

MORGAN SINDALL PROPERTY SERVICES LIMITED
ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

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MORGAN SINDALL PROPERTY SERVICES LIMITED

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MORGAN SINDALL PROPERTY SERVICES LIMITED

COMPANY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2025

Directors

J C Morgan
P D Boyle
S W Butler
D R Eaton
C K K Gangotra
J Jamieson

Company Secretary

L A K Minns (appointed 3 June 2025)
H M Mason (resigned 22 April 2025)

Registered Office

Kent House
14–17 Market Place
London
W1W 8AJ

Independent Auditor

Ernst & Young LLP
Statutory Auditor
2 St Peters Square
Manchester
M2 3DF
United Kingdom

MORGAN SINDALL PROPERTY SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

Principal activities

Morgan Sindall Property Services Limited ('the Company') and its wholly owned subsidiaries (together 'the Group') form a UK-wide business which is focused on planned maintenance activities provided for social housing and the wider public sector. The Group has contracts with numerous councils to maintain council properties and has a portfolio of five facilities management contracts which are Private Finance Initiatives (PFI) contracts.

Business review

The results for the year and financial key performance indicators for the Group were as follows:

	2025	2024
	£m	£m
Revenue	212.5	223.2
Adjusted operating profit/(loss) ¹	2.0	(17.8)
Adjusted operating margin ²	0.9%	(8.0%)
Profit/(loss) before tax	1.5	(24.0)
Cash at bank	20.4	1.5
Forward order book ³	714.4	887.0

¹ Adjusted operating profit for the current year is the profit before interest and tax (£0.4m) and amortisation (£0.3m). In the prior year the adjusted operating loss was the loss before exceptional building safety items (£3.4m), interest and tax (£3.9m) and amortisation (£0.5m).

² Adjusted operating profit/(loss) divided by revenue.

³ The forward order book covers the upcoming years to 2041.

Following the completion of the business remediation programme at the end of 2024, the Group delivered a modest adjusted operating profit in the year of £2.0m (FY 2024: adjusted operating loss £17.8m).

Financial position and liquidity

The financial position of the Group and the Company is presented in the respective Balance Sheets. The Group had total shareholders' funds as at 31 December 2025 of £34.1m (2024: £32.3m). The Group had net current assets of £33.6m (2024: £31.1m), including held cash of £20.4m (2024: £1.6m), and bank overdrafts repayable on demand of £nil (2024: £0.1m), together net cash of £20.4m (2024: £1.5m). The Company had net current assets of £15.8m (2024: £15.3m) including cash of £18.0m (2024: bank overdraft of £0.1m).

The Group participates in the Morgan Sindall Group's banking arrangements (under which it is a cross guarantor). As at 31 December 2025, the Morgan Sindall Group had net cash balances of £531.2m (2024: £492.4m). The Morgan Sindall Group also has £180m of committed loan facilities, of which £15m mature in June 2028 and £165m mature in October 2028, which were entirely undrawn as at 31 December 2025.

Revenues were down by 5% to £213m (FY 2024: £223m), with a secured order book at £714m, down 20% from the prior year (FY 2024: £887m), as the Group focused its efforts on operational delivery across its existing contract portfolio, as well as rebalancing its maintenance activities more towards planned work.

MORGAN SINDALL PROPERTY SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

Financial position and liquidity (continued)

During the year, the Company secured a £4.5m facilities management contract with Thames Valley Police to deliver maintenance and repairs to over 350 buildings. The contract is for three years, with an option to extend for a further two years.

The planned maintenance business continued to win work under the Department for Energy Security and Net Zero's Warm Homes: Social Housing Fund and was awarded places on the Fusion 21 and South East Consortium decarbonisation frameworks, each valued at £1bn. In addition, a partnering contract was secured with The Guinness Partnership, building on planned maintenance works awarded in 2024. The contract is worth up to £120m over the next 15 years.

Key performance indicators

The Group's financial key performance indicators are described in the business review above. No other key performance indicators are deemed necessary to explain the development, performance or position of the Group.

Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Group are considered to relate to the market and economic environment, the availability of new business opportunities, the ability to attract and retain talented individuals, health, safety and environmental performance, contractual risks/disputes, poor project delivery and poor contract selection and counterparty liquidity risks. Further discussion of risks and uncertainties in the context of the Morgan Sindall Group as a whole and how these risks are managed and mitigated, is provided in the strategic report in the Morgan Sindall Group's 2025 annual report, which does not form part of this report.

Financial risk management objectives and policies

The Group's operations expose it to a variety of financial risks that include credit risk, liquidity risk, interest rate risk and price risk.

Credit risk

With regard to credit risk, the Group has implemented policies that require appropriate credit checks on potential customers before contracts are commenced. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers outside of the wider Group.

Liquidity risk

This is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group aims to manage liquidity by ensuring that it will always have sufficient liquidity to meet its liabilities when fall due, under both normal and stress conditions. Liquidity is provided through cash balances and access to Morgan Sindall Group's committed bank loan facilities.

Interest rate risk

In respect of interest rate risk, the Group has interest-bearing assets and liabilities. Interest-bearing assets and liabilities include cash balances and overdrafts, all of which have interest rates applied at fixed rates. The directors believe interest to be of low risk to the business as it is charged from Morgan Sindall Group plc at a fixed rate and the Group's overdraft position has reduced in the year. Morgan Sindall Group plc maintains the ongoing relationship with the bank and therefore mitigates the risk.

MORGAN SINDALL PROPERTY SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

Financial risk management objectives and policies (continued)

Price risk

The Group has some very low exposure to commodity price risk as a result of its operations. This risk is managed on a project-by-project basis by negotiating annual purchase agreements with key suppliers. The directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

Section 172(1) statement

The directors of the Company, when taking strategic, financial and operational decisions, consider what is most likely to promote the success of the Company and the Morgan Sindall Group in the long term, for the benefit of shareholders and having regard to the interests of wider stakeholders. The directors also understand the importance of engaging with key stakeholders and taking their views into account when making decisions as well as considering the impact of our activities on local communities, the environment, including climate change, and Morgan Sindall Group's reputation.

In order to maintain a reputation for high standards of business conduct, we adhere to the Morgan Sindall Group Code of Conduct which states our commitment to our Human Rights Policy and provides a framework for how we should act when engaging with our clients, colleagues and suppliers. The Code of Conduct gives our employees practical guidance on upholding the Morgan Sindall Group's Core Values and delivering on the Morgan Sindall Group's strategic priorities which include our 'Total Commitments' to being a responsible business. In addition, the Morgan Sindall Group Supplier Code of Conduct provides guidance for our suppliers on our Core Values and Total Commitments and the ethical standards expected by all our stakeholders.

The key activities of the Company's directors during the year included:

- Approval of the financial statements for the year ended 31 December 2024.
- Preparation of the Company's five-year strategic plan and annual budget for approval by the Morgan Sindall Group Board.
- Preparation of monthly reports on performance for the Morgan Sindall Group Board, including health and safety, risks and opportunities, and stakeholder engagement.
- Conclusion of a remediation programme and the associated engagement with stakeholders.

Further information, including the Morgan Sindall Group's Section 172 statement, can be found in its 2025 annual report at morgansindall.com.

MORGAN SINDALL PROPERTY SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

Engagement with stakeholders

Shareholder

The Company's shareholder is Morgan Sindall Group plc. The directors discuss Group performance with Morgan Sindall Group's executive directors in monthly management meetings and provide executive summaries for the Morgan Sindall Group Board. In addition, the directors routinely engage with the Morgan Sindall Group Board on topics of strategy, governance and performance. Company strategic plans are reviewed by the Morgan Sindall Group Board and include information on the impact of our activities on each stakeholder group and the environment.

Employees

Our employees are at the forefront of our business. We are proud of our people who have the passion, commitment and range of expertise we need to support and make a difference for our clients.

Our key priorities are to provide our employees with a fair, respectful and safe environment in which to work; have regard for their health and wellbeing; invest in their personal development and career progression; offer support for flexible working; and create an open and honest culture that promotes inclusion and diversity. Our employee policies are designed to support these goals and take account of external legislation, the Morgan Sindall Group Code of Conduct and our Core Values, so that we can continue to recruit, develop and retain the talent needed to deliver our strategy. We believe it is essential to engage with our employees to understand their views and priorities and how they feel about the business.

The Morgan Sindall Group's 2025 annual report describes how the Morgan Sindall Group Board engages with employees and how it reviews the Company's employee engagement activities throughout the year.

We engage directly with our employees and keep them updated with our business goals, market conditions, operational performance, health and wellbeing support and career advancement and personal development opportunities, using a variety of communication methods and channels.

We encourage our employees to challenge the status quo and think differently so that they can keep improving. We conduct regular surveys of our employees, following which we analyse their feedback and share with them the results of the surveys together with the actions that we will be undertaking in response and the intended impact of those activities.

A Save As You Earn (SAYE) Plan is currently in operation under which employees are given the opportunity to purchase Morgan Sindall Group plc shares in the future at a discount.

Inclusion and diversity

We recognise that diversity of thought, perspectives and experiences drive innovation and provide competitive advantage and therefore ensure that our employment practices promote an inclusive and diverse work environment. We are committed to creating opportunities for career growth and building a continuous learning culture. We hold personal development conversations with our employees throughout their careers with us and help them gain the skills they need to support their ambitions and drive the business forward.

MORGAN SINDALL PROPERTY SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

Engagement with stakeholders (continued)

Disabled employees

The Group's policy aligns with the Morgan Sindall Group policy to give full and fair consideration to job applications made by disabled people; commit to making reasonable adjustments to their role and responsibilities; and offer the training and support they need to give them the same opportunities for progression as our other employees.

Engagement with customers, suppliers and local communities

We believe the best approach to developing and nurturing long-term relationships is to base them on trust, by maintaining regular dialogue, listening attentively, being open and transparent when giving information, and working collaboratively.

Customers

We continue to work on the long-term relationships we have with our clients. Our clients are local authorities and housing associations and the residents of our clients' properties are our customers. To engage better with our customers, we use a communication tool called "Rant and Rave". This enables us to send out a short survey by text or email to our customers at key points in the repair service journey. The tool has a natural language, including slang and emojis, which enables us to capture the true essence of people's feedback so we can address issues should they arise.

Suppliers

Our suppliers and subcontractors are critical to our operations and we take a long-term collaborative approach to working with them. The Morgan Sindall Group's whistleblowing service is available to our subcontractors to raise any concerns they have about behaviours or decisions that do not uphold the standards set by our Supplier Code of Conduct.

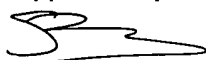
Most of our suppliers are now using a portal which enables them to monitor the processing of their payments. We are signed up to the Prompt Payment Code and the Payment Practice Report and, as part of the Morgan Sindall Group commitment, we have a target of paying 97% of our invoices on time to our suppliers.

Communities

Our goal is to create opportunities for people in the communities we serve, as well as supporting communities to be more coherent and economically resilient. Over the years we have developed our four community programmes to help us deliver on our ambitions to support disadvantaged people into employment, generate prospects for young people and engage with local charities.

We report to the Morgan Sindall Group Board of directors on a monthly basis on details of our relationships with our supply chain, customers and local communities, including feedback and satisfaction metrics and details of community initiatives. Further information on the Morgan Sindall Group's engagement with stakeholders and how it delivers on its Total Commitments can be found in the Morgan Sindall Group's 2025 annual report.

Approved by and on behalf of the Board:



S Butler
Finance Director
4 March 2026

MORGAN SINDALL PROPERTY SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

The directors present their annual report and the audited financial statements for the year ended 31 December 2025. The annual report comprises the strategic report and directors' report, which together provide the information required by the Companies Act 2006. The financial statements have been prepared under United Kingdom Accounting Standards, comprising Financial Reporting Standard 101 'Reduced Disclosure Framework' and applicable law.

Going concern

The Group's business activities, together with the factors likely to affect its future development and performance, as well as the financial position of the Group, its cash flows, liquidity position and borrowing facilities, are described in the strategic report on pages 2 to 6.

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Group can continue in operational existence during the going concern period, which the directors have defined as the date of approval of the 31 December 2025 financial statements through to 30 April 2027.

The Group participates in the Morgan Sindall Group's banking arrangements (under which it is a cross guarantor). As at 31 December 2025, the Morgan Sindall Group had net cash balances of £531.2m (2024: £492.4m). It also had £180m of committed loan facilities, £15m maturing in June 2028 and £165m maturing in October 2028, which were entirely undrawn as at 31 December 2025.

The Group's secured order book at 31 December 2025 was £714.4m, of which £160.7m related to the 12 months ended 31 December 2026. As at 31 December 2025, the Group had net current assets of £33.6m (2024: £31.1m) and held cash of £20.4m (2024: £1.6m) and bank overdrafts repayable on demand of £nil (2024: £0.1m), together net cash of £20.4m (2024: £1.5m).

The directors, having assessed the responses of the directors of Morgan Sindall Group plc to their enquiries, and having received confirmation regarding its support to assist the Group in meeting its liabilities as and when they fall due, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Group to continue as a going concern or its ability to continue with the current banking arrangements.

Based on the above, the directors have a reasonable expectation that the Company and the Morgan Sindall Group of which it is part have adequate resources to continue in operational existence to the end of the going concern period, which is 30 April 2027. Thus, they continue to adopt the going concern basis in preparing the financial statements.

Financial risk management

The financial risk management policies of the Group are disclosed in the strategic report.

Directors

The directors who served during the year and to the date of this report are shown on page 1. None of the directors had any interest in the shares of the Company during the year ended 31 December 2025.

MORGAN SINDALL PROPERTY SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

Directors' indemnities

The Company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006. Furthermore, Morgan Sindall Group maintains liability insurance for its directors and officers and the directors and officers of its associated companies. Morgan Sindall Group plc has also indemnified certain directors of its Group companies, to the extent permitted by law, against any liability incurred in relation to acts or omissions arising in the ordinary course of their duties.

The Company has not made qualifying third-party indemnity provisions for the benefit of its directors during the year (2024: none).

Dividends

The directors do not recommend the payment of a final dividend (2024: £nil).

Post balance sheet events

At the date of signing there were no post balance sheet events to report.

Political contributions

The Company made no political contributions during the year (2024: nil).

Employment policies

The Group insists that a policy of equal opportunity employment is demonstrably evident at all times. Selection criteria and procedures and training opportunities are designed to ensure that all individuals are selected, treated and promoted based on their merits, abilities and potential.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should as far as possible, be identical to that of a person who does not suffer from a disability.

Engagement with employees and other stakeholders

Details on engagement with employees and other stakeholders can be found in the strategic report on pages 2 to 6.

MORGAN SINDALL PROPERTY SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

Environmental performance

Morgan Sindall Group was the third construction company globally to submit its carbon targets for validation by the Science Based Targets initiative (SBTi) in 2017 and, in 2023, we revalidated our commitments to align to a more ambitious 1.5°C reduction scenario. Subsequently, we retained our target to reduce our Scope 1 and 2 and emissions by 60% for 2030, and a stretch target to deliver a 90% reduction by 2045. We also set a Scope 3 reduction commitment targeting a 42% reduction by 2030 and a 90% reduction by 2045 against a 2020 baseline to meet net zero.

As of 2025, the Morgan Sindall Group remains on track to achieve its medium-term climate ambitions¹. Since 2019, we have achieved a 55% reduction in our Scope 1 and 2 emissions. In 2025, the Morgan Sindall Group expanded its voluntary environmental data disclosure, including further external validation of Scope 3 data across our divisions². Work to rebase our Scope 3 emissions in line with updated methodologies also took place, resulting in a 1% increase year on year. In 2026 we will undertake further work to target and accelerate our Scope 3 reduction efforts.

Beyond our direct operations, we empower customers, teams and partners to reduce and avoid emissions associated with projects. Since 2021, CarboniCa, an RICS-approved carbon intelligence tool, has been used on over 840 projects. The industry-leading software undertakes a Whole Life Carbon Assessment (WLCA) of a project to highlight its most carbon-intensive elements and recommend lower-carbon alternatives. By deploying this early in the design phase, CarboniCa continues to generate significant emissions savings for our business and customers.

Through these efforts, the Morgan Sindall Group retained its 'AAA' MSCI rating for the fifth consecutive year and achieved an 'A-' for CDP Climate. Furthermore, we were named as a 2025 European Climate Leader by the Financial Times and a 'Low Carbon Leader' by Sustainalytics for our climate transition strategy. A summary of our 2025 environmental performance highlights include:

- A 55% reduction in Scope 1 and Scope 2 emissions since 2019
- A 1% increase in Scope 3 emissions year-on-year
- 99% of the Morgan Sindall Group's car fleet are hybrid and electric vehicles
- > 840 projects have implemented CarboniCa, since 2020

¹The Morgan Sindall Group's medium-term science-based targets refer to a 60% reduction in Scope 1 and 2 emissions and a 42% reduction in Scope 3 emissions by 2030, with long-term targets aiming for a 90% reduction across all our carbon emissions (Scope 1, 2 and 3) by 2045.

²The Morgan Sindall Group's 20,000 owned Peatland Carbon Units (PCU's) will be used to offset its residual emissions as part of its net zero targets.

Further detail of the Morgan Sindall Group's environmental performance, including reporting in line with the requirements of the Task Force on Climate-related Financial Disclosure (TCFD) and Streamlined Energy and Carbon Reporting (SECR) regulation, can be found in the Morgan Sindall Group's 2025 annual report.

MORGAN SINDALL PROPERTY SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

Independent auditor and disclosure of information to the independent auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

The Company has abolished the requirement to hold annual general meetings. Subject to the receipt of any objections as provided under statute or the Company's Articles of Association, the Company is relying on the provisions as provided in section 487 of the Companies Act 2006 for the deemed re-appointment of Ernst & Young LLP as auditors.

Directors' responsibilities statement

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

The directors confirm that they have complied with the above requirements in preparing the financial statements. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK-adopted International Accounting Standards (UK IAS) and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company financial position and financial performance;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

MORGAN SINDALL PROPERTY SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

Directors' responsibilities statement (continued)

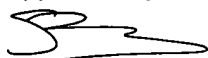
In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in International Financial Reporting Standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern..

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

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

Approved by and on behalf of the Board



S Butler
Finance Director
4 March 2026

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORGAN SINDALL PROPERTY
SERVICES LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2025**

Opinion

We have audited the financial statements of Morgan Sindall Property Services Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2025 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, the Company Balance Sheet, the Company Statement of Changes in Equity and the related notes 1 to 27 including a summary of material accounting policy information. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 31 December 2025 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period to 30 April 2027.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORGAN SINDALL PROPERTY
SERVICES LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2025**

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORGAN SINDALL PROPERTY
SERVICES LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2025**

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 10 to 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (UK adopted International Accounting Standards) and the relevant tax laws and regulations in the UK.
- We understood how Morgan Sindall Property Services Limited is complying with those frameworks by making enquiries of those charged with governance and management, including those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and papers as well as through consideration of the results of our audit procedures across the company, and including where necessary external management specialists.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORGAN SINDALL PROPERTY
SERVICES LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2025**

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

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it considered there was a susceptibility to fraud. We also considered performance targets and their propensity to influence efforts made by management to manage earnings. We considered the controls that the company has established to address risks identified, or that otherwise prevent, deter, and detect fraud; and how senior management monitors those controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures were designed to provide reasonable assurance that the financial statements were free from material fraud and error.
- Based on this understanding we designed our audit procedures to identify non compliance with such laws and regulations. Our procedures involved in addition to those set out above, we completed procedures to conclude on the compliance of the disclosures in the Annual Report and Financial Statements with the requirements of the relevant accounting standards and UK legislation.

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

Use of our report

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

DocuSigned by:

Ernst & Young LLP

344963578542450...

Victoria Venning (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester, United Kingdom

06 March 2026

MORGAN SINDALL PROPERTY SERVICES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 £000	2024 £000
Revenue	1	212,520	223,219
Cost of sales		(199,176)	(216,768)
Gross profit		13,344	6,451
Analysed as:			
Adjusted gross profit		13,344	9,851
Exceptional building safety items	3	-	(3,400)
Impairment loss on contract assets	14	(2,513)	(21,012)
Other administrative expenses		(9,401)	(9,166)
Other operating income		250	2,000
Operating profit/(loss)	2	1,680	(21,727)
Analysed as:			
Adjusted operating profit/(loss)		1,973	(17,818)
Amortisation of intangible assets		(293)	(509)
Exceptional building safety items	3	-	(3,400)
Interest expense	6	(642)	(2,379)
Interest income	6	438	76
Profit/(loss) before tax		1,476	(24,030)
Analysed as:			
Adjusted profit/(loss) before tax		1,476	(20,630)
Exceptional building safety items	3	-	(3,400)
Tax charge/(credit)	7	(216)	6,159
Profit/(loss) for the financial year attributable to owners of the Company	20	1,260	(17,871)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year attributable to owners of the Company		1,260	(17,871)

The Company loss for the year was £557k (2024: loss of £17,237k).

Continuing operations

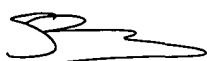
The results for the current and previous financial years all derive from continuing operations.

MORGAN SINDALL PROPERTY SERVICES LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2025

	Notes	2025 £000	2024 £000
Non-current assets			
Intangible assets	8	-	293
Property, plant and equipment	9	5,294	8,330
Deferred tax assets	16	932	442
		6,226	9,065
Current assets			
Contract assets	14	34,457	44,536
Trade and other receivables	12	20,614	20,868
Current tax assets		5,768	11,121
Inventories	11	153	311
Cash and bank balances	13	20,423	1,600
		81,415	78,436
Total assets		87,641	87,501
Current liabilities			
Bank overdrafts	13	-	(130)
Contract liabilities	14	(3,071)	(4,716)
Trade and other payables	15	(41,683)	(38,518)
Lease liabilities	23	(2,870)	(3,461)
Provisions	24	(218)	(518)
		(47,842)	(47,343)
Net current assets		33,573	31,093
Non-current liabilities			
Lease liabilities	23	(2,627)	(4,934)
Provisions	24	(3,087)	(2,882)
		(5,714)	(7,816)
Total liabilities		(53,556)	(55,159)
Net assets		34,085	32,342
Equity			
Share capital	17	67,480	67,480
Share premium account	18	911	911
Merger reserve	19	(1,987)	(1,987)
Retained earnings	20	(32,319)	(34,062)
Total equity		34,085	32,342

The financial statements of Morgan Sindall Property Services Limited (company number 04415196) were approved by the Board and authorised for issue on 4 March 2026. They were signed on its behalf by:



..... S Butler, Finance Director
4 March 2026

MORGAN SINDALL PROPERTY SERVICES LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 £000	2024 £000
Operating activities			
Profit/(loss) for the year	20	1,260	(17,871)
Adjusted for:			
Amortisation of intangible assets	8	293	509
Loss on disposal of assets	9	284	191
Depreciation	9	3,831	4,133
Net finance costs	6	204	2,303
Income tax expense / (credit)	7	216	(6,159)
Exceptional building safety provision	3	-	3,400
Operating cash flows before movements in working capital		6,088	(13,494)
Decrease/(increase) in trade and other receivables	12	254	(805)
Decrease in contract assets	14	10,079	33,734
Increase/(decrease) in trade and other payables	15	2,865	(35,271)
(Decrease)/increase in contract liabilities	14	(1,645)	145
Decrease in inventories	11	158	673
Cash generated from / (used in) operations		11,711	(1,524)
Income taxes received / (paid)		5,142	327
Net cash generated from / (used in) operating activities		16,853	(1,197)
Investing activities			
Purchases of intangible assets	8	-	-
Purchases of property, plant and equipment	9	(131)	(291)
Net cash used in investing activities		(131)	(291)
Financing activities			
Increase in share capital	17	-	40,000
Payment of lease liabilities		(4,125)	(4,127)
Interest received / (paid)		268	(2,022)
Net cash (used in) / generated from financing activities		(3,857)	33,851
Net increase / (decrease) in cash and cash equivalents		18,953	18,869
Cash and cash equivalents at 1 January		1,470	(17,399)
Cash and cash equivalents at 31 December		20,423	1,470

MORGAN SINDALL PROPERTY SERVICES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

	Share capital (Note 17)	Share premium account (Note 18)	Merger reserve (Note 19)	Retained earnings (Note 20)	Total
	£000	£000	£000	£000	£000
At 1 January 2024	27,480	911	(1,987)	(16,191)	10,213
Issue of share capital	40,000	-	-	-	40,000
Loss for the year and Total comprehensive loss	-	-	-	(17,871)	(17,871)
At 1 January 2025	67,480	911	(1,987)	(34,062)	32,342
Profit for the year and Total comprehensive income	-	-	-	1,260	1,260
Tax relating to share-based payments*	-	-	-	483	483
At 31 December 2025	67,480	911	(1,987)	(32,319)	34,085

*Tax relating to share-based payments includes a current tax credit of £41K (2024: £nil) and a deferred tax credit of £442K (2024: £nil).

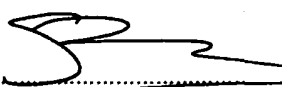
MORGAN SINDALL PROPERTY SERVICES LIMITED

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2025

	Notes	2025 £'000	2024 £'000
Non-current assets			
Intangible assets	8	-	293
Property, plant and equipment	9	5,294	8,330
Investment in subsidiaries	10	1,987	1,987
Deferred tax asset		928	437
		8,209	11,047
Current assets			
Inventories	11	150	309
Contract assets	14	28,358	39,085
Trade and other receivables	12	19,800	19,920
Current tax assets		6,203	11,431
Cash and bank balances	13	17,965	-
		72,476	70,745
Total assets		80,685	81,792
Current liabilities			
Bank overdraft	13	-	(130)
Contract liabilities	14	(2,758)	(4,263)
Trade and other payables	15	(51,043)	(47,243)
Lease liabilities	23	(2,870)	(3,461)
Provisions	24	-	(300)
		(56,671)	(55,397)
Net current assets		15,805	15,348
Non-current liabilities			
Lease liabilities	23	(2,627)	(4,934)
		(2,627)	(4,934)
Total liabilities		(59,298)	(60,331)
Net assets		21,387	21,461
Equity			
Share capital	17	67,480	67,480
Share premium	18	911	911
Retained earnings	20	(47,004)	(46,930)
Total Shareholder's funds		21,387	21,461

The Company reported a loss for the financial year ended 31 December 2025 of £0.6m (2024: £17.2m loss).

The financial statements of Morgan Sindall Property Services Limited (registered number 04415196) were approved by the Board and authorised for issue on 4 March 2026. They were signed on its behalf by:

.....  Butler, Finance Director

MORGAN SINDALL PROPERTY SERVICES LIMITED**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Share capital (Note 17)	Share Premium account (Note 18)	Retained earnings (Note 20)	Total
	£'000	£'000	£'000	£'000
At 1 January 2024	27,480	911	(29,693)	(1,302)
Issue of share capital	40,000	-	-	40,000
Loss for the year and Total comprehensive loss	-	-	(17,237)	(17,237)
At 1 January 2025	67,480	911	(46,930)	21,461
Loss for the year and total comprehensive loss	-	-	(557)	(557)
Tax relating to share-based payments*	-	-	483	483
At 31 December 2025	67,480	911	(47,004)	21,387

*Tax relating to share-based payments includes a current tax credit of £41K (2024: £nil) and a deferred tax credit of £442K (2024: £nil).

MORGAN SINDALL PROPERTY SERVICES LIMITED

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2025

General information

Morgan Sindall Property Services Limited (the 'Group' or 'Company') is a private company limited by shares, incorporated and domiciled in the UK under the Companies Act 2006 and registered in England and Wales. The nature of the Group's operations and its principal activities are set out in the strategic report on pages 2 to 6. The address of the registered office is given on page 1.

Basis of accounting

The consolidated financial statements have been prepared on the going concern basis and in accordance with UK-adopted International Accounting Standards ('UK IAS'). The Group financial statements have been prepared on the going concern basis in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101. Both the consolidated and Company financial statements have been prepared in accordance with the Companies Act 2006.

The Company has taken advantage of section 408 of the Companies Act 2006 and consequently the statement of comprehensive income (including the profit and loss account) of the Parent Company is not presented as part of these financial statements.

As permitted by FRS 101, the Group has taken advantage of the disclosure exemptions available in relation to the requirements presentation of a cash flow statement, related party transactions and disclosing standards not yet effective. Where required, equivalent disclosures are given in the consolidated accounts of Morgan Sindall Group plc, which are available to the public at morgansindall.com.

The financial statements have been prepared under the historical cost convention, except where otherwise indicated. The impairment of contract assets has been presented separately on the income statement due to the materiality of the impairment loss amount recognised during the year.

These financial statements are presented in pounds sterling which is the Group's functional currency. All financial information, unless otherwise stated, has been rounded to the nearest round thousand.

Ultimate controlling party

The directors consider that the ultimate parent undertaking and ultimate controlling party of this Company is Morgan Sindall Group plc, which is registered in England and Wales. It is the only group into which the results of the Company and its Group are consolidated. Copies of the consolidated financial statements of Morgan Sindall Group are publicly available from morgansindall.com or from its registered office Kent House, 14-17 Market Place, London W1W 8AJ.

Adoption of new and revised standards

(i) New and revised accounting standards adopted by the Group

During the year, the Group has adopted the following new and revised standard and interpretation. Its adoption has not had any significant impact on the accounts or disclosures in these financial statements.

- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates'

MORGAN SINDALL PROPERTY SERVICES LIMITED

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2025

(ii) New and revised accounting standards and interpretations which were in issue but were not yet effective and have not been adopted early

At the date of the financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures'
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)
- Annual Improvements to IFRS Accounting Standards—Volume 11
- IFRS 18 'Presentation and Disclosures in Financial Statements'

The Group is currently assessing the impact of the standards but does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group or the Company in future periods.

The accounting policies as set out below have been applied consistently to all periods presented in these consolidated financial statements.

Going concern

The Group's business activities, together with the factors likely to affect its future development and performance, as well as the financial position of the Group, its cash flows, liquidity position and the borrowing facilities, are described in the strategic report on pages 2 to 6.

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Group can continue in operational existence during the going concern period, which the directors have defined as the date of approval of the 31 December 2025 financial statements through to 30 April 2027.

The Group participates in the Morgan Sindall Group's banking arrangements (under which it is a cross guarantor). As at 31 December 2025, the Morgan Sindall Group had net cash balances of £531.2m (2024: £492.4m). It also had £180m of committed loan facilities, £15m maturing in June 2028 and £165m maturing in October 2028, which were entirely undrawn as at 31 December 2025.

The Group's secured order book at 31 December 2025 was £714.4m, of which £160.7m related to the 12 months ended 31 December 2026. As at 31 December 2025, the Group had net current assets of £33.6m (2024: 31.1m) and held cash of £20.4m (2024: £1.6m) and bank overdrafts repayable on demand of nil (2024: £0.1m), together net cash of £20.4m (2024: overdraft of £1.5m).

The directors, having assessed the responses of the directors of Morgan Sindall Group plc to their enquiries, and having received confirmation regarding its support to assist the Group in meeting its liabilities as and when they fall due, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Group to continue as a going concern or its ability to continue with the current banking arrangements.

Based on the above, the directors have a reasonable expectation that the Company and the Morgan Sindall Group of which it is part have adequate resources to continue in operational existence to the end of the going concern period, which is 30 April 2027. Thus, they continue to adopt the going concern basis in preparing the financial statements.

MORGAN SINDALL PROPERTY SERVICES LIMITED

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2025

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company, made up to 31 December each year.

In 2015, the companies, Lovell Powerminster Limited and Manchester Energy Company Limited, all of which are ultimately owned by Morgan Sindall Group plc, combined under a common control transaction. In the absence of a specific guidance on common control transactions under UK-adopted International Accounting Standards ('UK IAS'), the Company selected the appropriate accounting policy using the hierarchy described in IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. As the hierarchy permits the consideration of pronouncements of other standard-setting bodies, the common control transaction is accounted for using merger accounting principles in accordance with FRS 102. As the transaction was an acquisition by way of share-for-share exchange, the results and cash flows of all the combining entities were brought into the consolidated financial statements of the combined entity from the beginning of the financial year in which the combination occurred.

Intangible assets

Other intangible assets that are acquired separately, such as software, are recognised at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The estimated useful lives for the Group's finite life intangible assets are between one and 12 years.

Property, plant and equipment

Plant, machinery and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is provided in equal annual instalments at rates calculated to write off the cost of the assets, over their estimated useful lives as follows:

Plant, equipment, fixtures and fittings	5% per annum
Motor vehicles	33% per annum
Short-term leasehold property	the period of the lease (two – 10 years)

Gains and losses on disposal are determined by comparing the proceeds from disposal against the carrying amount and are recognised in the income statement.

Investments in subsidiaries

In the Company balance sheet, investments held as non-current assets are stated at cost less provision for impairment.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

MORGAN SINDALL PROPERTY SERVICES LIMITED

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2025

Inventories

Inventories are stated at the lower of cost and net realisable value, on a first-in-first-out basis. Costs include materials and direct labour. Net realisable value is based on estimated selling price, less further costs expected to be incurred to complete and sell the asset. Provision is made for obsolete, slow-moving or defective items where appropriate.

Revenue

Revenue is defined as the value of goods and services rendered excluding discounts and VAT and is recognised as follows:

Contract accounting

Revenue represents the fair value of work performed during the year on behalf of customers or the value of goods and services delivered to customers.

Revenue from long-term contracts is based on an internal assessment of work carried out in the year. Once the outcome of a contract can be estimated reliably, profit is recognised in the statement of comprehensive income on a stage-of-contract-completion basis by reference to costs incurred to date and total forecast costs on the contract as a whole. Losses expected in bringing a contract to completion are recognised immediately in the statement of comprehensive income as soon as they are forecast. Where the outcome of variations is uncertain, the Group only recognises revenue and associated profit where it is probable that the client will approve the variation. Where the outcome of claims is uncertain, the Group only recognises revenue when negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

Leases

Where the Company is a lessee, a right-of-use asset and lease liability are recognised at the outset of the lease other than those that are less than one year in duration or of a low value.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date based on the Company's expectations of the likelihood of lease extension or break options being exercised. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The lease liability is subsequently adjusted to reflect imputed interest, payments made to the lessor and any lease modifications.

The right-of-use asset is initially measured at cost, which comprises the amount of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the Company and an estimate of any costs that are expected to be incurred at the end of the lease to dismantle or restore the asset. The right-of-use assets are presented within the property, plant and equipment line in the balance sheet and depreciated in accordance with the Company's accounting policy on property, plant and equipment. The amount charged to the income statement comprises the depreciation of the right-of-use asset and the imputed interest on the lease liability.

Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

MORGAN SINDALL PROPERTY SERVICES LIMITED

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2025

Pensions

The Company contributes to various defined contribution pension schemes, and to a number of Local Government Pension Schemes ('LGPS'), which are defined benefit schemes. It is not possible to separately identify the Company's share of the underlying assets and liabilities of the LGPS and therefore the Company accounts for the schemes as though they were defined contribution schemes. For all schemes the amount charged to the statement of comprehensive income is equal to the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Income tax

The income tax expense represents the current and deferred tax charges. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity.

Current tax is the Group's expected tax liability on taxable profit for the year using tax rates enacted or substantively enacted at the reporting date and any adjustments to tax payable in respect of previous years.

Taxable profit differs from that reported in the statement of comprehensive income because it is adjusted for items of income or expense that are assessable or deductible in other years and is adjusted for items that are never assessable or deductible.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding tax bases used in tax computations. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and affects neither accounting nor taxable profits, or differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is recognised on temporary differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at the tax rates expected to apply when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted and are only offset where this is a legally enforceable right to offset current tax assets and liabilities.

MORGAN SINDALL PROPERTY SERVICES LIMITED

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2025

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All recognised financial assets and financial liabilities are subsequently measured at either fair value or amortised cost, depending on the classification of the financial assets and financial liabilities. All of the Group's financial assets other than those which meet the criteria to be measured at amortised cost are subsequently measured at fair value at the end of each reporting period, with any fair-value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

Contract assets

Contract assets primarily relate to the Company's right to consideration for work completed but not invoiced at the balance sheet date. The contract assets are transferred to trade receivables when the amounts are certified by the customer. On most contracts, certificates are issued by the customer on a monthly basis.

Grants

Grants received are credited to the statement of comprehensive income during the life of the project to which they relate or, for grants received from the Construction Industry Training Board, as training is provided to employees. Difference between the amount recognised in the statement of comprehensive income and the amount received are shown as either deferred income or accrued income in the balance sheet.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be estimated reliably.

MORGAN SINDALL PROPERTY SERVICES LIMITED

MATERIAL ACCOUNTING POLICY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2025

Current/non-current classification

Current assets include assets held primarily for trading purposes, cash and cash equivalents, and assets expected to be realised in, or intended for sale or consumption as part of the Group's normal identifiable operating cycle. All other assets are classified as non-current assets.

Current liabilities include liabilities expected to be settled in line with the Group's normal course of business and for which the Group does not have the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current liabilities.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires the Group's management to make judgements, assumptions and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgements in applying the Group's accounting policies

The Group did not have any critical judgements or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

(b) Key sources of estimation uncertainty

Building safety onerous contract provisions (estimate)

Management has reviewed contracts where, due to ongoing legislative and regulatory changes with regard to building safety issues, an obligation exists to rectify issues. Where such obligations exist, these have been evaluated for the likely cost to address and any impacts on client funding available for consideration. If management believes that the additional cost for rectification work we are required to undertake, adjusted for discounting, risk and inflation, will exceed the available revenue on these contracts, these are considered to be an onerous contract arising due to building safety requirements.

Onerous contracts are provided for at the lower of costs or termination. The entity regularly reviews its contract obligations and whether they are onerous. In the event that the costs of meeting the obligations exceed the economic benefits expected to be received through the life of the development, a provision would be recognised based on the lower of the cost of fulfilling the contract or terminating the contract.

Management has recognised a building safety onerous contract provision based on its estimate of future obligations. Plausible changes in the assumptions are not expected to result in a material change to the provision.

Please see note 24 for further detail.

MORGAN SINDALL PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. Analysis of revenue

All revenue relates to the Group's principal activity carried out in the UK, and all revenue is recognised over time.

2. Operating profit/(loss)

	2025	2024
	£000	£000
Operating profit/(loss) is stated after charging:		
Depreciation of tangible fixed assets:		
- Owned assets	315	363
- Right of use assets	3,516	3,770
Amortisation of intangible fixed assets	293	509
Impairment loss on contract assets	2,513	21,012
Expense relating to low value and short-term leases:		
- plant and machinery	2,266	2,260

	2025	2024
	£000	£000
Auditor's remuneration		
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	113	107
Fees payable to the Company's auditor for the audit of annual financial statements of subsidiary companies pursuant to legislation	3	3
Total auditor's remuneration	116	110

Non-audit fees payable by the Company during the year were £nil (2024: £nil).

3. Exceptional building safety items

	2025	2024
	£000	£000
Additions to building safety onerous contract provision	-	3,400
Exceptional building safety charge within cost of sales	-	3,400

See note 24 for further details on the building safety onerous contract provision.

MORGAN SINDALL PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

4. Staff costs

	2025	2024
	£000	£000
Wages and salaries	45,016	47,554
Social security costs	5,603	5,102
Pension costs	1,780	1,933
	52,399	54,589
	No.	No.
The average number of monthly employees (including executive directors) during the year was:	983	1,097

5. Directors' remuneration

	2025	2024
	£000	£000
Directors' remuneration		
Emoluments	1,331	910
Company contributions to money purchase pension scheme	57	38
Other benefits	21	30
	1,409	978
Remuneration of the highest paid director		
Emoluments	565	357
Company contributions to money purchase pension scheme	26	10
	No.	No.
The number of directors who:		
- are members of money purchase pension schemes	3	3

Total emoluments excludes amounts in respect of share options (granted and/or exercised), pension contributions, benefits under pension schemes and benefits under long term incentive plans. No other benefits were paid during the period.

Three of the directors of the Company received no emoluments (2024: four) in their capacity as directors of this Company. These individuals are remunerated by another company in the wider Morgan Sindall Group and performed no qualifying services during 2025.

MORGAN SINDALL PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

6. Interest expense/income

	2025	2024
	£000	£000
Bank interest payable	(38)	(1,777)
Interest on lease liabilities	(399)	(602)
Unwinding of discount on provisions	(205)	-
Interest expense	(642)	(2,379)
Bank interest receivable	438	76
Interest income	438	76

The bank interest payable is due to a bank overdraft facility. This bank overdraft is provided within a wider cash management system operated for the Morgan Sindall Group. The overdraft is repayable on demand, and interest on the overdraft is calculated based on the Bank of England base rate plus 1.5% (2024: 1.5%)

7. Tax

	2025	2024
	£000	£000
UK corporation tax charge/(credit) on profit/(loss) for the year	430	(5,987)
Adjustment in respect of previous years	(166)	(190)
Total current tax	264	(6,177)
Prior year	(8)	-
Current year	(40)	18
Total deferred tax (note 16)	(48)	18
Total tax charge/(credit)	216	(6,159)

Corporation tax is calculated at 25% (2024: 25%) of the estimable taxable loss for the year. The actual tax charge for the current and preceding year differs from the standard rate for the reasons set out in the following reconciliation:

	2025	2024
	£000	£000
Profit/(loss) before tax	1,476	(24,030)
Tax on profit/(loss) at corporation tax rate	369	(6,008)
<i>Factors affecting the charge for the year:</i>		
Adjustments in respect of prior years	(174)	(190)
Other permanent difference	21	39
Total tax charge/(credit)	216	(6,159)

MORGAN SINDALL PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

7. Tax (continued)

The UK statutory tax rate increased from 19% to 25% from 1 April 2023. Consequently, the applicable tax rate for the Company was 25% (2024: 25%).

Deferred taxes at the balance sheet date are measured at the enacted rates that are expected to apply to the unwinding of each asset or liability. Accordingly deferred tax balances as at 31 December 2025 have been calculated at 25% (2024: 25%).

Pillar Two legislation has been enacted in the UK, effective from 1 January 2024. The Company is within the scope of Pillar Two and has assessed its potential exposure to Pillar Two income taxes. The Company does not expect any material exposure to Pillar Two top-up taxes and no provision has been made for Pillar Two top-up taxes.

8. Intangible assets

Group	Software £000
Cost	
As at 1 January 2024	9,037
Disposals	(2,735)
As at 1 January 2025	6,302
Disposals	(142)
As at 31 December 2025	6,160
Amortisation	
As at 1 January 2024	(8,235)
Charge for the year	(509)
Disposals	2,735
As at 1 January 2025	(6,009)
Charge for the year	(293)
Disposals	142
As at 31 December 2025	(6,160)
Net book value	
As at 31 December 2025	-
As at 31 December 2024	293

MORGAN SINDALL PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

8. Intangible assets (continued)

Company	Software £000
Cost	
As at 1 January 2024	7,404
Disposals	(1,102)
As at 1 January 2025	6,302
Disposals	(142)
As at 31 December 2025	6,160
Amortisation	
As at 1 January 2024	(6,602)
Charge for the year	(509)
Disposals	1,102
As at 1 January 2025	(6,009)
Charge for the year	(293)
Disposals	142
As at 31 December 2025	(6,160)
Net book value	
As at 31 December 2025	-
As at 31 December 2024	293

MORGAN SINDALL PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

9. Property, plant and equipment

Group	Plant, equipment, fixtures & fittings £000	Right of use assets - Buildings £000	Right of use assets – Motor vehicles £000	Total £000
Cost				
As at 1 January 2024	1,461	4,645	8,809	14,915
Additions	291	540	1,459	2,290
Disposals	(425)	-	(863)	(1,288)
As at 1 January 2025	1,327	5,185	9,405	15,917
Additions	131	-	948	1,079
Disposals	(555)	(126)	(2,618)	(3,299)
As at 31 December 2025	903	5,059	7,735	13,697
Accumulated depreciation				
As at 1 January 2024	(868)	(1,633)	(2,050)	(4,551)
Charge for the year	(363)	(546)	(3,224)	(4,133)
Disposals	404	-	693	1,097
As at 1 January 2025	(827)	(2,179)	(4,581)	(7,587)
Charge for the year	(315)	(557)	(2,959)	(3,831)
Disposals	542	126	2,347	3,015
As at 31 December 2025	(600)	(2,610)	(5,193)	(8,403)
Net Book Value				
As at 31 December 2025	303	2,449	2,542	5,294
As at 31 December 2024	500	3,006	4,824	8,330

As at 31 December 2025, the Group has contractual commitments of £nil (2024: £nil) for the acquisition of property, plant and equipment.

MORGAN SINDALL PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

9. Property, plant and equipment (continued)

Company	Plant, equipment, fixtures & fittings £000	Right of use assets - Buildings £000	Right of use assets – Motor vehicles £000	Total £000
Cost				
As at 1 January 2024	1,201	4,645	8,809	14,655
Additions	291	540	1,459	2,290
Disposals	(165)		(863)	(1,028)
As at 1 January 2025	1,327	5,185	9,405	15,917
Additions	131	-	948	1,079
Disposals	(555)	(126)	(2,618)	(3,299)
As at 31 December 2025	903	5,059	7,735	13,697
Accumulated depreciation				
As at 1 January 2024	(608)	(1,633)	(2,050)	(4,291)
Charge for the year	(363)	(546)	(3,224)	(4,133)
Disposals	144	-	693	837
As at 1 January 2025	(827)	(2,179)	(4,581)	(7,587)
Charge for the year	(315)	(557)	(2,959)	(3,831)
Disposals	542	126	2,347	3,015
As at 31 December 2025	(600)	(2,610)	(5,193)	(8,403)
Net Book Value				
As at 31 December 2025	303	2,449	2,542	5,294
As at 31 December 2024	500	3,006	4,824	8,330

As at 31 December 2025, the Company has contractual commitments of £nil (2024: £nil) for the acquisition of property, plant and equipment.

10. Investments in subsidiaries

	2025 £000	2024 £000
Cost and net book value		
At 1 January 2025	1,987	1,987
At 31 December 2025	1,987	1,987

The details of the Company's subsidiaries are shown below. The country of incorporation and principal place of business is the UK and the address of the registered office of each entity is the same as the registered office of this Company.

MORGAN SINDALL PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

10. Investments in subsidiaries (continued)

Name of company	Principal activity	Proportion of ordinary shares held
Lovell Powerminster Limited	Maintenance of facilities management	100%
Golden I Limited	Provision of data analytics	100%
Manchester Energy Company Limited	Dormant	100%*
B:Home Birmingham Limited	Dormant	50%**

*Indirect Holding

**Incorporated on 13 February 2025; jointly owned with another Morgan Sindall Group company, Lovell Partnerships Limited.

11. Inventories

	2025 Group £000	2025 Company £000	2024 Group £000	2024 Company £000
Small tools and consumables	153	150	311	309
	153	150	311	309

The Group and Company recognised £nil (2024: £nil) as an expense for inventories written down to net realisable value.

12. Trade and other receivables

	2025 Group £000	2025 Company £000	2024 Group £000	2024 Company £000
Amounts falling due within one year				
Trade receivables	19,503	15,412	16,660	12,437
Amounts owed by Group undertakings	7	3,291	-	3,284
Prepayments and accrued income	1,104	1,097	4,208	4,199
	20,614	19,800	20,868	19,920

Amounts owed by Group undertakings are payable on demand, and are not interest bearing and are expected to be settled within 12 months from the balance sheet date.

At 31 December 2025, retentions held by customers for contract work amounted to £0.8m (31 December 2024: £1.1m). Included in the above trade receivables balance of £19,503k (£16,660k) there is a provision for impairment losses of £1,986k (31 December 2024: £1,750k).

MORGAN SINDALL PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

13. Cash and cash equivalents

Cash and cash equivalents is the net sum of Cash and bank balances and Bank overdrafts:

	2025	2025	2024	2024
	Group	Company	Group	Company
	£000	£000	£000	£000
Cash and cash equivalents	20,423	17,965	1,600	-
Bank overdrafts	-	-	(130)	(130)
	20,423	17,965	1,470	(130)

14. Contract assets and liabilities

The Group has recognised the following revenue-related contract assets and liabilities:

	2025	2025	2024	2024
	Group	Company	Group	Company
	£000	£000	£000	£000
Contract assets	34,457	28,358	44,536	39,085
Contract liabilities	(3,071)	(2,758)	(4,716)	(4,263)

The contract assets primarily relate to the Group's right to consideration for construction work completed but not invoiced at the balance sheet date. The contract assets are transferred to trade receivables when the amounts are certified by the customer. On most contracts, certificates are issued by the customer on a monthly basis.

The Group has taken advantage of the practical expedient in paragraph 94 of IFRS 15 to immediately expense the incremental costs of obtaining contracts where the amortisation period of the assets would have been one year or less.

The contract liabilities primarily relate to the advance consideration received from customers in respect of performance obligations which have not yet been fully satisfied and for which revenue has not been recognised. All contract liabilities held at 31 December 2025 are expected to satisfy performance obligations in the next 12 months.

Significant changes in the contract assets and the contract liabilities during the period are as follows:

MORGAN SINDALL PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

14. Contract assets and liabilities (continued)

Group	2025	2025	2024	2024
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
	£000	£000	£000	£000
As at 1 January	44,536	(4,716)	78,270	(4,571)
Revenue recognised				
Performance obligations satisfied in the current period	210,318	4,716	218,648	4,571
Impairment of contract assets	(2,513)	-	(21,012)	-
Cash received for performance obligations not yet satisfied	-	(3,071)	-	(4,716)
Amounts transferred to trade receivables	(217,884)	-	(231,370)	-
As at 31 December	34,457	(3,071)	44,536	(4,716)

Company	2025	2025	2024	2024
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
	£000	£000	£000	£000
As at 1 January	39,085	(4,263)	72,832	(4,140)
Revenue recognised				
Performance obligations satisfied in the current period	202,153	4,263	211,424	4,140
Impairment of contract assets	(2,513)	-	(21,012)	-
Cash received for performance obligations not yet satisfied	-	(2,758)	-	(4,263)
Amounts transferred to trade receivables	(210,367)	-	(224,159)	-
As at 31 December	28,358	(2,758)	39,085	(4,263)

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied at the balance sheet date:

	2026	2027	2028+	Total
	£000	£000	£000	£000
As at 31 December 2025	160,743	101,170	452,513	714,426

MORGAN SINDALL PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

15. Trade and other payables

	2025 Group £000	2025 Company £000	2024 Group £000	2024 Company £000
Trade payables	4,922	4,922	6,839	6,839
Amounts owed to Group undertakings	671	10,773	-	9,224
Social security and other taxes	7,091	7,013	7,806	7,729
Accrued expenses	28,176	27,512	23,034	22,612
Other payables	823	823	839	839
	41,683	51,043	38,518	47,243

Amounts owed to Group undertakings for general trading are payable on demand and are not interest bearing, other than as indicated below.

16. Deferred tax asset

	2025 £000	2024 £000
As at 1 January	442	460
Credit to income statement (note 7)	48	(18)
Charge to equity	442	-
Balance at 31 December	932	442

Deferred tax assets consist of the following amounts:

	2025 £000	2024 £000
Accelerated capital allowances	331	371
Short term timing differences	76	71
Share based payments	525	-
	932	442

Deferred tax assets have been recognised above due to forecast future profits.

17. Share Capital

	2025 £000	2024 £000
Allotted, called up and fully paid	67,480	67,480
Balance as at 31 December (67,480,101(2024: 67,480,101) ordinary shares of £1 each)	67,480	67,480

The Company has one class of ordinary share which carries no rights to fixed income.

MORGAN SINDALL PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

18. Share Premium

	2025	2024
	£000	£000
Balance as at 31 December	911	911

19. Merger Reserve

	2025	2024
	£000	£000
Balance as at 31 December	(1,987)	(1,987)

Details of the merger reserve can be found in the accounting policies.

20. Retained Earnings

	2025	2025	2024	2024
	Group	Company	Group	Company
	£000	£000	£000	£000
Balance as at 1 January	(34,062)	(46,930)	(16,191)	(29,693)
Profit/(loss) for the year	1,260	(557)	(17,871)	(17,237)
Tax relating to share options	483	483	-	-
Balance as at 31 December	(32,319)	(47,004)	(34,062)	(46,930)

21. Pension commitments

The Company contributes to various pension schemes for employees. The pension creditor at 31 December 2025 was £0.3m (2024: £0.3m).

22. Contingent liabilities

Performance bonds have been entered into in the normal course of business. Performance bond facilities and banking facilities of the Group are supported by cross guarantees given by the Company and other participating companies in the Group. It is not anticipated that any liability will accrue.

Contingent liabilities may also arise in respect of subcontractor and other third-party claims made against the Group in the normal course of trading. These claims can include those relating to cladding/legacy fire safety matters, and defects. A provision for such claims is only recognised to the extent that the directors believe that the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation. However, such claims are predominantly covered by the Group's insurance arrangements.

MORGAN SINDALL PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

23. Lease liabilities

The Group and Company leases assets including property, plant and vehicles. The lease terms on motor vehicles range between one to four years. There are no variable terms to any of the leases. The maturity profile for the lease liabilities at 31 December 2025 are set out below:

	2025	2024	2025	2024
	Buildings	Buildings	Motor vehicles	Motor vehicles
	£000	£000	£000	£000
Maturity analysis				
Within one year	609	608	2,261	2,853
Within one to five years	1,469	1,781	510	2,214
After more than five years	648	939	-	-
	2,726	3,328	2,771	5,067

	2025	2025	2025	2024	2024	2024
	Buildings	Motor vehicles	Total	Buildings	Motor vehicles	Total
	£000	£000	£000	£000	£000	£000
As at 1 January	3,328	5,067	8,395	3,358	6,884	10,242
Additions	-	933	933	538	1,454	1,992
Terminations	-	(297)	(297)	-	(167)	(167)
Repayments	(723)	(3,210)	(3,933)	(709)	(3,565)	(4,274)
Interest expenses	121	278	399	141	461	602
As at 31 December	2,726	2,771	5,497	3,328	5,067	8,395

MORGAN SINDALL PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

24. Provisions for liabilities

	2025		2024	
	Building safety onerous contract		Building safety onerous contract	
	Group	Company	Group	Company
	£000	£000	£000	£000
At 1 January 2025	3,400	300	-	-
Additions	-	-	3,400	300
Utilised	(300)	(300)	-	-
Unwinding of discounting	205	-	-	-
Balance at 31 December 2025	3,305	-	3,400	300
Current	218	-	518	300
Non Current	3,087	-	2,882	-
Balance at 31 December 2025	3,305	-	3,400	300

Building safety onerous contract provision

Management has reviewed contracts where, due to ongoing legislative and regulatory changes with regard to building safety issues, an obligation exists to rectify issues. Where such obligations exist, these have been evaluated for the likely cost to address and any impacts on client funding available for consideration. If management believes that the additional cost for rectification work we are required to undertake adjusted for discounting, risk and inflation, will exceed the available revenue on these contracts, these are considered to be an onerous contract arising due to building safety legislation.

As a result of this review process provisions are recognised, as reported in the table above.

The provision is expected to be utilised in the next 14 years, with payments commencing from 2026.

25. Related party transactions

In the ordinary course of business and through loan relationships, the Group has traded with its ultimate parent company Morgan Sindall Group plc together with its subsidiaries. Balances with these entities are disclosed in notes 12 and 15 of these financial statements. The Company has taken advantage of the exemption permitted by FRS 101 not to disclose transactions with entities that are wholly owned by the Group.

MORGAN SINDALL PROPERTY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

26. Financial Instruments

Risk exposure

The Group's operations expose it to a variety of financial risks that include credit risk, interest rate risk, liquidity risk and price risk. More information can be found within the strategic report.

Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Company. The Group operates within the central treasury function for the Morgan Sindall Group. The treasury function arranges loans and funding, invests in surplus liquidity and manages financial risk. Further information is provided within the Morgan Sindall Group financial statements.

Capital management

The Company's primary capital management objective is to ensure that the Group maintains investor, creditor and market confidence to support its business and maximise shareholder value.

The capital structure of the Group consists of cash and equity attributable to equity holders of the Group, comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity.

The Group is not subject to externally imposed capital requirements.

Credit risk

The ageing of trade receivables, excluding retentions held by customers, at the reporting date was as follows:

	2025	2025	2024	2024
	Gross trade	Provision for	Gross trade	Provision for
	receivables	impairment	receivables	impairment
	£000	£000	£000	£000
Not past due	12,125	-	9,553	-
Past due 1 to 30 days	2,800	-	1,753	-
Past due 31 to 120 days	393	-	249	-
Past due 121 to 365 days	96	-	452	-
Past due greater than one year	5,291	(1,986)	5,103	(1,750)
	20,705	(1,986)	17,110	(1,750)

27. Subsequent events

There were no subsequent events that affected the financial statements of the Group or Company.