thames Water, Severn Trent, Anglian, Southern, and Bournemouth Water regions. With £96 billion of planned investment through AMP8 (Asset Management Plan 8), starting in April 2025, we plan to expand our water specialism into new regions.

Our innovative mobile recruitment and onboarding apps give us a strong competitive edge and have been core to our success. Not only do they ensure that we supply the right person to the right location on time to fulfil client requirements, they enable us to source local labour, which often is a stipulation in government-funded projects. Indeed, our 'Hercules Construction Jobs' recruitment app, launched in October 2019, has more than 16,000 downloads and more than 8,265 registered users at the time of writing (FY 2023: 11,500 and 6,250 respectively).

I am pleased to report that we have a healthy pipeline which extends beyond 2025, so we look forward to delivering further growth in our Labour Supply business.

Civil Projects

Hercules' Civil Projects division partners with some of the UK's top contractors to provide end-to-end project delivery for civil engineering contracts. Revenue for Civil Projects grew by 12% to £17.5m (2023: £15.6m), accounting for approximately 16% of group revenue for the year ended 30 September 2024 (2023: 18%).

With the water industry facing enormous challenges, which have been well documented in the media, our Civil Projects team has leveraged its experience in this space to win significant levels of repeat work, mainly for key delivery partners for AMP 7. The Anglian Water Civils Framework continued at pace, with some sizeable projects being allocated to Hercules. The framework was also formally extended by two further years, taking the current end date well into AMP 8. Activity levels were high again this year, with an increase in size of project having a positive impact on revenue. One particular scheme for Thames Water was over £5m. Eight projects with individual values over £1m were started or completed in the year at various sites for clients such as Galliford Try, MWHT, Costain and the @one Alliance. Projects were spread across the Anglian, Severn Trent, Thames, and Southern Water regions.

Additional site management staff were recruited to supplement the existing teams to cover the larger, more complex projects. The business unit operated with an average of 150 operatives across all their sites, the largest number to date. They work closely with the Labour Supply division to cope with variances in workload. Overall, the Civils team is well positioned as the industry moves into the AMP 8 cycle.

Divestment of the Suction Excavator business

As our Chairman notes in his Statement, the Board has decided to focus on core labour supply and civil projects, and therefore to seek a buyer for our suction excavator services subsidiary. This business has progressed well but is very capital intensive, unlike the rest of the Group's services. With this in mind, the results of the suction excavator services division have been treated as discontinued activities within the results for the year.

Additional growth initiatives

Hercules provides a range of services for its clients, which increases the total value of the Group to its clients and provides the business with a diversified range of revenue streams.

Construction Academy

The Academy, which was opened on 31 January 2024, was established to address the well documented skills shortages facing the infrastructure and construction industries. By providing excellent facilities in a strategic location, the Academy will not only serve the Hercules workforce (and thus reduce external training costs) but will also deliver specific training for clients across the infrastructure and construction industries. As such, we aim to attract new talent and upskill the current national workforce.

The Academy is expected to eventually deliver training to all of the existing Hercules clients, as well as new clients who are currently not using our other services.

During the period, we have been delivering a diverse range of accredited courses that cater to aspiring professionals and industry personnel alike. These include specialised technical training in areas such as plant operation, health and safety, utilities and other bespoke courses. The facilities replicate the modern construction site giving learners a safe environment to train and qualify to be site-ready. Local Authority funded training is also being delivered at the Academy via bootcamps for new entrants to the construction industry. Some of these new entrants were able to gain themselves a position on our sites, thus closing the loop of 'find, train, employ'.

Looking ahead, as well as short duration courses, the Academy will run and manage NVQ assessments and apprenticeships. The Academy has commenced delivery of funded Skills Bootcamps in partnership with City & Guilds Training (a nationally recognised training provider). It was also awarded and benefitted from Local Authority funding which has helped introduce and upskill local unemployed residents to the Construction sector.

With these funded initiatives there is huge potential for the Academy to help the wider sector with its skills shortages, as well as providing an internal training function that supports Hercules Site Services PLC with their existing and future labour-force.

With further areas for development available at the site, the Academy facilities have an opportunity to grow and evolve as the industry develops and introduces further use of technology. This will allow Hercules to continually upskill its current workforce for the future.

Digital

This year we focused on advancing key digital initiatives to support our strategic goals. A significant highlight was the complete rebuild of our recruitment application, designed to improve user experience, streamline processes, and attract operatives more effectively. The SEE Everything portal continues to provide reliable value to customers and allows them to maintain strong engagement with their supply chains. Our investments in enhancements in cloud technology and cybersecurity have strengthened our operational resilience and safeguarded critical systems. These targeted advancements reflect our commitment to leveraging technology to drive operational excellence and deliver meaningful value to stakeholders.

Creating positive social value

Apart from our core business, we continue to help deliver positive social value outcomes in and around our clients' projects, often working collaboratively to achieve the best results. The culture at Hercules is one which is very much centred around teamwork, and we are all guided by our core values and mission statement, dedicated to delivering a world class service to our clients, workforce and now our investors.

Our team strives to encourage the next generation into our industry, so engagements in schools and further education colleges are vitally important. We also endeavour to source candidates from diverse channels such as ex-military, ex-offenders, BAME and other hard to reach communities. Our success with hiring from the ex-military community has been rewarded with the coveted ERS MOD Gold Award.

In 2024, the Hercules health screening trailer has continued to provide support nationwide, delivering on-site health and wellbeing services to our clients and their projects in a wide range of construction sectors. Among its deployments, the trailer has supported Blackwell Earthmoving at the EKFB section of HS2, Skanska at the A428 Highways project and Galliford Try for Thames Water initiatives.

Through our Hercules health screening trailer, we offer an array of medical services which can be tailored to the needs of our clients. Fitted out with a waiting area and two private consultation rooms, we offer vision and hearing tests, vaccinations, mental health support, safety-critical medical assessments, heart and blood pressure monitoring, lung function tests, and drug and alcohol testing. It also discreetly monitors modern slavery concerns and serves as a platform to enhance awareness of health and safety matters, fostering a culture of proactive care and compliance. This on-site capability eliminates the need for off-site visits by the workforce, thus minimising disruption to site operations whilst at the same time reducing the carbon footprint associated with workforce travel. As the trailer embarks on another busy year, it underscores Hercules commitment to improving wellbeing in construction.

Outlook

We enter 2025 with an excellent foundation for further growth, having exceeded market expectations and developed an array of accretive commercial workstreams which will continue to expand our business and deliver additional revenue and profits.

The first quarter of FY 2025 has again been successful, with a strong pipeline of new business across our divisions. Organic growth is also anticipated to be delivered through the Construction Academy, as well as continued development of our rail and white-collar labour supply offerings. When combined with the continued growth we intend to achieve through targeted acquisitions, we believe that the outlook for Hercules in the infrastructure sector remains buoyant.

As we move through and beyond the next reporting period, we will maintain that growth mindset which has served us well over the past 17 years.

Brusk Korkmaz, Chief Executive Officer

10 January 2025

CHIEF FINANCIAL OFFICER'S REVIEW FOR THE YEAR ENDED 30 SEPTEMBER 2024

Introduction

This year we are now a group with several subsidiaries, so the annual report is a consolidated one for the first time. In addition to this, the proposed divestment of the suction excavator services subsidiary requires us to distinguish between continuing and discontinued operations. This we have done in the key schedules and notes.

The Group made a pre tax profit on continuing operations of £2.2m (2023 restated: £1.5m). Post tax on continuing operations was £1.6m (2023 restated: £1.7m). The slight reduction in these post tax profits was solely down to tax - a deferred tax swing from a credit of £129k in 2023 to a debit £558k in 2024, and a write off of £53k corporation tax from 2021.

As part of the proposed divestment, we have taken an impairment charge of £2m as part of the discontinued operations loss of £3.3m (2023: £0.9m loss) anticipating the likely book loss on completion of the transaction. This moved the “All operations” profit into a loss of £1.7m (2023: £0.8m profit).

The year ended with inflation at manageable levels, much improved on the situation a year ago. Interest rates have in comparison not yet reduced in a similar manner from their peak. Inflation may rise a little in FY2025, but hopefully stabilise after that. Interest rates are unlikely to return to their previous low levels, but we don’t see this affecting the level of work in the infrastructure sector in the next decade.

We expect the increase in employers national insurance contributions from April 2025 will be covered mainly by clients, but there will be a relatively minor additional cost in relation to office based management and staff.

The Directors anticipate continued growth for the Group driven by further significant investment in infrastructure as outlined post election by the new UK Government.

Financial Performance

In the year ended 30 September 2024, revenue from continuing operations increased to £101.9m (2023: £79.8m) representing a 28% increase year-on-year.

	Year ended 30 September	
	2024	**2023**
	£000	**£000**
Labour Supply	84,125	63,818
Civil Projects	17,535	15,656
Other	274	296
	101,934	79,770
Discontinued operations	5,055	4,895

Total all operations	**106,989**	**84,665**

Adjusted EBITDA from continuing operations (see below) - increased by 34% to £4.7m (2023: £3.5m).

Net cash generated from operations of £7.5m in the year (2023: £3.3m) and labour supply debtor days reduced slightly to 39 (2023: 40) days.

Administrative costs from continuing operations were £11.6m (2023: £11.6m). As expected, cost levels have been kept under control following a few years of increases driven by the need to build up the internal infrastructure to support significant growth. Keeping control of administrative costs has been a major achievement in 2024.

During the year on continuing operations the Company delivered:

Pre-tax profit – increased 21% to £2.2m (2023: £1.5m)
Pre-tax profit before exceptional non-recurring items - increased by 33% to £2.4m (2023: £1.8m)

Discontinued operations (suction excavator services subsidiary):

The results of the suction excavator business have been disclosed separately within these accounts, and we have taken into account an expected book loss on disposal of £2m, to reflect an impairment as at 30 September 2024.

This is included in the discontinued operations line in the income statement.

	Year ended 30 September 2024 £000	**Year ended 30 September 2023 £000**
Adjusted profit from continuing operations	3,372	2,479
Added back		
Depreciation & amortisation	974	720
Research & development	5	4
Loss on sales of assets	210	43
Exceptional items (see below)	112	231
Share based payment expense	38	29
Adjusted EBITDA from continuing operations	4,711	3,506
Discontinued operations	364	633
Adjusted EBITDA all operations	5,075	4,139
Exceptional items related to:		
Acquisition costs	108	-
Employment settlement	9	7
HMRC Consultancy	19	7

Bad Debt	(17)	92
CID planning	-	37
Partnership preparation	-	17
Adjudication	(12)	71
Academy launch	5	-
Total	**112**	231

The Group categorises non-operational and development costs such as those above as exceptional.

Statement of Financial Position

As of 30 September 2024, the Group's net assets were £11.7m (2023: £8.7m) of which £6.4m (2023: £4.2m) were cash and cash equivalents.

Non-current assets at 30 September 2024 were £9.8m (2023: £20.8m). Current assets at 30 September 2024 were £25.9m (2023 (restated): £25.2m).

Net current assets at 30 September 2024 were £2.8m (2023 net assets: £1.5m).

The change in share premium in 2024 over 2023 reflects the net proceeds received from an issue of new shares of £5.8m on 10 September 2024.

Group loans & borrowings were £7.3m as at 30 September 2024 (2023: £10.0m). This is the balance utilised on a working capital facility provided by IGF of £15m that was introduced in November 2023.

Paul Wheatcroft, CFO

10 January 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Continuing operations	**Note**	**Year ended 30 September 2024 £000**	**Re-stated Year ended 30 September 2023 £000**
Revenue	6	101,934	79,770
Cost of sales		(86,961)	(65,698)
Gross profit		14,973	14,072
Other operating income	7	-	10
Administrative expenses		(11,601)	(11,603)
Profit from operations	8	3,372	2,479

Finance income		59	-
Finance costs	12	(1,184)	(939)
Profit before tax expense		2,247	1,540
Tax (charge)/credit on profit	13	(611)	129
Net profit for the year		1,636	1,669
Discontinued operations			
Loss for the year	33	(3,307)	(899)
Total (loss)/profit for the year		(1,671)	770
Earnings/(loss) per share	4		
Continuing operations	- basic & diluted	2.55p	2.74p

There are no further items of comprehensive income other than those shown above.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30 September 2024 £000**	**Re-stated 30 September 2023 £000**
Non-current assets			
Tangible assets	17	7,430	20,799
Intangible Assets	15	2,322	-
		9,752	20,799
Current assets			
Inventories		30	51
Trade and other receivables	19	19,482	20,909
Current tax receivable		28	83

Cash and cash equivalents		6,393	4,151
Total current assets		25,933	25,194
Disposal group assets held for resale	33	11,833	-
TOTAL ASSETS		47,518	45,993
Equity and liabilities			
Equity attributable to equity holders of the parent			
Share capital	25	75	62
Share premium		10,757	4,995
Other reserve		107	69
Retained earnings		769	3,531
Total equity		11,708	8,657
Non-current liabilities			
Deferred tax liabilities	14	750	158
Deferred contingent consideration		1,037	-
Lease liabilities	22	1,316	13,496
Total non-current liabilities		3,103	13,654
Current liabilities			
Trade and other payables	20	11,755	10,233
Loans and borrowings	21	7,295	9,960
Lease liabilities	22	4,057	3,489
Total current liabilities		23,107	23,682
Disposal group liabilities held-for-sale	33	9,600	-
TOTAL LIABILITIES		35,810	37,336
TOTAL EQUITY AND LIABILITIES		47,518	45,993

COMPANY STATEMENT OF FINANCIAL POSITION

	Note	30 September 2024 £000	Restated 30 September 2023 £000
Non-current assets			
Tangible assets	17	5,951	20,799
Investments in subsidiaries	18	2,570	-
		8,521	20,799
Current assets			
Inventories		30	51
Trade and other receivables	19	19,137	20,909
Amounts owed by group undertakings		283	-
Current tax receivable		28	83
Cash and cash equivalents		6,163	4,151
Total current assets		25,641	25,194
Disposal group assets held-for-sale (investment)		2,592	-
TOTAL ASSETS		36,754	45,993
Equity and liabilities			
Share capital	25	75	62
Share premium		10.757	4,995
Other reserves		107	69
Retained earnings		1,313	3,531
Total equity		12,252	8,657
Non-current liabilities			
Deferred tax liabilities	14	764	158
Deferred contingent consideration		1,037	-
Lease liabilities	22	1,021	13,496
Total non-current liabilities		2,822	13,654
Current liabilities			
Trade and other payables	20	11,526	10,233
Loans and borrowings	21	7,295	9,960
Lease liabilities	22	2,859	3,489
Total current liabilities		21,680	23,682
TOTAL LIABILITIES		24,502	37,336
TOTAL EQUITY AND LIABILITIES		36,754	45,993

	Share capital	Share premium	Share based payment reserve	Retained earnings	Total Shareholder's equity
	£000	£000	£000	£000	£000
Balance at 1 October 2022	59	3,417	40	3,322	6,838
Total profit for the year	-	-	-	770	770
Issue of shares	3	1,578	-	-	1,581
Share based payment	-	-	29	-	29
Dividends	-	-	-	(561)	(561)
Balance at 30 September 2023	62	4,995	69	3,531	8,657
Total profit for the year	-	-	-	(1,671)	(1,671)
Issue of shares	13	5,762	-	-	5,775
Share based payment	-	-	38	-	38
Dividends	-	-	-	(1,091)	(1,091)
Balance at 30 September 2024	75	10,757	107	769	11,708

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Share based payment reserve	Retained earnings	Total Shareholder's equity
	£000	**£000**	**£000**	**£000**	**£000**
Balance at 1 October 2022	59	3,417	40	3,322	6,838
Total profit for the year	-	-	-	770	770
Issue of shares	3	1,578	-	-	1,581
Share based payment	-	-	29	-	29
Dividends	-	-	-	(561)	(561)
Balance at 30 September 2023	62	4,995	69	3,531	8,657
Total profit for the year	-	-	-	(1,671)	(1,671)
Issue of shares	13	5,762	-	-	5,775
Share based payment	-	-	38	-	38
Dividends	-	-	-	(1,091)	(1,091)
Balance at 30 September 2024	75	10,757	107	769	11,708

Share premium represents the amount raised on the proceeds of share issues in excess of the par value of those shares, net of issue costs.

The share-based payment reserve represents the accumulated entries to equity arising from the recognition of share-based payments in accordance with IFRS 2.

Retained earnings represent the accumulated profits and losses of the Group, less distributions, and similar items, since its incorporation.

Dividends were paid to the Company's shareholders during the year in two instalments – in March 2024 and August 2024. The first was a final dividend for the year ended 30 September 2023 of £710,000, 1.12p per share (FY 2022: £187,575), and the second an interim dividend for the year ended 30 September 2024 of £381,000, 0.06p per share (interim 2023: £374,568).

Hercules acquired 60% of FutureBuild Recruitment Ltd in November 2023. However, due to the nature of the acquisition and its associated partnership agreement, the acquisition has been treated in these accounts as 100%. This is the first partnership arrangement (which kicks in following the acquisition) the Group has entered in to, and it is cash generative.

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium account	Share based payment reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000
Balance at 1 October 2022	59	3,417	40	3,322	6,838
Profit for the year	-	-	-	770	770
Issue of shares	3	1,578	-	-	1,581
Share based payment	-	-	29		29
Dividends	-	-	-	(561)	(561)
Balance at 30 September 2023	62	4,995	69	3,531	8,657
Loss for the year	-	-	-	(1,127)	(1,127)
Issue of shares	13	5,762	-	-	5,775
Share based payment	-	-	38	-	38
Dividends payable	-	-	-	(1,091)	(1,091)
Balance at 30 September 2024	75	10,757	107	1,313	12,252

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 30 September 2024 £000	Year ended 30 September Re-stated 2023 £000
Cash flows from operating activities:			
Profit after taxation on continuing operations		1,636	1,669
Taxation Charge/(credit)		611	(128)
Finance income		(59)	-
Finance costs		1,184	938
Share based payment charge	26	38	29
Depreciation of property plant and equipment		941	795
Impairment of intangible assets		33	-
Loss on disposal of Tangible assets	16	201	43
(Increase)/decrease in inventories		(4)	1
Decrease/(Increase) in trade and other receivables		1,408	(4,692)
Increase in trade and other payables and provisions		1,481	4,612
Net operating cashflows generated from continuing operations		**7,470**	**3,267**
Net operating cashflows (used in)/generated from discontinued operations		(1,396)	559
Net cashflow generated from/(used in) operating activities		**6,074**	**3,826**
Cash flows from investing activities:			
Purchase of tangible assets		(327)	(63)

	Note		
Proceeds from disposal of tangible assets		119	172
Acquisition of subsidiaries (net of cash acquired)		(1,188)	-
Interest received		59	-
Net investing cashflows (used in)/generated from continuing operations		**(1,337)**	**109**
Net investing cashflows (used in)/generated from discontinued operations		(76)	(317)
Net cashflow (used in) investing activities		**(1,413)**	**(208)**
Cash flows from financing activities:			
Payment of lease liabilities		(1,522)	(1,838)
Interest paid	12	(934)	(726)
Net cash flows (to)/from invoice discounting facility		(2,665)	3,431
Dividends paid		(1,091)	(562)
Net proceeds from issues of shares		5,773	1582
Net financing cashflows (used in)/generated from continuing operations		**(439)**	**1,887**
Net investing cashflows (used in) discontinued operations		(1,679)	(2,565)
Net cashflows (used in) financing activities		**(2,118)**	**(678)**
Net increase in cash and cash equivalents		**2,543**	**2,940**
Cash and cash equivalents at the start of the year		4,151	1,211
Cash and cash equivalents at the end of the year		**6,694**	**4,151**
Cash in discontinued operations		(301)	-
Cash and cash equivalents in continuing operations at end of year		**6,393**	**4,151**

COMPANY STATEMENT OF CASH FLOWS

	Note	**Year ended 30 September 2024 £000**	**Year ended 30 September Re-stated 2023 £000**
Cash flows from operating activities:			
Profit/(Loss) after taxation		(1,126)	1,669
Taxation Charge/(credit)		725	(128)
Finance income		(59)	-
Finance costs		1,095	938

Share based payment charge	26	38	29
Depreciation of property plant and equipment		767	795
(Profit)/loss on disposal of Tangible assets		(223)	43
(Increase)/decrease in inventories		(4)	1
Decrease/(Increase) in trade and other receivables		1,404	(4,692)
Increase in trade and other payables and provisions		1,400	4,612
Net cashflow generated from/(used in) operating activities		**4,013**	**3,826**
Cash flows from investing activities:			
Purchase of tangible assets		(394)	(63)
Proceeds from disposal of tangible assets		530	172
Acquisition of subsidiaries (net of cash acquired)		(2,037)	-
Interest received		59	-
Net cashflow (used in) investing activities		**(1,842)**	**(208)**
Cash flows from financing activities:			
Payment of lease liabilities		(1,259)	(1,838)
Interest paid	12	(921)	(726)
Net cash flows (to)/from invoice discounting facility		(2,665)	3,431
Dividends paid		(1,091)	(562)
Net proceeds from issues of shares		5,773	1582
Net cashflow (used in) financing activities		**(163)**	**(678)**
Net increase in cash and cash equivalents		**2,012**	**2,940**
Cash and cash equivalents at the start of the year		4,151	1,211
Cash and cash equivalents at the end of the year		**6,163**	**4,151**

NOTES TO THE FINANCIAL STATEMENTS

Net debt

Group

FY2023- FY2024	At 30 September 2023	Cash flow	Non-cash movement	Reclassification to disposal group	At 30 September 2024
	£000	£000	£000	£000	£000

Cash and cash equivalents					
Cash	4,151	2,543	-	(301)	6,393
Debt					
Bank loans	(9,960)	2,790	-	(125)	(7,295)
Lease liabilities	(16,985)	3,603	(1,357)	9,366	(5,373)
Financing liabilities	(26,945)	6,393	(1,357)	9,241	(12,668)
Net debt	(22,794)	8,936	(1,357)	8,940	(6,275)

Non-cash movements represent new liabilities and finance charges recognised under IFRS 16 in respect of leases.

FY2022- FY2023

	At 30 September 2022	Cash flow	Non-cash movement	At 30 September 2023
	£000	£000	£000	£000
Cash and cash equivalents				
Cash	1,212	2,940	-	4,151
Debt				
Bank loans	(6,529)	(3,431)	-	(9,960)
Lease liabilities	(12,931)	4,403	(8,457)	(16,985)
Financing liabilities	(19,460)	972	(8,457)	(26,945)
Net debt	(18,248)	3,912	(8,457)	(22,794)

Non-cash movements represent new liabilities and finance charges recognised under IFRS 16 in respect of leases.

Company

FY2023- FY2024	At 30 September 2023	Cash flow	Non-cash movement	At 30 September 2024
	£000	£000	£000	£000
Cash and cash equivalents				
Cash	4,151	2,012	-	6,163
Debt				
Bank loans	(9,960)	2,665	-	(7,295)
Lease liabilities	(16,985)	1,259	11,846	(3,880)
Financing liabilities	(26,945)	3,924	11,846	(11,175)
Net debt	(22,794)	5,936	11,846	(5,012)

Non-cash movements represent new liabilities and finance charges recognised under IFRS 16 in respect of leases.

FY2022- FY2023	At 30 September 2022	Cash flow	Non-cash movement	At 30 September 2023
	£000	£000	£000	£000
Cash and cash equivalents				
Cash	1,212	2,940	-	4,151
Debt				
Bank loans	(6,529)	(3,431)	-	(9,960)
Lease liabilities	(12,931)	4,403	(8,457)	(16,985)
Financing liabilities	(19,460)	972	(8,457)	(26,945)
Net debt	(18,248)	3,912	(8,457)	(22,794)

Non-cash movements represent new liabilities and finance charges recognised under IFRS 16 in respect of leases.

1 **General Information**

The Group incorporates a number of companies owned by Hercules Site Services plc, all limited by share capital incorporated and domiciled in England and Wales. The principal activity of the Group is that of general construction and civil engineering.

The address of its registered office and principal place of business is:

Hercules Court

Lakeside Business Park

South Cerney

Cirencester

GL7 5XZ

2 **Summary of significant accounting policies**

Statement of compliance

The financial statements have been prepared in accordance with UK-adopted international accounting standards.

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared on the following basis:

- The financial information for the Group for the years ended 30 September 2023 and 30 September 2024;
- Using the historical cost convention except for, where disclosed in the accounting policies, certain items shown at fair value.

The financial statements are presented in Pounds Sterling, being the functional currency of the Group. The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. These are disclosed in note 3.

Changes in accounting policy and disclosures

(a) New and amended accounting standards

New Standards applicable for the year were as follows:

- IFRS 17 Insurance Contracts (1 January 2023)
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies (1 January 2023)
- Amendments to IAS 8 : Definition of Accounting Estimates (1 January 2023)
- Amendments to IAS 12 : Deferred Tax related to Assets and Liabilities arising from a Single Transaction (1 January 2023)

None of these amendments to Standards had a material impact on the Group's results for the year.

(b) Future standards

At the date of authorisation of the financial statements, the Group has not early adopted the following amendments to Standards and Interpretations that have been issued but are not yet effective:

- Amendments to IFRS 16 : Lease Liability in a Sale and Leaseback (1 January 2024)
- Amendments to IAS 1 : Non-current Liabilities with Covenants (1 January 2024)
- Amendments to IAS 12 : International tax reform (1 January 2023 for disclosure requirements)
- Amendments to IAS 7 and IFRS 7 Supplier Finance (1 January 2024)
- Amendments to IAS 21 : Lack of Exchangeability (1 January 2025)
- Amendments to IFRS 9 and 7: Classification and Measurement of Financial Instruments (1 January 2026)
- IFRS S1: General requirements for disclosure of sustainability related financial information (1 January 2024) not yet endorsed for use in the UK
- IFRS S2: Climate related financial disclosures (1 January 2024) not yet endorsed for use in the UK
- IFRS 18: Presentation and Disclosure in financial statements (1 January 2027)
- IFRS 19: Subsidiaries without Public Accountability: Disclosures (1 January 2027)

These Standards and amendments are effective from accounting periods beginning on or after the dates shown above. The directors do not expect any material impact as a result of adopting the standards and amendments listed above in the financial year they become effective.

Going concern

The directors have prepared a core forecast up to January 2026 using prudent assumptions, and assuming the Group will continue as a going concern. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future. In assessing whether the going concern assumption is appropriate, management has considered the Group's existing working capital and management are of the opinion that the Group has adequate resources to undertake its planned programme of activities for a period of at least 12 months from the date of approval of these financial statements. The Group's new working capital facility is now capped at £15m (but the directors believe could be extended if required) and is on a 3 month notice period on either side. A good relationship exists between the Group and the provider; therefore, the Directors do not believe the facility will be terminated within the going concern assessment period.

The directors have undertaken assessments of revenue streams from key contracts, growth in several areas, overheads, cash levels, cash facilities where required, tax projections etc. This core scenario provides a very healthy view of the Group's cash position. A further "poor" scenario test with 5% lower sales than FY2024, and margins reduced below FY2024 levels by 2.3% still provides sufficient (but reduced) cash levels in the 12 months ahead. This is before considering likely mitigating actions (overhead reductions etc) the Group would take should such an unlikely scenario become reality.

The Group increased its turnover by 28% in the year and exceeded its forecast turnover and EBITDA. The Group is one of six labour suppliers selected for the Northern Section of HS2 (Birmingham section), which is currently the largest construction project in Europe. This will continue to underpin and grow turnover over the next few years. In addition, the Group raised funds to purchase another fourteen suction excavators, which further boosted turnover from discontinued operations. Civil projects are expected to be similarly busy, due to the requirements of AMP7 being squeezed into three years rather than five, and the well documented pressures on the water industry.

Based on the current status, the Directors have a reasonable expectation that the Group will be able to execute its plans in the medium term such that the Group will have adequate resources to continue in operational existence for the foreseeable future. This provides the Directors with assurance on the Group's ability to continue as a going concern, and therefore adopt the going concern basis of accounting in preparing the annual financial statements. Cash at the end of FY2024 was £6.4m (FY2023 £4.2m), as a considerable increase in liquidity

has been achieved during the year following the significant equity fund raise September 2024. Following the fund raise in September 2024, a further 4,467,215 ordinary shares of 0.1p were issued at 49.5 pence per share, raising gross proceeds of £2,211k. The ordinary shares have attached to them full voting, dividend and capital distribution rights (including on winding up). They do not confer any right of redemption.

Basis of consolidation

The Consolidated financial statements consolidate the financial statements of the Group and its subsidiary undertakings drawn up to 30 September 2024.

As permitted by section 408 of the Companies Act 2006, no profit and loss account is presented for the Company.

A subsidiary is an entity controlled by the Group. Subsidiaries are fully consolidated from the date on which control is transferred to the Group or, if created directly, the subsidiary has been incorporated. The Group obtains control over an entity when it has:

a) power over the entity
b) exposure, or rights, to variable returns from its involvement with the entity
c) the ability to use its power over the entity to affect the amount of the Group's returns

Where applicable, the results of subsidiaries acquired during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

The acquisition method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the Group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill. No goodwill has arisen on consolidation of subsidiaries.

Inter-Group transactions, balances, and unrealised gains on transactions between the Group and its subsidiaries, which are related parties, are eliminated in full.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions. The Group operates from one location but, in the Directors' opinion, has three reportable segments: Labour supply, civil projects, and other activities.

Revenue

Revenue arises from the provision of construction and civil engineering services under fixed price contracts. Contract duration can vary and can range from the supply of labour only to the provision of fully managed construction and engineering projects. Where variations are requested, prices are agreed as soon as practically possible. Variations are exactly that – changes or additions to initial requests. Discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties are rarely encountered, but if any of them are, they are not material.

To determine whether to recognise revenue, the Group follows the 5-step process as set out within IFRS 15:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

Certain fixed price contracts span more than one accounting period and can have a duration of more than one year. The Group's accounting policies for these projects require revenue and costs to be allocated to individual accounting periods and the consequent recognition at period-end of contract assets or liabilities for projects still in progress. Management apply judgement in estimating the total revenue and total costs expected on each project. Such estimates are revised as a project progresses to reflect the current status of the project and the latest information available to management. The project teams regularly review contract progress to ensure the latest estimates are appropriate. The carrying amounts of contract assets and liabilities are stated in Note 19.

The key judgements and policies in respect of revenue from the Group's various activities are described further below.

Labour Supply

This represents the provision of labour to customers. The amount of revenue is based on agreed contractual hourly rates with customers. The customer simultaneously receives and consumes the benefits provided by the Group's performance under these contracts and the performance obligation (being the provision of labour) is therefore satisfied over time. In the majority of cases, the Group invoices customers monthly in arrears for the hours of labour supplied during that month. Amounts invoiced but unpaid at the balance sheet date are included within trade receivables.

In some cases, the monthly invoice will not correspond with a calendar month, and the Group is therefore required to include an amount within contract assets in the Statement of Financial Position, for revenue relating to periods for which labour has been provided but not yet invoiced.

Civil Projects

This represents work performed under contracts with customers to undertake construction and/or civil engineering works. These contracts contain several individually identified services. However, the directors consider that the services being provided are highly interdependent and interrelated and therefore should not be considered to be separate performance obligations under IFRS 15. Furthermore, the services provided by the Group either enhance an asset that the customer controls and/or do not create an asset with alternative use to the Group and there is an enforceable right to payment for performance completed to date. The Group therefore considers the delivery under these contracts to be a single performance obligation that is satisfied over time.

Each contract has its own assessed view. Contract modifications are recognised when the Group considers that they have been approved. The estimation of final contract value includes the assessment of the recovery of variations, claims, and compensation events. The estimate made is constrained in accordance with IFRS 15 so that it is highly probable not to result in a significant reversal of revenue in the future. Where the change in scope results in an increase to the work to be performed that is distinct and reflects the stand-alone selling price of the good/service, it is treated as a separate contract.

Under these contracts, the Group produces a monthly 'application' to the customer detailing the work performed to date and requesting payment accordingly. Within a period of one to two months (in the majority of cases) the customer will confirm agreement to the 'application' and remit the necessary funds to the Group. Historically, the Group's experience is that instances of customers materially disagreeing with the 'application' are rare and that this is therefore a reliable method by which to recognise revenue earned ("output method"). There have been no new 'output' method projects started since March 2021, and internal valuations made under this method in the year ending 30 September 2023 would not change the position in any material way.

At the balance sheet date, the Group includes a balance in receivables for the amount of revenue receivable on contracts based on the work performed. The Group used the output method for all projects still in operation at the end of March 2021 (until those projects are completed), but all new projects since then use the input method, based on costs incurred to date, to estimate the amount of revenue earned and includes an amount in contract assets within receivables. The input method is based on costs incurred at the balance sheet date compared to expected costs to be incurred throughout the life of the contract.

Other

Revenue from the sale of software products is recognised at a point in time, being when the software is delivered to the end customer. Likewise, the revenue from the health trailer (where nursing services are provided) is recognised, at a point in time, when the services have been delivered to the end customer. Payment terms are typically 30 days.

Other operating income

Work done for Hercules Real Estate Ltd and reclaims of training costs from ex employees are included here, but are only applicable for FY2023.

Taxation

The tax expense or credit for the period comprises current and deferred tax. Tax is recognised in the income statement, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current tax charge or credit is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the United Kingdom, where the Group operates and generates taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits available to the Group. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply in the period when the liability is settled, or the asset realised.

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 amounts of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Deferred tax assets and liabilities are only offset against each other when there is a legally enforceable right to set off current taxation assets against current taxation liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same tax authority on either (a) the same taxable entity, or (b) different taxable entities which intend to settle these on a net basis, or to realise the assets and settle the liabilities simultaneously. In the Group's accounts all taxes are levied by H M Revenue and Customs. Management reviews the offset of deferred tax assets and liabilities to ensure such an offset is appropriate.

Tangible assets

Property, plant, and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in its acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

Asset class	**Depreciation method and rate**
Plant and machinery	10% reducing balance
Fixtures, fittings and equipment	20% reducing balance
Right-of-use assets	
Cars	Straight line over the term of the lease
Vans	10% reducing balance
Property	Straight line over the term of the lease
Plant & Machinery	8.3% reducing balance

Intangible assets

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost

less accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Negative goodwill arising on an acquisition is recognised on the face of the balance sheet on the acquisition date and subsequently the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered.

No amortisation is provided on goodwill in FY2024, but amortisation of some intangible assets (arising on the acquisition of Future Build) has been included. This is the brand, and is being amortised over 10 years.

Impairment of non-financial assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately independent cash inflows (CGU). All non-financial assets or CGUs are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment charge is recognised for the amount by which the assets or CGUs carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. Value in use is assessed by discounting the estimated future cash flows that the asset is expected to generate throughout its useful life.

Discontinued operations

Hercules has decided to dispose of its suction excavator services business. This disposal meets the definition of a discontinued operation as stipulated by IFRS 5. Based on the expected net proceeds of sale the group made an impairment charge of £2m in FY2024.

Financial instruments

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the underlying contractual arrangement. Financial instruments are recognised on the date when the Group becomes a party to the contractual provisions of the instrument. Most financial instruments are initially recognised at fair value. Trade receivables are held in order to collect the contractual cash flows and are initially measured at the transaction price as defined in IFRS 15. Financial instruments cease to be recognised at the date when the Group ceases to be party to the contractual provisions of the instrument.

Financial assets are included on the balance sheet as trade and other receivables or cash and cash equivalents. Financial liabilities include borrowings, trade payables and accruals.

(a) Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are recognised initially at the amount of consideration that is unconditional. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established based on the expected credit loss. The Group applies the IFRS 9 simplified approach to measure expected credit losses that uses a lifetime expected loss allowance for all trade receivables, which are grouped based on shared credit risk characteristics and the days past due. The amount of the provision is recognised in the balance sheet within trade receivables. Movements in the provision are recognised in the profit and loss account in administrative expenses. Any change in their value through impairment or reversal of impairment is recognised in the income statement. Default is defined as non-payment - there is no specific write off policy, but disputes are settled by discussion as is common in the industry.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that have a maturity date of 3 months or less, are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

(c) Borrowings

All borrowings are initially recorded at fair value. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(d) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities. Trade payables are recognised initially at fair value, and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

(e) Contract assets

A contract asset is recognised within receivables where the Group has earned the right to revenue through performance under contracts. Contract assets are also potentially subject to credit losses and are therefore subject to a provision for expected credit losses in the same way as trade receivables as described above.

(f) Leases

The Group as lessee

Short term leases (up to one year) or leases of low value (up to £500) are recognised as an expense on a straight-line basis over the term of the lease.

The Group recognises right-of-use assets under lease agreements in which it is the lessee. The underlying assets comprise property, plant and machinery and motor vehicles, and are used in the normal course of business. The right-of-use assets comprise the initial measurement of the corresponding lease liability payments made at or before the commencement day as well as any initial direct costs and an estimate of costs to be incurred in dismantling the asset. Lease incentives are deducted from the cost of the right-of-use asset. The corresponding lease liability is included in the statement of financial position as a lease liability.

The right-of-use asset is depreciated on a straight-line basis over shorter of the asset's useful life and the lease term and where impairment indicators exist, the right of use asset will be assessed for impairment.

The lease liability shall initially be measured at the present value of the lease payments that are not paid at that date, discounted using the rate implicit in the lease or, where this cannot be determined, the Group's incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (application of the effective interest method) and by reducing the carrying amount to reflect the lease payments made. No lease modification or reassessment changes have been made during the reporting period from changes in any lease terms or rent charges.

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 settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Share-based payment

The Group applies IFRS 2 to share-based payments. The Group operates a share-based payment compensation plan, under which the entity grants key employees the option to purchase shares in Hercules Site Services Plc at a specified price maintained for a certain duration. The Group has also issued warrants to certain key suppliers with similar characteristics which are accounted for in the same way as the options.

The fair value of the services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each financial period, the Group revises its estimates
of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Consolidated Statement of Comprehensive Income, with a corresponding adjustment to equity. When the options are exercised, and the Group issues new shares to meet that obligation, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate

is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below. The impact of climate change are at present considered to be not material.

The Group has considered the nature of the estimates involved in deriving balances on long term contracts, and concluded that it is possible that outcomes within the next financial year may be different from the Group's assumptions applied as at 30 September 2024 and could require an adjustment (but not considered to be material) to the carrying amounts of these assets and liabilities in the next financial year. However, due to the level of uncertainty, combination of cost and income variables and timing across the Group's portfolio of contracts at different stages of their contract life, it is impracticable to provide a quantitative analysis of the aggregated judgements that are applied at a portfolio level.

Key judgements

Lease discount rate

IFRS 16 requires the carrying value lease liabilities and the corresponding right of use assets to be calculated using the net present value of future lease payments. This calculation inherently requires a discount rate to be applied, which requires judgement. The Directors have used the Group's incremental borrowing rate for property leases where the rate implicit in the lease cannot be determined. The incremental borrowing rate applied is based on the interest rate applied to the bank loan disclosed in note 24.

Key sources of estimation uncertainty

Revenue recognition (Civil projects)

In order to determine the profit and loss that the Group is able to recognise on its Civil projects in the accounting period, the Group has to estimate the total costs expected to be incurred under each project. While the costs incurred to date are known, the estimation of costs to complete for each project requires judgement. Management assesses the degree of completion by measuring the value of costs incurred as a percentage of the estimated total costs of the project. This is considered the most appropriate measure of completion of projects as revenue is invoiced based on the value of work performed. This represents an 'input method' under IFRS 15. Such estimates are revised as a project progresses to reflect the current status of the project and the latest information available to management. The project teams regularly review contract progress to ensure the latest estimates are appropriate. Further information is disclosed in note 2 under 'Revenue' and the carrying amounts of contract assets are stated in Note 6. There will always be some estimation uncertainty in the recognition of revenue owing to the estimate of cost to complete.

The Group recognises recoveries of claims from clients as revenue where clear entitlement has been established, such as through dispute-resolution processes. This includes the recovery of costs (such as delays to the contract programme) to the extent it is highly probable not to result in a significant reversal of revenue in the future.

Impairment of intangible assets

The group has goodwill arising on a business combination. The group tests annually whether goodwill has suffered any impairment in accordance with the requirements of IAS 36, Impairment of Assets. The recoverable amounts have been determined based on value-in-use calculations reported in continuing operations (see note 15).

The recoverable amounts of all cash generating units classified as discontinued operations have been valued at fair value less cost to sell.

Investments

The company has investments in subsidiaries which are shown at cost, less provisions for impairment. Investments in subsidiaries are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The recoverability of investments is dependent on value-in-use calculations of the White Collar business and achieving the revenue growth and EBITDA within these forecasts, the actuality of which is not certain. The sensitivities to these cash flows are considered in the impairment of intangible assets note 15.

4 Earnings per share

	Year ended 30 September 2024 £000	Year ended 30 September Restated 2023 £000
Basic and diluted		
Profit from continuing operations	1,636	1,669
Loss from discontinued operations	(3,307)	(899)
(Loss)/profit from all operations	**(1,671)**	**770**
Basic and diluted weighted average number of shares in issue	64,062,371	60,803,022
Basic and diluted profit/(loss) pence per share:		
Continuing operations	2.55	2.74
Discontinued operations	(5.16)	(1.48)
(Loss)/profit from all operations	**(2.61)**	**1.27**

The reduction in the basic eps was solely down to tax - a deferred tax swing from a credit of 129k in 2023 to a debit £558k in 2024, and a write off of £53k corporation tax from 2021.		**Restated**
	2024	**2023**
	£000	**£000**
Adjusted* basic and diluted		
Profit from continuing operations	2,225	1,738
Loss from discontinued operations	(1,290)	(899)
(Loss)/profit from all operations	**935**	**839**
Adjusted* basic and diluted profit/(loss) pence per share:		
Continuing operations	3.47	2.86
Discontinued operations	(2.01)	(1.48)
(Loss)/profit from all operations	**1.46**	**1.38**

The Group has share options and warrants in issue as disclosed in note 26. However, the average share price during the period since issue was lower than the exercise price, therefore the potential shares arising are not dilutive.

*Adjustments refer to exceptional/non-recurring costs, and under provisions of corporation and deferred tax in previous years.

5 Segmental reporting

The Group's management have identified three continuing operating segments: labour supply, civil projects, and other services. The segments are monitored by the Group's chief operating decision makers and strategic decisions are made based on the segments' operating results.

Segment information for the year ended 30 September 2024 is as follows:

Continuing operations

	Labour supply	**Civil projects**	**Other**	**Total**
	£000	**£000**	**£000**	**£000**
Revenue (all from external customers)	84,125	17,535	274	101,934
Cost of sales	(72,985)	(13,819)	(157)	(86,961)

Gross profit	11,140	3,716	117	14,973
Administrative expenses	(2,215)	(1,514)	(364)	(4,093)
Operating profit from segments	8,925	2,202	(247)	10,880
Administrative expenses				
not attributable to segments				(7,508)
Profit from operations				3,372
Finance income				59
Finance costs				(1,184)
Profit before tax				2,247

Other services include digital products, health trailer services, Academy training.

Segment information for the year ended 30 September 2023 is as follows:

	Labour supply	**Civil projects**	**Other**	**Total**
	£000	**£000**	**£000**	**£000**
Revenue (all from external customers)	63,818	15,656	296	79,770
Cost of sales	(53,192)	(12,410)	(96)	(65,698)
Gross profit	10,626	3,246	200	14,072
Administrative expenses	(1,961)	(1,455)	(226)	(3,642)
Other operating income			10	10
Operating profit from segments	8,665	1,791	(16)	10,440
Administrative expenses				
not attributable to segments				(7,961)
Profit from operations				2,479
Finance income				-
Finance costs				(939)

6 Revenue

The total turnover of the Group has been derived from activities wholly undertaken in the United Kingdom, being the operation of construction and engineering contracts, and other services. The Groups revenue from each activity is shown below and is all derived in the United Kingdom.

	2024	2023 Restated
	£000	£000
Labour Supply	84.125	63,818
Civil projects	17,535	15,656
Total from construction services	101,660	79,474
Other	274	296
	101,934	79,770
Discontinued operations	5,055	4,895
Total all operations	106,989	84,665

The Group derives its income from two main activities, both of which are linked to the principal activity of the delivery of construction and civil engineering services, being the provision of labour and services provided under construction and/or civil engineering contracts. These are referred to internally as ‘labour supply’ and ‘civil projects’ respectively.

Significant customers

In the year ended 30 September 2024 one customer represented 41% (£49.2m) of revenue (2023 one customer 36% (£33.7m)), and another customer represented 9% (£11.1m) of revenue (2023 one customer 8% (£7.9m). These customers were primarily labour supply customers. No other customers represented more than 8% of revenue in either year.

Contracts with customers

The Group has contract assets relating to revenue earned from the supply of labour and construction services. Due to the nature of this revenue, balances defined as contract assets will vary and depend on the number, timing and nature of the contracts in progress at the balance sheet date. The relevant balances are shown as contract assets in note 19. The decrease in contract assets compared to the prior year represents the decreased level of activity at the year end.

Contract balances

The nature of the Group’s revenue recognition is such that the only contract balances arising relate to accrued income, which is shown as a contract asset. The balance at 30 September 2024 was £3.0m (2023: £6.1m).

Significant changes in contract assets

The Group has many contracts for services underway at any point in time, and these are a mix of large and small contracts, generally with monthly invoicing. The level of contract assets therefore fluctuates depending on the mix of contracts and the stage of contract completion at the balance sheet date by reference to costs incurred to date.

7 Other operating income

Other operating income arises from the receipt of government grants for training costs. Since this is not considered to be part of the main revenue generating activities, the Group presents this income separately from revenue.

	Year ended 30 September	
	2024	**2023**
	£000	**£000**
Inter-Group sales	-	3
Reclaim of training costs	-	7
	-	10

Inter-group sales in 2023 (£3k) were to Hercules Real Estate Ltd, the parent company.

8 Profit from operations

Operating profit is stated in the income statement after charging:

		Year ended 30 September	
		2024	**2023**
		£000	**£000**
Depreciation – owned assets	17	108	135
Deprecation – right-of-use assets	17	833	584
Loss on disposal of fixed assets		209	43
Amortisation of intangibles		33	-
Research and development costs		6	4

9 Auditors' remuneration

No non-audit services have been provided in the year.

	Year ended 30 September	
	2024	**2023**
	£000	**£000**

Fees payable to the current auditors for the audit of the group financial statements including subsidiaries	121	
Fees payable to the previous auditors for the audit of the group financial statements including subsidiaries		80

10 **Staff costs**

Group

The aggregate employee benefit expenses were as follows:

	Year ended 30 September	
	2024	**2023**
	£000	**£000**
Wages and salaries	40,096	26,991
Social security costs	4,525	2,887
Defined contribution pension costs	553	467
	45,174	30,345

The average monthly number of employees for the Group during the year was as follows:

	Year ended 30 September	
	2024	**2023**
	£000	**£000**
Site based operatives	635	426
Administrative and Managerial	123	91
	758	517

Company

The aggregate employee benefit expenses were as follows:

	Year ended 30 September	
	2024	**2023**
	£000	**£000**
Wages and salaries	38,792	26,991
Social security costs	4,443	2,887
Defined contribution pension costs	528	467
	43,763	30,345

The average monthly number of employees for the Company during the year was as follows:

Year ended 30 September

	2024 £000	2023 £000
Site based operatives	633	426
Administrative and Manag€	102	91
	735	517

11 Key management remuneration

Key management of the Group are the directors. Remuneration paid to the directors (statutory and non-statutory) of the Group by the Group is set out below:

	Year ended 30 September	
	2024 £000	2023 £000
Salaries and benefits	1,283	641
Pension contributions	81	94
	1,364	735

During the year retirement benefits were accruing to 2 directors (2023: 2) in respect of defined contribution pension schemes.

Amounts paid to the highest paid director were as follows:

	Year ended 30 September	
	2024 £000	2023 £000
Salaries and benefits	394	278
Pension contributions	10	60
	404	338

12 Finance costs

	Year ended 30 September	
	2024 £000	2023 £000

Lease finance costs	201	142
Interest on loans measured at amortised cost	49	70
Invoice discounting interest	934	726
	1,184	938

13 **Income taxes**

	Year ended 30 September	
	2024	**2023**
	£000	**£000**
Current tax:		
UK corporation tax	-	-
Adjustments to prior periods	53	-
Total current tax charge	53	-
Deferred tax:		
Origination and reversal of timing differences	349	(62)
Adjustments in respect of prior periods	209	(67)
	558	(129)
Tax charge/(credit) on profit on ordinary activities	611	(129)

Tax on profit on ordinary activities for the year is lower than the standard rate of corporate tax in the UK of 25%, (2023: 22%).

The differences are reconciled below:

	Year ended 30 September	
Continuing operations	**2024**	**2023**
	£000	**£000**
Profit on ordinary activities before taxation	2,247	641
Tax at the UK rate of 25% (2023: 22%)	562	141
Effect of:		
Expenses not deductible for tax purposes	(122)	46
Fixed asset temporary differences	8	(242)
Adjustments in respect of prior periods*	262	(66)
Transfer of trade	(93)	-

Remeasurement of deferred tax for change in tax rates	-	(7)
Group relief	(6)	-
Total tax charge/(credit)	611	(129)

*****£53,000 Corporation Tax and £209,000 Deferred Tax were underprovided for in 2021 and 2023 respectively. However, as per usual practice prior years have not been restated and affect FY2024. These adjustments have been taken into account when adjusting profit after tax results and thereby earnings per share calculations (see p56).

14 **Deferred tax**
Group

Deferred tax balances are analysed as follows:

Deferred tax balances before offset	**30 September 2024 £000**	**30 September 2023 £000**
Deferred tax liability	(869)	(3,833)
Deferred tax asset	119	3,675
Total deferred tax liability	(750)	(158)

Deferred tax balances after offset	**30 September 2024 £000**	**30 September 2023 £000**
Deferred tax asset	-	-
Deferred tax liability	(750)	(158)
Total deferred tax liability	(750)	(158)

The amounts reflect the differences between the carrying and tax amounts of the following balance sheet headings as at each year end.

Credits/(charges) during each year are as follows:

	Tax losses £000	**Short term Temporary differences £000**	**Fixed asset Temporary differences £000**	**Business combinations £000**	**Total £000**
At 1 October 2022	1,709	2	(1,998)	-	(287)

asset/(liability)					
Tax credit/(charge) in respect of current year	1,893	71	(1,835)	-	129
At 30 September 2023 asset/(liability)	3,602	73	(3,833)	-	(158)
Discontinuing operations	(3,163)	-	3,230	-	67
Under provision charged to profit and loss	(439)	(41)	271	-	(209)
Tax credit/charge in respect of current year	115	(28)	(437)	-	(350)
Deferred tax on business combinations	-	-	-	(100)	(100)
At 30 September 2024 asset/(liability)	115	4	(769)	(100)	(750)

The current year rate of 25% arises from changes to legislation enacted during 2021. The main rate of corporation tax in the UK increased from 19% to 25% with effect from 1 April 2023.

In June 2023 Finance Act (No.2) 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15% in line with the OECD Pillar Two model rules. The legislation implements a domestic top-

up tax and a multinational top-up tax, effective for periods starting on or after 31 December 2023. The new rules are not expected to have a material impact on the Company's operations or results

Deferred tax

Company

All balances represent deferred tax liabilities. There are no deferred tax assets.

The amounts reflect the differences between the carrying and tax amounts of the following balance sheet headings as at each year end.

Credits/(charges) during each year are as follows:

	Tax losses £000	Short term Temporary differences £000	Fixed asset Temporary differences £000	Total £000
At 1 October 2022 – asset/(liability)	1,709	2	(1,998)	(287)
Tax credit/(charge) in respect of current year	1,893	71	(1,835)	129
At 30 September 2023 – asset/(liability)	3,602	73	(3,833)	(158)
Discontinuing operations	(3,163)	-	3,230	67
Under provision charged to profit and loss	(439)	(41)	272	(208)
Tax credit/charge in respect of current year	-	(28)	(437)	(465)
At 30 September 2024 – asset/(liability)	-	4	(768)	(764)

15 **Intangible assets**

Group

	Brand value £000	Goodwil l £000	Total £000
Cost			

Arising on business combinations	399	1,956	2,355
Disposals	-	-	-
At 30 September 2024	399	1,956	2,355
Amortisation			
Charge	33	-	33
Disposals	-	-	-
At 30 September 2024	33	-	33
Net book value			
At 30 September 2023	-	-	-
At 30 September 2024	366	1,956	2,322

Goodwill arose on the acquisition of Future Build as set out in note 16. The directors have utilised the provisions of IFRS 3 in respect of determining fair values on business combinations provisionally, and will adjust goodwill accordingly in the year ended 30 September 2025 for any amounts arising from the finalisation of those fair value within 12 months of the respective acquisitions.

Impairment testing

The directors consider that the Group comprises three single cash generating units ('CGU's) for its UK entities.

The Group tests goodwill, intangibles and company investments for impairment annually, using the value-in-use basis. This involves deriving a value for goodwill based on the net present value of future cash flows of the CGU. The directors used forecasts up to 2039 as the basis for the cash flow projections. The headroom, i.e. amount by which the cash generating unit's recoverable amount exceeds its carrying value in the impairment test for goodwill, is £379,496. The key assumption driving the recoverable amount estimate is revenue growth in the years ending 30 September 2025-2029. The table below sets out the impact of reducing the projected revenue growth estimates whilst holding EBITDA margins constant.

Reasonably possible changes in revenue growth and impact on recoverable amount	**Projected revenue growth in measurement of recoverable amount**	**Revenue growth level that would trigger impairment**	**Percentage reduction in projected revenue growth required to trigger impairment**
Year ending 30 September 2025	17%	11%	35%
Years ending 30 September 2026-29	10%	5%	50%

16 Business combinations

On 30 November 2023, Hercules Site Services plc acquired 60% of the issued share capital of Hercules Site Services (White Collar) Limited (formerly, Future Build Recruitment Limited), in turn obtaining control. However, due to the nature of the acquisition and its associated partnership agreement, the acquisition has been treated in these accounts as 100%. This is the first partnership arrangement (which kicks in following the acquisition) the Group has entered in to, and it is cash generative.

As part of the acquisition a partnership agreement was entered into with the owners of the remaining 40%, containing:

1) a call option allowing the group to acquire their remaining shares (if not already acquired) 10 years after the acquisition.

   and

2) a put option allowing the owners to sell their remaining shares to Hercules at specified points within a 10 year period post acquisition.

Therefore the business combination has been treated as Hercules Site Services plc acquiring 100% of the issued share capital of Hercules Site Services (White Collar) Limited.

Hercules Site Services (White Collar) Limited contributed £1.4m revenue and £Nil profit to the group's profit on continuing operations for the period between the date of acquisition and the balance sheet date.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Fair Value
	£000
Assets and liabilities acquired	
Financial assets	461
Tangible assets	3
Financial liabilities	(148)
Intangible assets – brand value	399
Deferred tax provision	(100)
Total identifiable assets	615
Goodwill	1,956
Total consideration	2,571
Satisfied by:	
Cash	1,001
Equity	250
Working capital	282
Contingent consideration	1,038
Total consideration transferred	2,571

Cash flow analysis:	
Cash consideration	1,533
Less: cash and cash equivalent balances acquired	(345)
Net cash outflow arising on acquisition	1,188

17 Tangible assets

Group	Plant and machinery	Fixtures & office equipment	Right-of-use assets	Assets under construction	Motor Vehicles	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 October 2022	269	587	15,605	-	707	17,168
Additions	143	143	7,764	78	16	8,144
Disposals	(34)	(22)	(123)	-	(225)	(404)
At 30 September 2023	378	708	23,246	78	498	24,908
Discontinued operations	(144)	(26)	(14,028)		(272)	(14,470)
Additions	11	219	1,982	180	-	2,392
Arising on business combinations	-	3	-	-	-	3
Disposals	-	-	(2,080)	(78)	(173)	(2,331)
At 30 September 2024	245	904	9,120	180	53	10,502
Depreciation						
At 1 October 2022	82	326	1,920	-	198	2,526
Charge for the year	23	100	1,604	-	45	1,772
Disposals	(15)	(22)	(60)	-	(92)	(189)
At 30 September 2023	90	404	3,464	-	151	4,109
Discontinued operations	(12)	(4)	(1,541)	-	(66)	(1,623)
Charge	16	83	833	-	9	941
Disposals	-	-	(279)	-	(76)	(355)
At 30 September 2024	94	483	2477	-	18	3,072
Net book value						
At 30 September 2024	151	421	6,643	180	35	7,430
At 30 September 2023	288	304	19,782	78	347	20,799
At 30 September 2022	187	261	13,685	-	509	14,642

Certain right-of-use assets are pledged as security on the lease agreements to which they relate.

Company	**Plant and machinery**	**Fixtures & office equipment**	**Rights of-use assets**	**Assets under construction**	**Motor Vehicles**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Cost						
At 1 October 2022	269	587	15,605	-	707	17,168
Transfer	143	143	7,764	78	16	8,144
Disposals	(34)	(22)	(123)	-	(225)	(404)
At 30 September 2023	378	708	23,246	78	498	24,908
Additions	11	201	393	180	-	785
Disposals	(144)	(34)	(16,166)	(78)	(444)	(16,866)
At 30 September 2024	245	875	7,473	180	54	8,827
Depreciation						
At 1 October 2022	82	326	1,920	-	198	2,526
Charge for the year	23	100	1,604	-	45	1,772
Disposals	(15)	(22)	(60)	-	(92)	(189)
At 30 September 2023	90	404	3,464	-	151	4,109
Charge	16	79	663	-	9	767
Disposals	(12)	(4)	(1,840)	-	(144)	(2,000)
At 30 September 2024	94	479	2,287	-	16	2,876
Net book value						
At 30 September 2024	151	396	5,186	180	38	5,951
At 30 September 2023	288	304	19,782	78	347	20,799
At 30 September 2022	187	261	13,685	-	509	14,642

18 Investments

Company

	As at 30 September 2024	**As at 30 September 2023**
	£000	**£000**
At 1 October	-	-
Hive down from Company	2,088	-
New investments in the year	2,570	-
Capital contribution	2,504	-
Impairment charge	(2,000)	-
Disposal group assets held-for-sale	(2,592)	-
At 30 September	2,570	-

Details of undertakings

Details of the investments in which the Group holds 20% or more of the nominal value of any class of share capital are given below. All subsidiaries are 100% owned in both the current unless otherwise stated. See disclosure below table for registered addresses of UK entities.

Undertaking	Country	Holding	Company number
Subsidiary undertakings			
Hercules Site Services (White Collar) Limited*	England and Wales	Ordinary	07235347
Hercules Site Services (Suction Excavators) Limited	England and Wales	Ordinary	14975649
Hercules Site Services (Training) Limited	England and Wales	Ordinary	14975482

The registered address for all subsidiaries registered in England and Wales is, Hercules Court, Broadway Lane, South Cerney, Cirencester, GL7 5XZ.

*Hercules Site Services Limited owns 60% of the share capital in Hercules Site Services (White Collar) Limited at 30 September 2024.However, in the accounts they are treated as 100% (see Note 16).

As part of the investment above, Hercules Site Services Limited transferred £2.1m of assets as a capital contribution to Hercules Site Services (Suction Excavators) Limited. A £2m impairment charge has now been debited to the income statement to reflect the likely sale price of this business.

19 **Trade and other receivables**

Group

Amounts falling due within one year:	**As at 30 September 2024 £000**	**Restated As at 30 September 2023 £000**
Trade receivables	11,080	10,328
Other receivables	-	49
Contract assets	2,957	6,137
Prepayments and accrued income	5,445	4,395
	19,482	20,909

Company

Amounts falling due within one year:	As at 30 September 2024 £000	Restated As at 30 September 2023 £000
Trade receivables	10,842	10,328
Other receivables	14	49
Contract assets	2,957	6,137
Prepayments and accrued income	5,324	4,395
	19,137	20,909

Prior Year Restatement

During the preparation of the financial statements for the year ended 30 September 2024, it was identified that accrued income balances had not been accurately recorded in the statutory accounts to 30 September 2023. An adjustment to increase prepayments and accrued income by £3,812k has been made, with an equal adjustment to reduce contract assets recognised at 30 September 2023. This adjustment has had no impact on the loss for the year ended 30 September 2024.

Expected Credit Loss Provision

Trade and other receivables and contract assets above are stated net of expected credit loss ('ECL') provisions where necessary, which are calculated using the simplified approach grouping trade receivables and contract assets on the basis of their shared credit risk characteristics.

Trade receivables are regularly reviewed for bad and doubtful debts. The Group's policy is to include a provision for impairment based on estimated credit losses. This includes an assessment where relevant of forward-looking information on macroeconomic factors that may affect the ability of customers to settle receivables. Trade receivables are written off where there is no reasonable expectation of recovery, for example where the customer has entered insolvency proceedings or where a customer has failed to make contractual payments for an extended period. As part of this assessment, the Group also considers the likelihood of any credit losses occurring in future based on previous experience and knowledge of the respective customers.

Trade and other receivables are all current and any fair value difference is not material. Trade and other receivables are assessed for impairment based upon the expected credit losses model. In order to manage credit risk, the Directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

The Group believe the credit risk attached to its customer base is minimal, however at 30 September 2024 an amount of £17k was included as an ECL provision (FY 2023 Nil). This was based on an analysis of customers and debt ageing.

In addition to any provisions required for ECL, the Group also includes a provision against trade receivables and contract assets for disputed items. During the year ended 30 September 2024 the Group recorded a credit to the income statement of £72k in respect of changes in the dispute provision (2023: credit of £17k).

As at 30 September 2024 the balance of the dispute provision was £98k (2023: £170k).

The maturity analysis of trade receivables (stated gross of provisions) is shown below:

	< 1 month	1-2 months	2-3 months	> 3 months	Total
	£	£	£	£	£
30 September 2024	5,162	4,939	1,546	(567)	11,080
30 September 2023 (restated)	4,631	4,728	440	529	10,328

The expected credit loss rate on all ageing columns above has been assessed as being immaterial.

20 Trade and other payables

Group

Amounts falling due within one year:	As at 30 September 2024 £000	Restated As at 30 September 2023 £000
Trade payables	969	331
Amounts owed to parent undertaking	-	39
Social security and other taxes	5,301	4,630
Other payables	4,554	4,781
Accrued expenses	931	452
	11,755	10,233

Company

Amounts falling due within one year:	As at 30 September 2024 £000	Restated As at 30 September 2023 £000
Trade payables	888	331
Amounts due to subsidiary	-	39
Social security and other taxes	5,217	4,630
Other payables	4,534	4,781
Accrued expenses	887	452
	11,526	10,233

Trade payables are all current and any fair value difference is not material.

Prior Year Restatement

During the preparation of the financial statements for the year ended 30 September 2024, it was identified that certain balances had not been accurately recorded in the statutory accounts to 30 September 2023. An adjustment to increase payables by £1,688k has been made, with an equal adjustment to increase receivables at 30 September 2023. This adjustment has had no impact on the loss for the year ended 30 September 2024.

21 Loans and borrowings

Group

	As at 30 September 2024 £000	As at 30 September 2023 £000
Included within current liabilities		
Bank loans	7,295	9,960
Included within non-current liabilities		
Bank loans	-	-

Company

	As at 30 September 2024 £000	As at 30 September 2023 £000
Included within current liabilities		
Bank loans	7,295	9,960
Included within non-current liabilities		
Bank loans	-	-

The Company

The loan is a revolving facility with a 3 year term, is secured on trade receivables and attracts interest at a rate of 2.75% over base rate. The facility is currently capped at £15m, but can be increased as the business grows.

22 Leases

The Group leases certain vehicles, properties and items of plant and machinery. With the exception of short-term leases and leases of low value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset (Note 17) and a lease liability.

The Group had recognised 43 vehicle leases in 2024 (2023 – 56), 57 plant and machinery leases (2023 – 28) and 6 property leases (2023 - 1)

All future cashflows are included. The property leases are subject to rent reviews every five years. The nature of the rent reviews is such that annual rentals are adjusted to prevailing market rates unless that would lead to a reduction. In accordance with IFRS 16, any future increases in annual rentals arising from rent reviews are not included in the calculation of the lease liabilities. Any future increases in annual rentals will result in prospective adjustments to the lease liabilities at the point of the rent review.

Amounts recognised in the Statement of Financial Position relating to leases, categorised by underlying type of asset, are:

Group

	Leasehold property £000	Plant and machinery £000	Motor vehicles £000	Total £000
Net book value				
At 1 October 2022	5,248	7,109	1,328	13,685
Adj to PY	-	(3)	-	(3)
New leases recognised in the year	86	6,540	1,138	7,764
Leases terminated in the year	(38)	-	(22)	(60)
Depreciation charge for the year	(310)	(923)	(371)	(1,604)
At 30 September 2023	4,986	12,723	2,073	19,782
New leases recognised in the year	1,575	-	407	1,982
Discontinued operations	(1,320)	(11,004)	(164)	(12,488)
Leases terminated in the year	(1,130)	(587)	(84)	(1,801)
Depreciation charge for the year	(329)	(94)	(410)	(833)
At 30 September 2024	3,782	1,038	1,822	6,642

Maturity analysis

	As at 30 September 2024 £000	As at 30 September 2023 £000
Due within one year	1,455	3,489
Due within two to five years	1,998	10,562
Due after five years	3,099	6,260
Future finance charges	(1,179)	(3,326)

	5,373	16,985

Amounts recognised in the Statement of Comprehensive Income

The statement of comprehensive income shows the following amounts relating to leases:

	2024 £000	2023 £000
Depreciation charge of right of use asset	833	635
Interest expenses (within finance costs)	250	212
	1,083	847

Amounts recognised in the Statement of Cash Flows

The statement of cash flows shows the following amounts relating to leases:

	2024 £000	2023 £000
Net cash outflows	1,522	1,838

Low value leases and short-term leases

The Group has no leases for which the low value or short-term exemptions of IFRS 16 has been applied.

Company

	Leasehold property £000	Plant and machinery £000	Motor vehicles £000	Total £000
Net book value				
At 1 October 2022	5,248	7,109	1,328	13,685
Adj to PY	-	(3)	-	(3)
New leases recognised in the year	86	6,540	1,138	7,764
Leases terminated in the year	(38)	-	(22)	(60)
Depreciation charge for the year	(310)	(923)	(371)	(1,604)
At 30 September 2023	4,986	12,723	2,073	19,782
New leases recognised in the year	10	-	382	392
Discontinued operations	(1,320)	(11,004)	(164)	(12,488)

Leases terminated in the year	(1,136)	(587)	(114)	(1,837)
Depreciation charge for the year	(178)	(94)	(391)	(663)
At 30 September 2024	2,362	1,038	1,786	5,186

Maturity analysis

	As at 30 September 2024 £000	As at 30 September 2023 £000
Due within one year	1,055	1,446
Due within two to five years	1,422	2,870
Due after five years	2,004	4,534
Future finance charges	(601)	(1,521)
	3,880	7,329

Amounts recognised in the Statement of Comprehensive Income

The statement of comprehensive income shows the following amounts relating to leases:

	2024 £000	2023 £000
Depreciation charge of right of use asset	663	608
Interest expenses (within finance costs)	147	202
	810	810

Amounts recognised in the Statement of Cash Flows

The statement of cash flows shows the following amounts relating to leases:

	2024 £000	2023 £000
Net cash outflows	1,259	4,403

Low value leases and short-term leases

The Company has no leases for which the low value or short-term exemptions of IFRS 16 has been applied.

23 **Financial instruments**

Group

Financial assets held at amortised cost:	**As at 30 September 2024 £000**	**Restated As at 30 September 2023 £000**
Trade receivables	11,080	10,328
Other receivables	-	49
Cash and cash equivalents	6,393	4,151
	17,473	14,528

Group

Financial liabilities held at amortised cost:	**As at 30 September 2024 £000**	**Restated As at 30 September 2023 £000**
Bank borrowings	7,295	9,960
Trade payables	969	331
Amounts owed to parent undertaking	-	39
Other payables	4,554	4,781
Accrued expenses	931	452
Lease liabilities	5,373	16,985
	19,122	32,548

Company

	As at	**As at**

Financial assets held at amortised cost:	30 September 2024 £000	30 September 2023 £000
Trade receivables	10,842	10,328
Other receivables	14	49
Cash and cash equivalents	6,163	4,151
	17,019	14,528

Company

Financial liabilities held at amortised cost:	As at 30 September 2024 £000	As at 30 September 2023 £000
Bank borrowings	7,295	9,960
Trade payables	888	331
Amounts owed to subsidiary	-	39
Other payables	4,534	4,781
Accrued expenses	887	452
Lease liabilities	3,880	16,985
	17,484	32,548

24 Financial Risk management

The Group uses various financial instruments. These primarily include bank borrowings, cash and various items, such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to finance the Group's operations.

The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below.

a) Market risk

Market risk encompasses three types of risk, being currency risk, interest rate risk and price risk.

Exposure to interest rate risk is considered further below. There is no exposure to currency risk as the Group operates entirely with the United Kingdom and all transactions are denominated in Pounds Sterling.

Interest rate risk is limited to interest paid on the Group's variable rate bank borrowings and interest received on cash deposits. Due to the relatively low level of borrowings and the low rates of interest on cash deposits, the impact of any changes in interest rate is not considered significant.

A change in interest rates of 1% would add additional cost of between £65,000 and £100,000 per year depending on the likely average level of the use of the invoice discounting facility.

b) Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs by closely managing its cash balance. The Group has significant levels of cash reserves available and continues to generate profit before taxation. In this context, liquidity risk is therefore considered to be low.

The Group's borrowing facilities are continually monitored against forecast requirements and timely action is taken to put in place, renew or replace credit lines.

A new invoice discounting facility was implemented in November 2023, with an initial cap of £15m. The only relevant covenant is the Group needs to keep a minimum headroom of £0.5m.

The Group acquires items of property, plant, and equipment on lease agreements where appropriate to assist in managing liquidity risk by avoiding the depletion of cash on large capital purchases. The Group also manages its liquidity needs by carefully monitoring cash outflows due on a day-to-day basis.

The Group's financial liabilities comprise bank borrowings, trade payables, other payables, accruals, amounts due to related parties and lease liabilities. The maturity of lease liabilities is disclosed in note 22 above. All other financial liabilities are expected to be settled within 12 months of the balance sheet date.

Where the balances are due within 12 months the contractual undiscounted cash flow is considered to be their carrying value as the impact of discounting is not significant.

c) Interest rate risk

Interest rate risk is limited to interest paid on the Group's variable rate bank borrowings and interest received on cash deposits. Due to the relatively low level of borrowings and the low rates of interest on cash deposits, the impact of any changes in interest rate is not considered significant.

d) Credit risk

The Group's principal financial assets are cash and trade receivables. Credit risk is also attached to contract assets that represent accrued income. The credit risk associated with cash is limited, as the counterparties have high credit ratings assigned by international credit-rating agencies. The credit risk associated with trade receivables is minimal as invoices are based on contractual agreements with long-standing customers. Debt levels with all customers are closely monitored, and a process involving informal and then formal communications is used where payments a re delayed. New customers are carefully assessed using the usual credit risk agencies.

Credit losses in the last few years incurred by the Group have consequently been immaterial, other than two bad debts incurred in the years ended 30 September 2021 and September 2023 of approximately £691,000 that the directors consider to be fairly exceptional. These arose due to the unexpected business failures of one major and one minor customer.

Notwithstanding the lack of historical credit losses, the Group maintains a provision against receivables. However, this is not necessarily linked to credit risk and the ageing of receivables is not the most relevant indicator to determine the potential impairment of a receivable. The nature of the Group's operations is such that misunderstandings or minor disagreements may arise during the course of contracts, which may sometimes require an adjustment to be made to achieve settlement.

Further details regarding expected credit losses can be found in note 19.

Capital management

The Group's capital comprises total equity and net debt. The Group's capital management objectives are:

- To ensure its ability to trade as a going concern; and
- To provide an adequate return to shareholders.

The Group monitors capital based on the carrying amount of equity and net debt. Adjustments are made as necessary based on the Directors' assessment of the needs of the business and external factors such as the Group's industry and the wider economy. The Group has traded profitably and therefore generally levels of debt have been low. More recently a revolving credit facility has been increased to assist with working capital.

The Group's gearing has therefore reduced considerably. The group raised further equity in September/October of 2024 from a number of key new strategic investors.

The Directors are able to maintain and adjust the capital structure by adjusting dividends, issuing new shares or selling assets to reduce debt.

A summary of the Group's gearing is shown below.

	30 September 2024	**30 September 2023**
	£000	**£000**
Total equity	11,708	8,657
Net debt	6,275	22,794
Total capital	17,983	31,451
Gearing ratio (net debt / capital)	35%	72%

25 Share capital

Issued capital

Allotted, called up and fully paid	As at 30 September 2024 £000	As at 30 September 2023 £000
Ordinary shares of £1 each	75	62

Share rights

The ordinary shares have attached to them full voting, dividend and capital distribution rights (including on winding up). They do not confer any right of redemption. In the FY2024, two tranches of new ordinary shares of 0.1p each have been issued by the Group:

December 2023	994,431
September 2024	11,729,998

Gross consideration of £6,056k, which amounted to £5,775k after issue costs.

26 Share based payments

As part of the Company's flotation on the Alternative Investment Market of the London Stock Exchange on 4 February 2022, the Group issued a number of share options and warrants to key employees and suppliers. 293,250 further options were granted during the year.

The number of options and warrants granted is shown in the table below.

	Options		Warrants	
	Number	Weighted average exercise price	Number	Weighted average exercise price
At 1 October 2023	3,225,754	51.0p	716,379	50.5p
Lapsed	(293,250)	51.0p	-	-

Issued on 14 February 2024	493,250	35.4p	-	-
At 30 September 2024	3,425,754	48.8	716,379	50.5p

Options

The weighted average remaining contractual life of the share options outstanding at 30 September 2024 was 3 years and 4 months. The options have a fixed exercise price based on the market price at the time of grant.

The options may be exercised between 4 February 2027 and 3 February 2029. No specific criteria is involved other than to be on the payroll for the period up to the start of the expected life of the options (see below).Any option holder leaving the employment of the Group before then forfeits the options. The issue of these options is not part of the remuneration package for the individuals concerned.

The fair value of the options is estimated at the grant date using a Black-Scholes option-pricing model that uses assumptions noted in the table below. All options were valued using the following assumptions:

Date of grant of option	14 Feb 2024	4 Feb 2023	4 Feb 2022
Expected life of options (years)	5 years	5 years	5 years
Exercise price	35.4p	56.5p	50.5p
Market value of share at date of grant	35.4p	56.5p	50.5p
Risk free rate	3.97%	3.15%	1.43%
Expected share price volatility	57%	42%	20%
Expected dividend yield	2.5%	6.31%	3.36%
Fair value per option	14.31p	9.20p	5.18p
Total fair value of options	£56,000	£27,000	£121,000
Charged to profit and loss in year	£7,760	£6,747	£24,298

Expected life of options

The expected life of the options was estimated based on the average of the minimum and maximum life under the option agreements respective.

Risk free rate

A risk free rate of 3.97% (2023 options : 3.15%) was assumed in the option pricing model, based on the yield from dividend strip government bonds with a similar life to the options issued as close as possible to date of grant.

Dividend yield

This is based on the level of dividends paid by Hercules Site Services plc since testing.

Exercise price

The exercise price was fixed at the market price at the date of grant.

Volatility

Volatility was based on the share price of Hercules Site Services plc. The Directors consider this the most appropriate method of assessing expected volatility as there is no comparable listed Group from which to draw data. Taking into account factors such as liquidity and performance, this is expected to be a reasonable reflection of the expected volatility throughout the expected life of the options.

The cost relating to each tranche that has been charged to profit and loss was included in staff costs. The total fair value of the options as shown above is being spread over the vesting period of 5 years in each case.

Warrants

The weighted average remaining contractual life of the warrants outstanding at 30 September 2023 was 2 years and 4 months. The options have a fixed exercise price based on the market price at the time of grant.

The warrants may be exercised at any time from the date of grant (31 January 2022) to 31 January 2025 at the option of the warrant holder.

The fair value of the warrants is estimated at the grant date using a Black-Scholes option-pricing model that uses assumptions noted in the table below. All options were granted on 4 February 2022 and were valued using the following assumptions:

Expected life of warrants (years)	3 years
Exercise price	50.5p
Market value of share at date of grant	50.5p
Risk free rate	1.43%
Expected share price volatility	20%
Expected dividend yield	3.36%
Fair value per option	4.11p

Expected life of warrants

The estimate for the expected life of the warrants is based on the warrant's contractual life.

Risk free rate

A risk free rate of 1.43% was assumed in the option pricing model, based on the yield from dividend strip government bonds with a similar life to the options issued as close as possible to date of grant.

Dividend yield

This is based on the level of dividends paid by the Hercules Site Services plc in the year.

Exercise price

The exercise price was fixed at the market price at the date of grant, being 50.5p.

Volatility

Volatility was assumed to be 20% on average. The directors based this assumption on the share price of Hercules Site Services plc throughout the year. Taking into account factors such as liquidity and performance, this is expected to be a reasonable reflection of the expected volatility throughout the expected life of the options.

The cost that has been charged to profit and loss in respect of share options was £23,575. The charge was included within administrative expenses. The warrants vested immediately, therefore this charge represents the full calculated fair value of the instruments and no further charge to profit and loss will be required.

27 Defined contribution pension scheme

The Group operates a defined contribution pension scheme. The pension cost charge for the year represented contributions payable by the Group to the scheme and amounted to £553k (2023: £503k). Contributions totalling £55k (2023: £196k) were payable to the scheme at the end of the year and are included in other payables.

28 Related party transactions

Ultimate controlling party

The ultimate Parent Company is Hercules Site Services plc.

At 30 September 2023 the controlling party was Hercules Real Estate Ltd with a share holding of 67.1%, however at 30 September 2024 Hercules Real Estate Ltd held 47.7% of the shares, as such there is no overall controlling party.

Key management personnel compensation

Key management personnel remuneration has been set out in note 11 to the Financial statements.

Transactions between key shareholder and subsidiary

The following transactions occurred between Hercules Real Estate Limited ('HRE') and Hercules Site Services Plc ('HSS'):

	2024 £000	2023 £000
Lease payments (HSS to HRE)	565	390
Payment for building services (HRE to HSS)	-	3
Lease liability between HSS and HRE as at 30 September	5,152	5,102

Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

Group Current (payables)/ receivables	**As at 30 September 2024 £000**	**As at 30 September 2023 £000**
Hercules Real Estate Limited	-	39
	-	39

Company Current (payables)/ receivables	**As at 30 September 2024 £000**	**As at 30 September 2023 £000**
Hercules Real Estate Limited	-	39
	-	39

29 **Capital commitments**

At 30 September 2024, the Group had orders committed to a value of £159k (2023: £74k).

30 **Post Balance Sheet Events**

The Board is pleased to propose a final dividend of 1.12 pence per share (2023: 1.12 pence). The dividend will be paid on 21 March 2025 to shareholders on the register at close of business on 21 February 2025. The shares will go ex-dividend on 20 February 2025.

31 **Further issue of shares**

Following the fund raise in September 2024, in October 2024, a further 4,467,215 ordinary shares of 0.1p were issued at 49.5 pence per share, raising gross proceeds of £2,211k. The ordinary shares have attached to them full voting, dividend and capital distribution rights (including on winding up). They do not confer any right of redemption.

32 **Provisions and contingent liabilities**

	As at 30 September 2024 £000	**As at 30 September 2023 £000**
At 1 October	-	304,951
Payments made	-	(304,951)
Additional provision for the year	-	-
At 30 September	-	-

In 2021 the Directors identified a potential underpayment of National Insurance contributions in respect of payments made to subcontractors. Following extensive professional consultation and advice, the Directors considered the roles for all subcontractors provided by the Group. Whilst the Directors consider that many of the roles were outside the scope of the Agency legislation, there were several that were potentially considered within the scope of the rules.

The Group immediately commenced the process of voluntary disclosure to HM Revenue & Customs in this regard. A provision of £305k was made in 2022 and was fully paid in FY2023. This provision and payment was based on those roles that the Directors deemed were inside the scope of the Agency legislation. Any adjustment to this settlement, however, currently remains uncertain. The directors have not provided for a penalty which may be between 0% and 30% of any liability arising from the disclosure, on the basis that they are making a voluntary disclosure to HM Revenue & Customs. The Directors have used their best estimate based on the advice provided and their analysis of the potential underpayments.

HMRC have made progress in relation to this process in recent months and have confirmed:

1) They will no longer seek to review roles that the Directors considered outside of the Agency Legislation.

2) They are now solely focussed on reviewing a sample of sub-contractor tax returns for the relevant years.

At the time of writing HMRC have not responded with any final thoughts on this sampling exercise. The maximum figure is £510k plus any interest applicable, less the £305k already paid (£205k net). However, this will be reduced by any amounts under the right of set off, namely employees NIC and PAYE. The Directors are confident this set off will be close to the £205k.

33 Discontinued Operations and Assets Held for Sale

Hercules has decided to dispose of its suction excavator services business. This disposal meets the definition of a discontinued operation as stipulated by IFRS 5. Based on the expected net proceeds of sale the group made an impairment charge of £2m against fixed assets in FY2024.

The results of the Suction excavator services discontinued operation are presented below:

Suction excavator services	**FY2024**	**FY2023 Restated**
	£000	**£000**
Revenue (all from external customers)	5,055	4,895
Cost of sales	(2,621)	(2,642)
Gross profit	2,434	2,253
Administrative expenses	(3,156)	(2,672)
Loss from operations	(721)	(419)
Impairment charge	(2,000)	-
Finance costs	(586)	(480)
Loss before tax	**(3,307)**	**(899)**
Taxation	-	-
Loss after tax	**(3,307)**	**(899)**

The major classes of assets and liabilities classified as held for sale as at 30 September 2024 are, as follows:

	£000
Assets	
Tangible assets	10,016
Inventories	71
Trade & Other receivables	1,445
Cash & cash equivalents	301
Assets held for sale	**11,833**
Liabilities	

Deferred tax liabilities	(67)
Trade & other payables	(293)
Borrowings	125
Lease liabilities	(9,365)
Liabilities held for sale	**(9,600)**
Net assets held for sale	**2,233**

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34 **Ultimate parent and controlling party**

The ultimate Parent Company is Hercules Site Services plc.

At 30 September 2023 the controlling party was Hercules Real Estate Ltd with a share holding of 67.1%. At 30 September 2024 Hercules Real Estate Ltd held 47.7% of the shares, however, it is still deemed the controlling party.