PRAXIS
OPEN IDEAS

Annual Report & Audited Consolidated Financial Statements

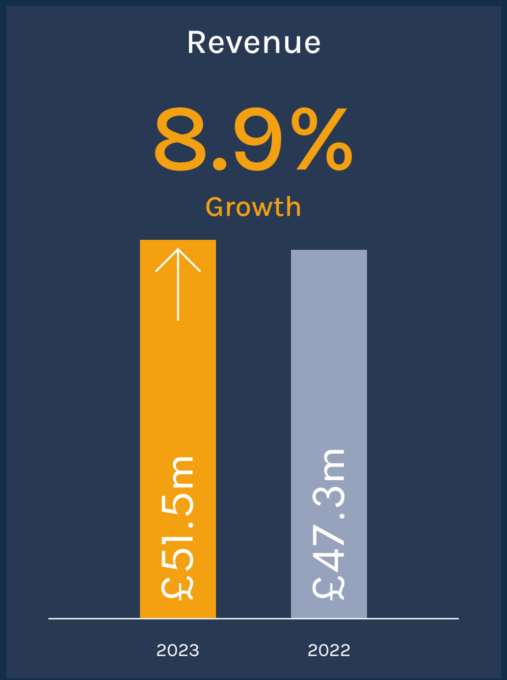
For the year ended 31 December 2023

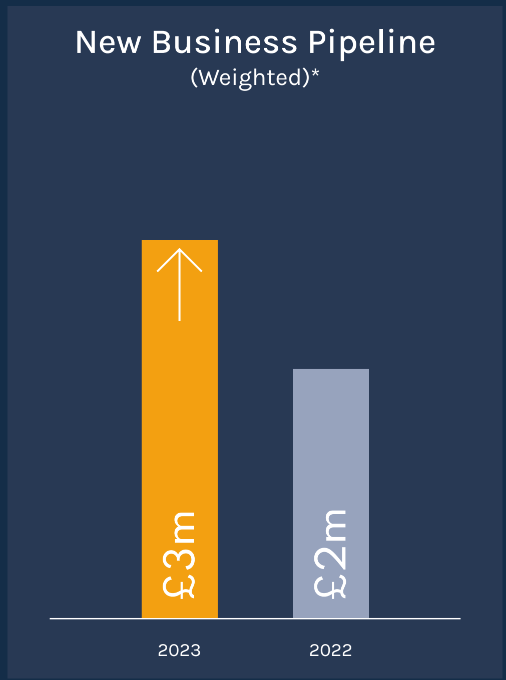
praxisgroup.com

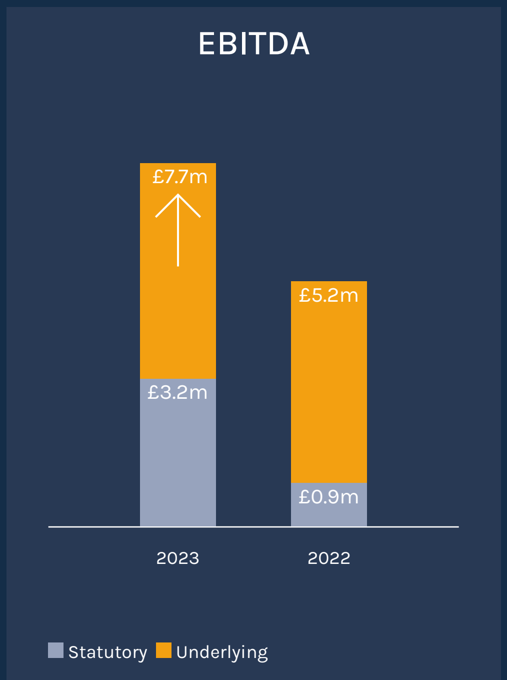
Contents

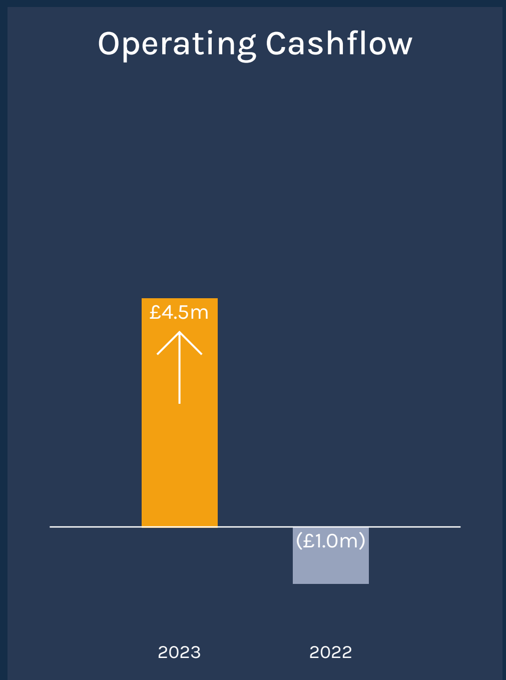
Business and Financial Highlights

The Group has accelerated the revenue growth that started in 2022, while improving operational efficiencies, and returning to strategic acquisitions and partnerships.









*The weighted pipeline represents opportunities that are in the later stages of conversion. The unweighted pipeline at 31 December 2023 was £10.3m vs. £8.6m at 31 December 2022.

Key Performance Indicators

New Business Pipeline (Weighted)*	Net Organic Growth	Gross Profit Margin
£3m	6.6%	58.7%
2022 £2m	2022 4.2%	2022 59.1%

Statutory EBITDA	Profit Before Taxes	Diluted EPS
£3.2m	(£2.9m)	(4.8p)
2022 £0.9m	2022 (£4.6m)	2022 (6.0p)

Leverage	Dividends	Employees
0.45	2.75p	422
2022 0.14	2022 2.50p	2022 410

EBITDA is a widely recognised measure of profitability after adding depreciation, amortisation, interest, tax and performance share plan back to earnings for the year.

Underlying EBITDA excludes exceptional or non-recurring charges (see page 10).

Leverage is calculated as net debt divided by underlying EBITDA.

Chairman's Statement

2023 was a pivotal year in the Group's strategic roadmap and as this report shows, we have made significant progress in growing the business, improving the way that we work and expanding our product portfolio.

Back in 2022, we communicated a new multi-year strategy to shareholders that was centred around the transformation of our private wealth and corporate services, to create an efficient, client focused platform with the breadth of skills and services needed to meet the increasingly complex demands of the global markets.

This strategy set us on a journey to evolve the way that the Group operates by leveraging the skills of our people, investing in opportunities for delivering efficiencies and enhanced service levels, reinforcing our relationships with our client and introducer networks, building partnerships with complementary businesses, and making targeted acquisitions.

I am pleased with the progress made in 2023, which has seen continued growth, a 48% increase in adjusted EBITDA to £7.7m and much-improved operating cashflow. Our private wealth business has been transformed into a truly international platform, and our new business investments into Sarnia Yachts and the End of Service (EOS) savings platform in the UAE provide the opportunity to access faster growing markets and broaden the range of services offered to current and future clients.

The establishment of our relationship management programme, Radius, and the investment into a London-based business development team has started to gain traction, with our weighted new business pipeline standing at £3m as we exited 2023, up 50% compared to the previous year and strengthened relationships with our introducer network. It is equally encouraging to note that a significant share of this pipeline originated from clients who are new to the Group.

Alongside our focus on growth, a fundamental part of the transformation programme has been the inward-facing scrutiny of our business framework and processes, and the move to the target operating model that harnesses centres of excellence and technological enhancements to improve efficiency, reduce costs, enhance margins, and allow our people to focus on adding value for stakeholders. As Rob discusses further in the Chief Executive's Statement, the changes to our onboarding, payment and billing processes have greatly simplified our operations, freeing up resources across the client-facing teams and providing a sound base from which to grow the business.

Exiting 2023, our private wealth business has a solid new business pipeline and an organisational structure that can deliver a market-leading service to our clients and, notwithstanding the ongoing geopolitical tensions and pending elections in the UK and US, we are well positioned to grow revenue in 2024 and beyond.

The combination of changing capital market flows and increased focus by corporate clients on costs and governance presents several opportunities to lever our international network and further diversify the business. Expanding the scale of our corporate services and employer solutions divisions is a priority for the year ahead. The opportunities presented by the EOS gratuity business in the UAE, the planned launch of an enhanced fund administration offering in Abu Dhabi Global Market (ADGM), and the extension of our corporate service offering in the UK are each expected to fuel growth in 2024.

Our people are the bedrock of our business, and 2023 saw further efforts to build on the expertise we have across the Group through a combination of selective hires and investment into the substantial talent we already have among our ranks.

We are committed to promoting from within wherever we can, acknowledging that this strengthens relationships, delivers continuity for our clients, and allows for healthy succession planning. We remain focused on the ongoing learning and development of our workforce to maintain our position at the forefront of the industry and to support the rapidly evolving requirements of our clients and the regulatory and technological landscapes we operate in.

In March 2023, we formally launched our Values Programme to instil our ethos of trusting, listening, inspiring, and succeeding together. These values are now firmly embedded into the business and set the expectations we have for our people.

Another valuable part of our collective culture is our ESG agenda, which combines an imperative to reduce our carbon footprint, encourage sustainable practices and actively support the communities in which we live and work. Praxis has a long history of supporting local charities, organisations and voluntary groups, and as outlined on page 17, we were able to build on this in 2023.

Chairman's Statement continued

We leave 2023 with a business that has returned to growth, a strong team and an operating platform that will continue to evolve, as the centres of excellence model and automation initiatives come on-stream.

As a Board we recognise the importance of balancing capital growth and dividend income, and remain committed to a progressive dividend policy that balances the need for investment into the transformation and growth in the business with the annual dividend paid to our shareholders.

Over the course of the last 18 months, we have focused our investment on improving efficiency, expanding our range of services and returning the business to growth. As we enter the final phase of the transformation programme, we expect further investment will be required in 2024 to deliver the programme's full potential.

Taking account of the Group's stronger trading position and these ongoing investment needs, the Board has recommended a final dividend of 1.5p. This represents a 20% increase in the final dividend to 1.25p, which will be paid to shareholders on record as at 24 May 2024. When taken together with the interim dividend paid in December 2023, the total dividend for the year will be 2.75p, an increase of 0.25p on 2022.

On behalf of myself and my colleagues on the Board, I would finally like to thank our people and the leadership team for their considerable efforts over the past 12 months, which have put us in a much stronger position as we move into the second half of our transformation journey. I would also like to thank our clients and shareholders for their continued support.

Iain Torrens
Chairman
15 May 2024

> "Our people are the bedrock of our business, and 2023 saw further efforts to build on the expertise we have across the Group through a combination of selective hires and investment into the substantial talent we already have among our ranks."

Chief Executive's Statement

I am pleased to report that the Group made material improvements across all elements of its transformation programme over the course of 2023, and we have created a platform for growth that can take Praxis into the future.

The return to revenue growth that began in 2022 gained momentum over 2023, and we exited the year with 8.9% revenue growth. The 12 months to 31 December saw revenue of £51.5m against £47.3m in the previous year; gross profit margin moved from 59.1% to 58.7%, with the small decline caused by one-off transformation costs; and underlying EBITDA climbed from £5.2m to £7.7m, driven by our investment into the business development team and the transformation programme. Overall, our net organic growth of 6.6% was a good performance by the Group.

Returning the Group to sustainable organic revenue growth has been a focus across all our operating businesses. Gross organic growth for 2023 was 14.1%, which excludes the impact of the Sarnia Yachts acquisition, and a high proportion of our new business coming from new clients to the Group. This strong level of organic growth shows our continuing ability to win new work in what is a difficult market and the underlying strength of the Praxis brand.

Client attrition across the Group was 7.8% with higher rates being seen across our Guernsey, Geneva and Netherlands trust businesses. As part of our transformation programme, we are focusing on client satisfaction and feedback from our intermediary introducers to ensure that any regretted attrition is minimised.

The acquisition of Sarnia Yachts with its three-pillar offering of yacht ownership, yacht management and crew management has brought access to new clients and advisers, allowed us to deepen relationships with our existing network and provided a platform to expand into other luxury asset classes.

December saw the launch of a diversified product offering through Crew LITE, a new support package that ensures compliance and efficiency in all fundamental aspects of crew management. We believe that delivering a holistic and accessible solution to the market either through our own service offering or via our chosen partners represents a powerful offering for our clients and potential clients.

Going forward, the team is planning to build formal partnerships in complementary yacht services, including project management, brokerage, financing, crew travel, training and recruitment as well as packaging aspects of the service offering to make them more accessible to UBOs and introducers.

Under the Praxis umbrella, the yacht services division is expanding its network into UAE and Asia, where the rapid growth of private wealth represents fertile ground and excellent opportunities to add further yacht structures into our portfolio.

Staying in the Middle East, the employee benefits digital platform that we announced in the 2022 Annual Report, is live via our joint-venture with Daman - the UAE's leading national health insurance provider. The Daman Gratuity and Employee Benefits (GEB) Trust delivers bespoke and digitally enabled wealth administration and end of service provision to Daman's workforce and is being marketed to the organisation's top clients as well as directly to institutional contacts in the region.

Our move in this space is closely aligned with emerging government policy in the Middle East that requires businesses to fund EOS gratuities. As one of a limited number of providers with onshore UAE retail permissions, we are in an excellent position to capitalise on this shift and the recurring revenue that it represents. The Group Head of Pensions and Employer Solutions relocated to the UAE in early 2024, giving us the resource and expertise on the ground to fully exploit this exciting opportunity.

Our global corporate services business once again performed strongly in 2023 and represents a key part of our growth strategy as we look to balance our portfolio of business more evenly between corporate administration and private wealth services.

Through our planned investments into company secretarial services in the UK and Jersey together with the launch in H1 2024 of our enhanced fund administration service in ADGM, we are targeting to grow the corporate services division from being 30% of Group revenues to having a more balanced position.

Chief Executive's Statement continued

Our operating businesses are fully focused on delivering organic growth and business effectiveness with budgets and targets aligned to the Group strategy. As Iain has mentioned, we continue to drive new business conversions along with operational efficiencies across all areas through the transformation programme. Since 2022, our investment in this programme - and the significant investment in restructuring the business - has reduced our annualised operating costs and increased the new business pipeline.

At an operational level, projects have included the billing automation, which has resulted in significant efficiency improvements to the billing cycle; the development of an enhanced system-integrated payments platform, which will reduce transactional costs and improve management information; and the first phase of our move to a cloud-based infrastructure.

The operation of our Executive Committee has also been streamlined and this has resulted in nimbler decision making and accountability, which helped ensure that the necessary reshaping work was implemented with the utmost care. The reshaping has delivered improved efficiencies and a greatly reduced cost base across both client-facing and Group-enabling functions. We now have a size and shape for the business that is fit for purpose and that positions our people where they can add most value.

We restructured and strengthened our marketing and communications function in 2023, resulting in a team that adds substantive value to our strategic plans, and demonstrates a strong return on investment through increased inbound traffic to the Group website and improved qualified lead generation.

Along with its brand-building imperative, the team was also given a mandate to improve internal communications. Over the course of 2023, we delivered four live Town Hall events to update our global workforce on Group developments and projects and held two leadership strategy offsites where values and effective communication were key themes.

The rollout of our Values Programme in March was facilitated via a virtual roadshow and used to open nominations for the first of the Praxis People Awards. These Awards are a Group-wide peer recognition scheme, celebrating staff who have demonstrated one or more of the values in their work. It is now embedded in our quarterly calendar and has had a significant impact on our culture.

In 2023, we carried out our first Global Pay Review with a primary focus on undertaking a thorough review of industry benchmarks to ensure a more equitable pay structure. The process considered many factors, including equal pay, minimum and living wages, the relevant legislation in our jurisdictions, the Group's financial performance over 2023, and forecasts for the year ahead. The outcome is a fairer approach for all employees, which has removed some historic anomalies and allowed us to allocate the available budget to those who were more likely to be feeling the impact of the cost-of-living increases.

We also commenced a pan-Group review of our benefits aimed at developing a standard package for all staff regardless of location.

2023 saw moves for our London, Geneva and Netherlands teams into modern offices located in the central business districts of their respective cities, demonstrating continued investment into our people and the fabric of the Group.

Significant drivers of the performance in each of the regional reporting lines (Crown Dependencies and UK, Europe and UAE, and Rest of World) are explained overleaf. Sarnia Yachts is not included in the jurisdictional reporting, pending its integration.

Crown Dependencies and UK	Europe and UAE	Rest of World
£33.9m	£10.9m	£5.7m
Revenue 12 months to 31 Dec 2023 12 months to 31 Dec 2022: £31.0m	**Revenue** 12 months to 31 Dec 2023 12 months to 31 Dec 2022: £10.5m	**Revenue** 12 months to 31 Dec 2023 12 months to 31 Dec 2022: £5.8m
61%	51%	64%
Gross Profit Margin 12 months to 31 Dec 2023 12 months to 31 Dec 2022: 60%	**Gross Profit Margin** 12 months to 31 Dec 2023 12 months to 31 Dec 2022: 55%	**Gross Profit Margin** 12 months to 31 Dec 2023 12 months to 31 Dec 2022: 63%

Crown Dependencies and UK

Revenue showed progressive growth combined with a stable gross profit margin, driven by:

- Guernsey's private wealth business returned to growth towards the end of 2022, and this trend continued and accelerated in 2023 with good net organic growth for the year, and with gross profit margin improving in H2;
- Isle of Man remaining stable;
- Jersey continuing the growth trajectory seen over the past four years with strong net organic growth in 2023; and
- UK showing strong growth underpinned by register of overseas entities reporting revenues and developing further as a business development hub for the Group from our new London office.

Europe and UAE

Revenue improved with gross profit margin showing a decline, driven by:

- Geneva relocating to new offices, restructuring to deliver as a client facing business, and receiving its FINMA licence - we are one of the few companies to have been granted a licence since the new regulatory requirements came into force on 1 January 2020);
- Malta showing continued growth, driven by both the private wealth and pensions businesses, with the team having recently moved into a new location that will serve to bring them closer together and drive this growth further;
- Netherlands showing stable revenue with a plan in place to finalise the system and governance platform integration and refocus the business on client activity; and
- UAE remaining stable with its focus shifting towards corporate service offerings, funds and end of service gratuity products.

Rest of World

Revenue showed a slight decline alongside an improvement in gross profit margin, driven by:

- The BVI remaining stable on a constant currency basis both on revenue and gross profit margin as it refined its operational processes and invested in its client portal to fuel future growth; and
- Hong Kong SAR carrying the momentum from 2022 H2 into 2023 and with its improvement in gross profit margin from 2022 becoming fully annualised.

Looking Ahead

The transformation of Praxis is beginning to bear fruit and exciting opportunities are being created to drive the business forward. So far, we have chosen to focus a high proportion of our time and investment on building organic growth opportunities, and these alone may move us close to our goals without the need to commit the Group to a more significant acquisition.

As we exit 2023, we do so with growing confidence even while the geopolitical and economic turbulence show no sign of abating. We are witnessing profound changes in global structures and international relationships, which are adding further uncertainty for global businesses.

To advance against these headwinds, we are focused on evolving the way we service our clients, leveraging technology, de-risking our processes through good governance, being accountable to our communities, and looking after our people.

I want to acknowledge the dedication and entrepreneurial spirit of my colleagues who are delivering new growth and moving us closer to becoming a fully integrated Group.

'Open Ideas' was a catalyst in defining the strategy and culture we needed to create a more harmonious and successful business – one that exists in pursuit of excellence for our clients and value for our stakeholders.

I am confident that the transformation programme will continue to drive our return to growth, and I would like to thank our shareholders for their ongoing support.

Robert Fearis
Chief Executive Officer
15 May 2024

> "'Open Ideas' was a catalyst in defining the strategy and culture we needed to create a more harmonious and successful business."

Chief Financial Officer's Report

The year ended 31 December 2023 has seen the Group sustain the revenue growth started in the prior year and continue to operate effectively during a period of transformation, successfully returning to acquisitive activity for the first time since 2019, restructuring its balance sheet.

Revenue for the year was £51.5m versus £47.3m for the prior year, which included £1.0m of revenue from Sarnia Yachts. Adjusting for this, the Group showed net revenue growth of 6.6% after taking account of inflation and client attrition, which increased from the 4.3% in the prior year. Gross profit margin fell back to 58.7% from 59.1%, driven by one-off costs that are expected to deliver gross profit margin improvements in 2024.

EBITDA increased to £3.2m from £0.9m in the prior year, with the growth in revenue and benefits delivered through the transformation initiatives completed in 2022 being partially offset by the one-off costs associated with delivery of the current year programme and the impact of inflation. These one-off costs represent actions taken in the transformation of the operating model; cost overlaps from the disposal of the Fund Services division and acquisitions in prior periods; and one-off engagements linked to the implementation of the Group's strategy. Underlying EBITDA was £7.7m versus £5.2m for the prior year.

Indirect Costs

Indirect costs were £27.1m (PY: £27.2m). Once adjusted for one-off items and the incremental costs brought by the acquisition of Sarnia Yachts (£0.4m), the indirect cost base of the Group has increased by around 1.7% year on year. This has been done against the headwinds of high inflation in the majority of our locations, which has been recovered from client billing.

Support staff costs increased compared to the prior year, due to the impact of higher inflation on the pay review performed at the end of 2022. The process of moving to an efficient group operating model began in 2023, with a focus on reshaping the support functions to deliver the right mix of skills and expertise needed to achieve the Group's targets.

Marketing and travel costs remained at the same level, with the initial increase in 2022 delivering in 2023 and the Group's net organic revenue growth increasing from 4.3% to 6.6%. Computer costs increased due to software licenses being subject to inflationary increases, combined with the full year impact of additional licenses taken to support new initiatives and the transformation processes.

Property expenses also increased due to many of these costs being contractually linked to local inflation. We also took on new office space in London, which while coming with an increased cost has already begun to show its value as a business development hub.

Underlying EBITDA

EBITDA is considered a good measure for the performance of the Group as it represents a reasonable approximation of the cash flows generated by operating activities. Underlying EBITDA is a non-GAAP measure of financial performance, and non-underlying items represent specific items of income or expenditure that are not of an operational nature and do not represent the underlying operating results or cash flows and, based on their significance in size or nature, are presented separately to provide further understanding about the financial performance of the Group.

Underlying EBITDA of £5.2m from 2022 and gross profit growth in 2023 has not translated into EBTIDA for 2023 due to some underlying items (such as transformation and run-off insurance policies) overlapping financial periods, combined with one-off items incurred in 2023. These one-off items are targeted at positioning the business to be able to grow faster in future periods.

Chief Financial Officer's Report continued

Items removed in arriving at underlying EBITDA fall into four categories:

- Strategic
- Transformation
- Restructuring
- Other

Strategic items include the annualisation of Sarnia Yachts, acquired on 1 July 2023, alongside costs related to inorganic growth activity expensed in the period. Also included are the costs related to one-off engagements linked to the implementation of the Group's strategy.

Transformation items include costs related to the transition of the Group's operating model to support the strategic objectives.

Restructuring items relate to the one-off costs of reshaping the staff base of the Group, alongside costs incurred up to the period of restructuring, with activities focused on removal of duplicated roles or functions. Restructuring activity impacted over 50 roles, with £600k of cost employed to realise over £2.7m of annualised savings.

Other items include costs of run-off insurance policies, the reversal of an accrual for an onerous lease related to our disaster recovery suite in Guernsey made in the prior year, and cash flows associated with assisting with the transition of the Fund Services division following its disposal.

A reconciliation of the underlying EBITDA is presented below:

	31 December 2023		31 December 2022	
	£'000	£'000	£'000	£'000
Operating loss for the year		**(4,021)**		**(5,325)**
Net Interest		899		531
Tax		1,080		762
Depreciation		1,114		1,034
Amortisation		3,955		3,750
Performance Share Plan		141		167
EBITDA as reported		**3,168**		**919**
Non-underlying items				
Strategic		950		418
Transformation		400		1,230
Restructuring		3,261		1,155
Run-off insurance	437		534	
Onerous lease	(361)		406	
Other items	(171)		361	
Impairment of goodwill	-		157	
Other		(95)		1,458
Underlying EBITDA		**7,684**		**5,180**

Chief Financial Officer's Report continued

Cash Flows

Cash from operating activities was £4.5m versus (£1.0m) when comparing to the prior year. This has been driven in part by the transformation of the billing processes across the Group. Invoices are now raised in advance of the quarter end, which has had a corresponding reduction on ageing of debtors and resulted in a lower work-in-progress balance at the year end.

The improvements to our billing processes resulting in a pre-year end conversion of work in progress to debtors, coupled with advanced billing of the 2024 annual fees, has resulted in an increased debtor and deferred income position at year end being reported, with debtor days at 100. Adjusting for both items, debtor days were 55 compared to 47 at the end of the prior year.

Investing cash flows were represented by our purchase of Sarnia Yachts as well as our investment into the London office, which provides a business development hub and an operating location for our UK-based product offering, as well as continuing to invest in transformation projects many of which are technology led and aim to automate core processes and improve profitability.

Financing cash flows represent the repayment of our bank facility with Royal Bank of Scotland International (RBSI) and replacing this and extending the Group's borrowing with the unsecured bond issued in May 2023, with interest on each of these, alongside the payment of dividends in the year.

Cash and Net Debt Position

At the year end, the Group held £11.6m in cash (PY: £10m). The cash position of the Group has improved over the prior period due to the advanced billing of annual fees, which contributed around £2m to the cash balance at the year end, with the level of cash held supporting our regulatory and working capital requirements.

The Group's net debt position was £3.5m (PY: £0.7m), with a leverage ratio of 0.45 (PY: 0.14). During the year, the Group restructured its balance sheet by issuing an unsecured £15m bond, the proceeds of which were used to repay the drawn facilities held with RBSI. Unsecured bonds represent a flexible way of raising debt capital and offer a greater freedom to operate, while presenting less risk to the borrower as they are not required to leverage assets to secure finance. The remainder of the proceeds were used to finance the acquisition of Sarnia Yachts, as well as supporting the operational transformation and restructuring projects.

Goodwill

Goodwill at 31 December 2023 was £33.2m (PY: £33.6m). This represents the single largest balance on the Consolidated Statement of Financial Position and is made up of several subsidiaries acquired (see note 10 for a breakdown of the individually significant components of goodwill). No impairments of goodwill were recognised in the period. For further details on the processes around goodwill recognition and impairment, please refer to the accounting policy found in note 10.

Additions to goodwill in the year were due to the acquisition of Sarnia Yachts. In the first six months of ownership the business has continued to perform in line with our expectations, with the integration process starting immediately and synergies being realised through the second half of 2023 and into 2024.

Dividends

For the financial year to 31 December 2022, the Group paid a total dividend of 2.50p and in line with our policy, the total dividend for the year to 31 December 2023 will be 2.75p, representing an increase of 10%.

Richard Morris
Chief Financial Officer
15 May 2024

> "The process of moving to an efficient group operating model began in 2023, with a focus on reshaping the support functions to deliver the right mix of skills and expertise needed to achieve the Group's targets."

Risk Statement

The Group has continued to review its Risk Management framework to ensure that it is consistent with the nature and size of the business.

The Board has overall responsibility for risk management, including approval of the framework and the Group Risk Appetite Statement, which outlines how much risk the Group is prepared to take to achieve its strategic objectives. Responsibility for overseeing and monitoring the operation and effectiveness of the risk management framework is the responsibility of the Board and overseen by the Audit & Risk Committee.

The Risk Management framework includes a business risk assessment process and methodology for the consistent identification and assessment of risks, including emerging risks, faced by the Group. Risks are periodically assessed from a perspective of likelihood and impact to determine exposure at an inherent and residual level following a review of key controls. The risk assessment is used to identify key risks and residual risk exposures that are evaluated against risk appetite to inform risk responses, monitoring and reporting.

The Group has established and developed its 'three lines of defence' risk management model, which includes assignment of ownership of risk and controls within the first line; second line Risk and Compliance functions focused on monitoring and supporting the operation of the risk management framework and validation and testing of key controls; and a third line Internal Audit capability, reporting to the Audit & Risk Committee, to provide independent assurance on the design adequacy effectiveness of key internal controls.

Key Risks

We have identified what we consider to be the key risks faced by the Group, and these are outlined below.

Information Security Risk

This is the risk of an internal or external attack leading to the loss of confidentiality, integrity or availability of information, data or information (or control) systems resulting in the potential adverse impacts on Praxis' operations and assets, clients or associated organisations.

The nature and sophistication of information security threats continues to evolve and the breach of security of Praxis' data or that of its clients could lead to the loss or compromise of sensitive information and cause significant detriment to the Group and its clients. The Group has therefore continued to review and develop its IT security, and it engages an independent third-party IT security specialist organisation to independently scan the network for potential vulnerabilities, using this data to ensure adherence to the Group requirement to apply all critical security patches. Anti-virus and anti-malware software is installed and automatically updated. Compulsory information security training is in place as well as regular ethical phishing testing. The Group has a cyber response plan in place that adheres to industry leading standards.

Core Systems and Processes Risk

This is the risk that the Group has inadequate core systems or processes leading to ineffective or inefficient processes that impact its ability to deliver core activities to an acceptable standard or cost.

The Group has continued with its transformation project which includes the review and enhancement of core systems and processes to ensure that they are fit for purpose and capable of delivering the strategy. As part of this process, the Group balances the need for consistent, stable and secure operations with minimal disruption against the risk of growing inefficiency or ineffectiveness over time.

Acquisition and Integration Risk

One route to achieving the Group's strategic aims is inorganic growth through strategic acquisitions and their successful and timely integration into the Group. There is a risk that an acquisition has unforeseen liabilities or causes the Group to become involved in activities that do not ultimately support its strategic aims.

The Group has a defined process for the review and selection of potential acquisitions utilising specialist external advisers both at the target selection and acquisition due diligence stages. A process of escalating internal reviews and approvals ensures independent oversight by management and the Group Board. Requirements for integration are identified prior to completion and integration plans and project teams are established.

Corporate Governance Design Risk

This is the risk that the design of the Group's corporate governance structure leads to a failure to adequately oversee Praxis' core activities and operations and provide effective leadership.

Risk Statement continued

To ensure that corporate governance is proportionate and fit for purpose as Praxis grows and develops its product and service offering, the Group has reviewed its governance structure and Board sub-committees. This balances the assurance provided by oversight, control and reporting with appropriate delegation to allow sufficient autonomy to senior management and subsidiary boards to make timely decisions and manage their businesses and functions efficiently. The establishment of an Internal Audit capability provides further assurance around design adequacy and effectiveness of the corporate governance structure.

Financial Performance Risk

This is the risk arising from a failure to adequately monitor performance against targets leading to key financial performance targets being unexpectedly missed and causing a loss of confidence in the Group from key stakeholders.

The Group recognises that its financial performance is impacted by its ability to implement its strategy as well as the wider economy and other external factors. Therefore, the Group has established a robust strategic review and annual business planning and budgeting process with clear financial analysis and reporting to monitor progress against targets. This ensures issues are flagged at an early stage so that mitigating action can be taken, and expectations managed.

Sanctions Risk

This is the risk that the Group breaches applicable sanctions or that its products or services are used in breach of applicable sanctions.

The management of sanctions risk is a key part of the Group's financial crime strategy, and the Group is committed to ensuring that it complies with all applicable sanctions. It conducts sanctions monitoring at onboarding and throughout the customer lifecycle. The Group continues to closely monitor international developments, and its own potential exposure. It has also continued to develop its sanction monitoring capability with investment in group-wide screening technology.

Fraud Risk

This is the risk arising from Praxis becoming involved in fraud either as a target or being seen to facilitate fraud, which would result in detrimental financial and reputational impacts. People are central to the operation of the Group's business and there is therefore a risk that employees may engage in fraud or be the target of fraudsters.

The Group has a culture that places high value on integrity and ethical behaviour together with comprehensive and mature internal systems and controls to prevent and detect fraud. These systems and controls include employee screening, dual authorisations and approvals, real time and post-event transaction monitoring, compliance monitoring, and internal and external audit combined with staff training and awareness.

Risk Statement continued

Suitability Risk

This is the risk that the Group fails to conduct adequate due diligence on new technology or to assess the requirement for new technology leading to systems that are under-utilised or unfit for purpose.

The Group has invested in its technology platform and will continue to do so to support the best interests of its clients and people, to ensure that the platform remains stable and resilient, and to deliver a best-in-class user experience. The Group has a robust process in place to assess the requirements and suitability of new technology and to safely implement it into the Praxis environment.

Macro-Economic Environment Risk Factors

The macro-economic environment risk factors detailed below are addressed separately from the Key Risks because although they have the potential to adversely affect the Group's business, they are not considered likely to present the highest level of threat to the performance or reputation of the Group. The Group undertakes horizon scanning to identify any potential threats that could directly or indirectly affect its operations.

Geopolitical Uncertainty and Political Volatility

The Group monitors the conflicts in Ukraine and the Middle East for potential impact on its strategy as well as assessing and enhancing systems and controls, where necessary.

The scale and speed of changes in policy, regulations and standards with the potential to impact the Group can be magnified by political volatility. The Group therefore monitors and responds to changes across the jurisdictions within which it operates.

Artificial Intelligence and Disruptive Technology

Widespread and rapid progress in AI models has seen the deployment of new technology with potential for significant disruption. The Group recognises that these systems represent an opportunity while also being associated with internal and external threats cutting across multiple risk themes. Through the review and management of key risks and its horizon scanning process, Praxis continues to monitor developments and consider how AI should be deployed within its operations in a manner that is consistent with Praxis' risk appetite.

Inflation

While there has been a general reduction in inflation rates, inflation remains high in recent historical terms. The Group is contractually able to vary its fee scales to align with changes in the economic environment and react to inflationary pressure on its cost base. It also seeks to engage in long-term arrangements that fix costs for a period of time and thereby mitigates the impact of short-term spikes in inflation.

ESG Statement

The Group's ESG Committee reports directly to the Executive Committee and is chaired by Sabrina Sonaram, Managing Director of our Mauritius office, who has been a committee member since 2022.

The Committee comprises individuals from across our global network, ensuring that a diverse range of views and perspectives are represented. The theme of Nature was selected for 2023 and adopted by several Group offices as the focus for their local initiatives.

We continue to take forward steps on our ESG journey, enabling people to support social and environmental initiatives locally and at Group-level.

The ESG Committee provides support through: creating policies and commitments that align with appropriate international environmental standards; providing guidance with planning and implementation to reduce our environmental impact; and supporting opportunities for Group offices and employees to take an active role in enriching their communities.

Our Community

The Group has a proactive approach to contributing to and engaging with its communities. We have a long and proud history of supporting local charities and organisations, sports teams and voluntary groups. Our volunteer initiative, which allows colleagues to donate time during the year to a charity of their choice, helped some worthwhile causes during 2023 as showcased on the following pages.

The ESG Committee also organised a series of staff webinars, including a wildlife conservation talk delivered by Michael 't Sas-Rolfes, Conservation and Environmental Resource Economist. The theme was African wildlife conservation as a social investment and Michael outlined the combined goals of climate change mitigation, biodiversity conservation and the sector's investment environment, using rhino conservation as a case study.

Our Governance

Praxis is committed to the principles of good corporate governance, including effective management, reporting and transparency. As a TISE-listed company, we adhere to the Guernsey Financial Services Commission's Finance Sector Code of Corporate Governance. Our approach is focused on ensuring that the process the Group follows in making key business decisions allows for careful consideration of the impact those decisions might have on the wider stakeholder group.

Our full Corporate Governance Report can be found on page 20. Details of our 2023 ESG initiative are below.

NatWest Island Games

As one of the main sponsors we were delighted at the success of this event in July, where thousands of competitors and visitors gathered in Guernsey. Among those competing were Jason Le Page from our Business Systems team, and 400m hurdler Alastair Chalmers (pictured), who we have sponsored for six years, supporting his progress to British Champion and onwards to the 2024 Paris Olympics.

Jason won silver in the Archery Recurve Team event and the Recurve Team Head-to-Head Knockout, while Alastair took Gold on the track, adding to his fourth British Championship title.

Isle Stand up to Suicide

This new charity was launched in the Isle of Man in 2023. Our donation helps the charity to provide suicide prevention training for its volunteer phone line operators and community gatekeepers. The 'Question, Persuade, and Refer' training method gives attendees the skills and confidence to talk to someone they suspect is struggling with suicidal ideation.

ESG Statement continued

Fondation d'Harcourt

Our Geneva colleagues donated to Fondation d'Harcourt, a Geneva-based mental health non-profit foundation founded in 1964 with the mission to improve the lives of people living with mental illness. The charity promotes national and international projects and partnerships in the fields of mental health and psychosocial support.

Durrell Tortoise Takeover

Jersey's Tortoise Takeover combined art, conservation and community. Our tortoise 'In the Stars', created by Jersey artist Mike Harris, raised £10,500 towards the £700,000 needed to create a new reptile and amphibian house at Durrell Wildlife Conservation Trust & Jersey Zoo.

BVI 5k Alzheimer's

A brilliant effort from our BVI team who sacrificed their weekend lie-ins to take part in the CIL 5km Walk/Run in aid of BVI Alzheimer's Association. The event kicked off at 5am on a Saturday morning, with 11 colleagues taking on the challenge, including CEO Rob Fearis who ran the distance at the same time in Guernsey in a show of solidarity.

Living Wage Campaign

We were accredited by Oxfam Hong Kong as a Living Wage Employer in 2023, a new initiative launched by the global charity in July. Living Wage Charter is a call to action, urging businesses to go beyond legal minimums and ensure that their workers earn enough to cover basic needs and enjoy a decent standard of living.

Curraghs Wildlife Park

Our Isle of Man team took part in a CSR day at Curraghs Wildlife Park, using their staff volunteering hours to complete tasks with the Curraghs team, including helping with the macaques' sunshade, the picnic area garden bed, the silvery gibbons' island and the lynx enclosure.

Ebony Forest

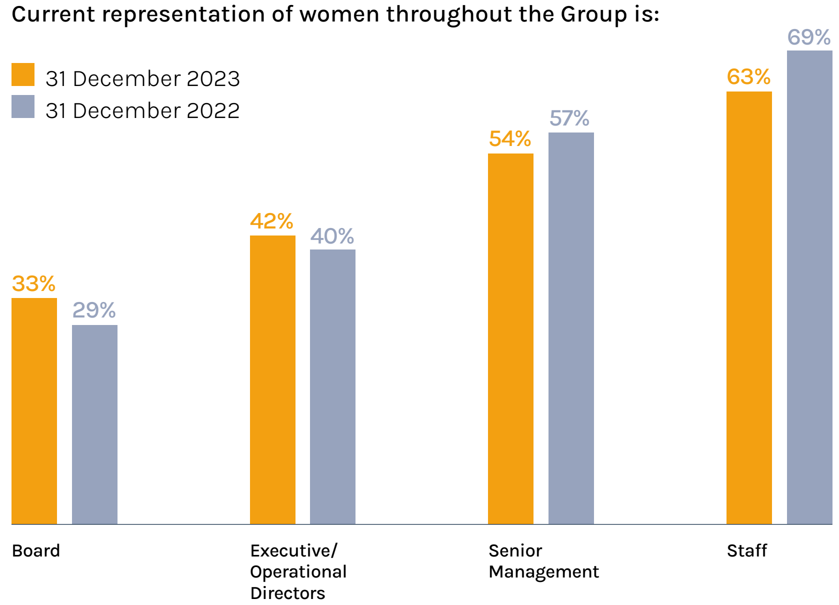
Our Mauritius team supported the Ebony Forest's wildlife conservation work to restore, protect and conserve the island's endemic flora and fauna. Using their volunteering time, they helped clear areas of overgrown fauna to preserve the living habitat of native birds and insects.

ESG Statement continued

Diversity

The Group supports and promotes diversity across its workforce and recognises the benefits this brings to the business. Recruitment and development of employees is based on merit regardless of gender, age, race, religion or any other characteristic unrelated to performance. The representation of women throughout the Group and the mean gender pay gap are presented here.

Current representation of women throughout the Group is:



We recognise that there needs to be greater diversity in both our Board and Executive team, and we will work towards this as opportunities arise.

The Group also measured its mean gender pay gap at 31 December 2023. The gap is calculated as the difference between the average FTE pay for women in the Group versus the average FTE pay for men in the Group, regardless of what their role is within the organisation.

The results of this are shown in the table below. A negative figure represents a favour towards women and positive figure represents a favour towards men.

The Group has policies in place covering Equal Opportunities, Anti-bullying and Diversity and Inclusion.

Encouraging our employees to be diverse and inclusive in their approach, is both culturally and commercially beneficial and ultimately results in better outcomes for the business.

	31 December 2023			31 December 2022		
	Number of men	Number of women	Pay gap	Number of men	Number of women	Pay gap
Board	4	2	-71%	5	2	-132%
Executive/Operational Directors	29	21	16%	32	21	-13%
Senior Management	62	73	3%	49	64	-3%
Staff	86	145	-43%	66	147	-9%

Group Board of Directors

Iain Torrens FCA
Chairman, Independent

Iain was appointed Chairman of the Group in September 2021. Based in the UK, Iain is a former director and CFO of Talk Talk Group plc, the UK telecom provider and ICAP plc, the world's largest inter-broker dealer. Iain is a fellow of the Institute of Chartered Accountants in Ireland.

Stephanie Coxon FCA
Non-Executive Director, Independent

Stephanie is a Non-Executive Director and Audit Committee chair on several London listed companies. Prior to these appointments Stephanie was a Capital Markets Director at PwC leading teams across the UK and the Channel Islands advising boards on capital market transactions on the London Stock Exchange. She also advised on ongoing obligations, corporate governance, risk management accounting policies and reporting processes. Stephanie is a Fellow of the Institute of Chartered Accountants in England and Wales. She was appointed to the Board on 15 February 2021.

Diane Seymour-Williams MA Cantab
Non-Executive Director, Independent

Diane spent 23 years at Morgan Grenfell and, following its takeover, with Deutsche Bank in a variety of roles including Head of Asian Equities, CEO and CIO Asia, and Head of Global Equities. She has over 30 years' experience in the investment management industry, both managing portfolios and businesses. Diane is currently a Non-Executive Director of Mercia Asset Management Plc, Patria Private Equity Trust Plc and SEI Investments (Europe) Limited. She is also a member of the Investment Committee at Newnham College, Cambridge as well as the Canal & River Trust. She holds an MA in Economics from Cambridge University and also completed the University's course in Sustainable Finance. Diane was appointed to the Board on 1 August 2019.

Group Board of Directors continued

Peter Gillson ICSA
Non-Executive Director

Peter is a Non-Executive Director of the Financial Services Opportunities Investment Fund Limited ('the Fund'), and represents the Fund on the Board. Peter co-founded the administration company International Private Equity Services Limited (IPES) and retains several directorships of private equity funds. Peter has served as a Deputy of the Guernsey States of Deliberation holding several positions, as well as being an Associate of The Chartered Governance Institute. He was appointed to the Board on 17 March 2021.

Rob Fearis FCCA TEP
Chief Executive Officer

Based in Guernsey, Rob has been one of the key figures in the development and strategic growth initiatives within the Group over the last three decades. During his time with the Group, he has gained broad private client and corporate administration experience and extensive experience in leadership and management. Rob was appointed Group CEO in February 2020 and joined the Board on 2 November 2020.

Richard Morris ACA PhD MEng
Chief Financial Officer

Richard joined the Group in 2016 and is the Group's Chief Financial Officer and is responsible for financial reporting, forecasting and control. Prior to his appointment as CFO in February 2020, Richard was involved in developing the Group's financial reporting following its listing on The International Stock Exchange in April 2017. He was appointed to the Board on 1 February 2022.

Corporate Governance Structure

As a financial services business, the Group is fully committed to the principles of good corporate governance, including effective management, reporting and transparency. The Group has adopted the Finance Sector Code of Corporate Governance (the Code) issued by the Guernsey Financial Services Commission (GFSC). During the period the Group has complied with the principles of the Code.

The Board

The Board consists of four Non-Executive Directors (three of whom are independent, and one who represents the Financial Services Opportunities Investment Fund Limited) and two Executive Directors as detailed on pages 20 and 21. The roles of the Chairman and the Chief Executive Officer are separated, ensuring a clear division of responsibilities. The combined skills and experience ensure independence and enable effective decision making and delivery of the Group's strategic objectives.

Changes to the Board during the period are detailed in the Directors' Report on page 26.

Membership of the Board

The Board held four scheduled quarterly meetings and 13 ad-hoc meetings during the 12-month period. Attendance at meetings during the period is detailed in the Directors Report on page 29.

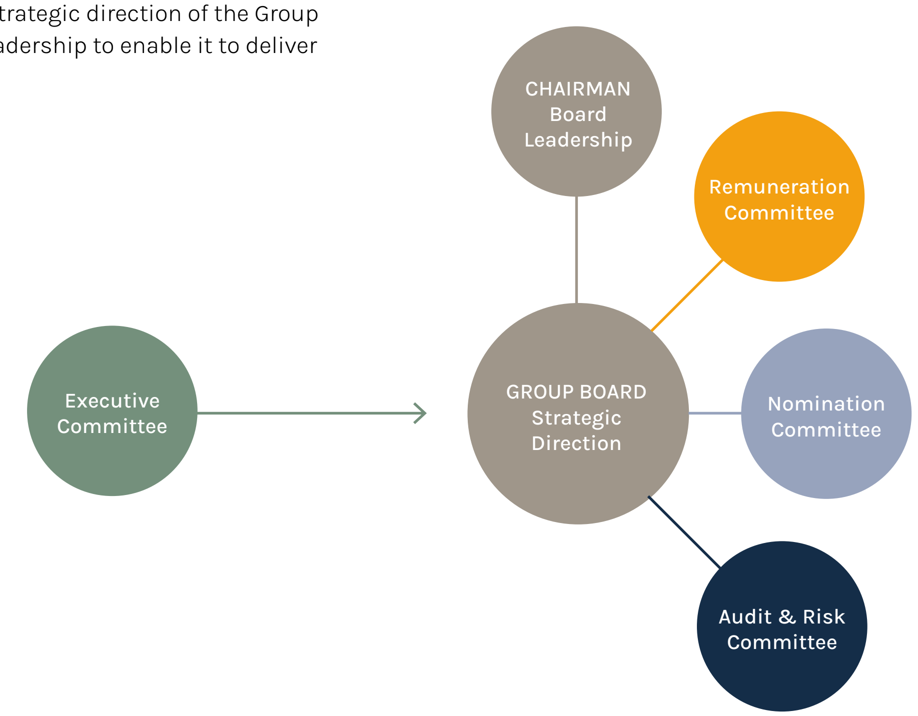
The Board oversees the strategic direction of the Group and provides effective leadership to enable it to deliver value to all stakeholders.

The Board approves financial reporting, internal controls, investments, acquisitions and disposals, communication with shareholders, significant expenditure and changes to the structure and capital of the Group.

The Board is evaluated on an annual basis to ensure that it continues to be able to conduct its activities and discharge its responsibilities effectively. The latest evaluation was undertaken during April 2024 and concluded in May 2024 and the findings are summarised on page 26.

Board Committees

The Board has delegated certain responsibilities to enhance effective governance and focus. The Group's government structure is shown below, with the responsibilities detailed in the table on page 23.



Corporate Governance Structure continued

Committees of the Board and their responsibilities

	Audit and Risk Committee	Remuneration Committee	Nomination Committee	Executive Committee
	> Oversee the Group's financial reporting and advise the Board on whether the annual and interim report is fair, balanced and understandable > Assess whether appropriate accounting policies have been adopted > Monitor and review the effectiveness of the Group's risk management and internal controls in conjunction with the Group's Risk Appetite Statement > Evaluate the appointment, performance, independence and remuneration of the external auditor > Appoint an Internal Auditor and evaluate their effectiveness > Review the adequacy and effectiveness of the Group's compliance function, including the Group's anti-money laundering systems and controls.	> Determine and agree with the Board the framework for remuneration of the Board and senior management, including any pension rights, bonuses, incentive payments and share options/share awards > Review wider workforce remuneration and related policies to ensure incentives and awards are aligned to the culture and wider performance of the Group, as well as consistent with the Group's approach to risk > Ensure that contractual terms on termination of Executive Directors are fair to the individual and the Company > Review the Group's gender pay report on an annual basis > Monitor remuneration trends > Approve the vesting criteria and performance metrics for any share based payment plans.	> Review and evaluate the structure, size and composition (including the balance of skills, knowledge, number of roles, experience and diversity) of the Group Board > Consider succession planning for directors and senior management > Review and monitor the leadership needs of the organisation > Before any appointment is made to the Group Board, evaluate the balance of skills, knowledge, experience and diversity on the Board, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment > Recommend to the Board the re-appointment of any non-executive director at the conclusion of their specified term of office, as well as the re-election by shareholders of directors having due regard to their contribution and the need for progressive refreshing of the Board.	> Day-to-day management of the Group's operations and activities > Assists, advises and makes recommendations to the Board in relation to delivery of strategic objectives, compliance and risk management, financial and management reporting, performance and budgeting, systems and technology, human resources and marketing strategy > Negotiating all material contracts to ensure the Board has sufficient information to authorise execution of contractual agreements where appropriate. Such contractual agreements could include, but are not limited to, acquisitions and disposals.
Membership	> Stephanie Coxon - Chair > Iain Torrens > Diane Seymour-Williams	> Diane Seymour-Williams - Chair > Iain Torrens > Stephanie Coxon	> Iain Torrens - Chair > Diane Seymour-Williams > Stephanie Coxon	> Rob Fearis - Chair > Richard Morris > John Medina - Group Head of Private Wealth > Colin Vaudin - Chief Operating Officer > Grace Eames - Group Head of People
Minimum Meeting Frequency	> Quarterly	> Annually	> Annually	> Monthly

Corporate Governance Structure continued

Audit & Risk Committee

The Audit & Risk Committee is chaired by Stephanie Coxon and is comprised entirely of Non-Executive Directors, each having relevant skills and experience as prescribed by the Code and each bringing an independent mind-set to their role. The Committee has the competence relevant to the sectors in which the Group operates and the Chair, among others within the membership, has recent and relevant financial experience.

External Auditors

The Audit & Risk Committee has the primary responsibility for the appointment of the external auditor, including negotiating the fee and scope of the audit, initiating a tender process, influencing the appointment of an engagement partner and making formal recommendations to the Board on the appointment, reappointment and removal of the external auditor.

The Audit & Risk Committee annually assesses and reports to the Board on the qualifications, expertise, resources and independence of the external auditor and the effectiveness of the audit process, with a recommendation to shareholders as to whether the external auditor should be reappointed.

Safeguarding Auditor Objectivity and Independence

The Audit & Risk Committee reviewed the independence and objectivity of the External Auditor and reported to the Board that it considered that the External Auditor's independence and objectivity were maintained.

This review included discussions with the External Auditor at various meetings, reliance on the External Auditor's own internal controls for compliance with independence rules and ensuring compliance with the Non-Audit Services Policy.

When evaluating the independence of the External Auditor, the Audit & Risk Committee also took into consideration the quality of the audit produced, the constitution of the audit team being used by the External Auditor, communications between management and the External Audit team and how the team both interacts with and challenges management.

Financial Reporting

The Audit & Risk Committee has reviewed the Annual Report and Audited Financial Statements. In its opinion, taken as a whole, it is fair, balanced and understandable, and provides the information necessary for stakeholders to assess the Group's position and performance, business model and strategy.

The Audit & Risk Committee reviews draft annual and interim reports as well as any published trading updates. The Audit & Risk Committee discusses with the Chief Executive Officer, Chief Financial Officer, and External Auditor the significant accounting policies, estimates and judgements applied in preparing these reports.

The Audit & Risk Committee reviews quarterly reports from the Internal Auditor, Group Head of Compliance and the Group Head of Risk to enable it to advise the Board on the Group's overall framework of corporate governance, risk exposure, risk appetite and the processes necessary to ensure that the Group operates in line with the Finance Sector Code of Corporate Governance issued by the GFSC, and any legal or regulatory requirements that apply to the Company.

Internal Controls

The Board as a whole is responsible for the Group's system of internal control; however the Audit & Risk Committee assists the Board in meeting its obligations in this regard. In 2022, KPMG was selected and engaged as the Group's internal auditor to provide further assurance on internal controls.

Corporate Governance Structure continued

Remuneration Committee

The remuneration committee is chaired by Diane Seymour-Williams and is comprised entirely of independent Non-Executive Directors. The Group operates three schemes aimed at rewarding the contribution made by each member of the team in way that is fair and transparent, engenders loyalty and is aligned with creating value for the shareholder base.

Cash Bonus Plan

The Group continued its cash bonus plan (launched in 2022) linked to the delivery of the strategy to position Praxis as a leader in the private wealth and corporate services sectors.

The bonus pool is based on revenue performance of the Group versus its target for the year. Allocation of the pool is based on performance during the year and reviewed by the Remuneration Committee. An expense of £1.2m was recognised based on the Group's performance for the year to 31 December 2023 (PY: £1.1m).

Commission Bonus Plan

The Group continued its commission-based bonus plan linked to the delivery of the strategy to grow the revenues of the Group.

The plan is designed to reward the engagement of new clients and services and drive the organic growth of the Group. An expense of £200k was recognised in relation to £1.8m of new business onboarded in the year (PY: £100k),

Performance Share Plan

The Group's equity based incentive plan was approved by shareholders on 20 September 2022 and provides senior managers with annual awards tied to the delivery of milestones under our strategic plan.

506,938 share awards have been granted based on the performance to 31 December 2022. Of these, 411,656 vested in the year to 31 December 2023, and 205,763 were exercised by participants. A further 899,100 will be granted in respect of 2023. Vesting of the 2023 awards will take place in 2026 and remain subject to the participant's remaining as employees of the business and the Group delivering statutory EBITDA in excess of £11.25m for financial year 2025.

Shares issued under the plan for 2022 and 2023 have and will be satisfied from the pool of shares held by the employee benefit trust.

Corporate Governance Structure continued

Directors' Fees

The table below discloses both Executive and Non-Executive Director fees paid for the year ended 31 December 2023, with prior year comparatives where applicable. The standard fee to a Non-Executive Director was £45,000 with an additional fee payable for the chairing of the Audit and Risk Committee and the Remuneration Committee. The fee for the Chair position is £75,000.

	31 December 2023 £	31 December 2022 £
Executive Directors		
Rob Fearis	361,856	414,964
Richard Morris	221,978	223,045
Martyn Crespel *(resigned 3 July 2023)*	55,125	128,109
Non-Executive Directors		
Iain Torrens	75,000	75,000
Stephanie Coxon	60,000	60,000
Diane Seymour-Williams	52,500	52,500
Peter Gillson	45,000	45,000

Nomination Committee

The Nomination Committee is chaired by Iain Torrens and ensures that membership of the Board is structured to ensure that it has the appropriate level of skill and experience commensurate with the Group's size and strategy.

Board Changes

The Committee dealt with the following Board change during the year:

> Martyn Crespel resigned as an Executive Director on 3 July 2023.

Board Effectiveness

The Directors undertake an annual assessment of the effectiveness of the Board, which considers the balance of skills, experience, independence and knowledge of the Group. The Board also evaluates the effectiveness of each of the Directors.

The latest evaluation was undertaken on 3 May 2024. The key findings were as follows:

- The Board is currently represented by members who are collectively diverse in terms of their experience and skillset.
- Succession planning will take place to ensure that should a Board member resign from office, their replacement will have the required experience and skill set to complement the existing Board.

Directors' Report

The Directors present their report and the audited consolidated financial statements for the year ended 31 December 2023.

Incorporation

The Company was incorporated in Guernsey on 15 December 1995 and has been listed on The International Stock Exchange (TISE) since 12 April 2017. On 3 July 2023 PraxisIFM Group Limited changed its name to Praxis Group Limited.

Statements of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under the law the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 (the Financial Reporting Standard applicable in the UK and Republic of Ireland).

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company, and for ensuring that the financial statements have been properly prepared in accordance with the Companies (Guernsey) Law, 2008.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware;
- each Director has taken all the steps required to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information; and
- the financial statements give a true and fair view and have been prepared in accordance with UK Accounting Standards and the Companies (Guernsey) Law, 2008.

Principal Activities

The Group's principal activities are private wealth and corporate services.

Directors' Report continued

Results

Earnings before interest, tax, depreciation, amortisation and performance share plan ('EBITDA') of continuing operations for the year was a profit of £3,168,419 (PY: loss of £919,676), the calculation for which is set out below:

	31 December 2023 £'000	31 December 2022 £'000
Loss for the year	**(4,021)**	**(5,325)**
Add back:		
Net Interest	899	531
Taxation	1,080	762
Depreciation	1,114	1,034
Amortisation	3,955	3,750
Performance Share Plan	141	167
EBITDA	**3,168**	**919**

The Group has a mixed client base which is well-diversified, with no single client comprising more than 1.4% of continuing revenue in the financial year ended 31 December 2023. Furthermore, the top 10 clients account for less than 9.5% of continuing revenue.

Dividends

During the year gross dividends of £2,148,526 (PY: nil) were paid to the Company's shareholders representing 2.5p per share. The Board has recommended a final dividend of 1.5p which will be paid to shareholders on record as at 24 May 2024.

Directors

The Directors of the Company during the year are set out on page 20 and 21.

Martyn Crespel resigned from the Board as an Executive Director on 3 July 2023.

Directors' Report continued

Directors' Meetings and Attendance

The table below shows the Directors' attendance at Board and Committee meetings during the year.

Name	Board – Scheduled	Ad Hoc	Audit & Risk Committee	Nomination Committee	Remuneration Committee
Numbers of meetings held	4	13	5	2	7
Iain Torrens	4	11	5	2	7
Stephanie Coxon	4	11	5	2	6
Diane Seymour-Williams	4	7	5	2	7
Peter Gillson	4	6	-	-	-
Robert Fearis	4	12	-	-	-
Richard Morris	4	13	-	-	-
Martyn Crespel *(resigned on 3 July 2023)*	1	3	-	-	-

Directors' Interests

The interests of the Directors at the year-end in the share capital of the Company are set out below:

	31 December 2023			31 December 2022		
Name	Number of Shares	Percentage	Interest	Number of Shares	Percentage	Interest
Iain Torrens	35,000	0.04%	Direct	35,000	0.04%	Direct
Stephanie Coxon	17,391	0.02%	Direct	17,391	0.02%	Direct
Diane Seymour-Williams	22,877	0.03%	Direct	22,877	0.03%	Direct
Peter Gillson [1]	105,000	0.12%	Direct	105,000	0.12%	Direct
Robert Fearis [2]	2,520,682	2.93%	Direct	2,520,682	2.93%	Direct
Richard Morris	26,407	0.03%	Direct	26,407	0.03%	Direct

[1] Peter Gillson also holds an indirect holding of 0.16% of the Group via his holding in the Financial Services Opportunities Investment Fund Limited. Peter also holds a £250,000 interest in the unsecured bond issued by the Group in May 2023. In 2023, he received £11,132 of interest payments.

[2] Total beneficial interest with spouse.

Directors' Report continued

The interests of the Directors at the year-end in options over the ordinary shares of the Company are set out below:

	31 December 2023				31 December 2022			
Name	Number of options	Exercise price	Grant date	Expiry date	Number of options	Exercie price	Grant date	Expiry date
Iain Torrens	-	-	-	-	-	-	-	-
Stephanie Coxon	-	-	-	-	-	-	-	-
Diane Seymour-Williams	-	-	-	-	-	-	-	-
Peter Gillson	-	-	-	-	-	-	-	-
Robert Fearis	27,882	Nil	31/12/2022	30/06/2025	28,072	Nil	23/12/2022	30/06/2025
Richard Morris	19,771	Nil	31/12/2022	30/06/2025	19,906	Nil	23/12/2022	30/06/2025

Shareholders

Shareholders, other than Group Board Directors, known directly or indirectly to have an interest in 3% or more of the nominal value of the ordinary shares of the Company were as follows:

	As at 31 December 2023			As at 15 May 2024		
Name	Number of Shares	Percentage	Interest	Number of Shares	Percentage	Interest
Huntress (CI) Nominees Limited A/C KGCLT [1]	30,239,321	35.19%	Direct	30,239,321	35.19%	Direct
Ropemaker Nominees Limited	4,795,327	5.58%	Direct	4,795,327	5.58%	Direct
Brian Morris	3,232,120	3.76%	Direct	3,232,120	3.76%	Direct

[1] The only investors through Huntress (CI) Nominees Limited A/C KGCLT ('Huntress') beneficially owning 10% or more of the Group are Financial Services Opportunities Investment Fund Limited ('FSOIFL'), a Guernsey regulated collective investment scheme, which beneficially owns 14.39% and Pula Investments Limited, which beneficially owns 16.19% (in total through its holding through Huntress and FSOIFL). Due to its diverse underlying beneficial ownership, there is no natural person, who owns 10% or more of Praxis Group Limited through FSOIFL. The remaining shares held by Huntress are held on behalf of various clients of Ravenscroft (CI) Limited ('Ravenscroft'), none of whom hold more than 10% of Praxis Group Limited, either directly or indirectly.

Ravenscroft is the Market Maker to the Company. Other entities within the Ravenscroft Group act as Listing Sponsor to the Company and Investment Manager to FSOIFL. Certain individuals hold their shares in an account with Ravenscroft through its wholly owned subsidiary Huntress, which is thus the registered holder of those shares. As a matter of best practice Ravenscroft has confirmed that Huntress will only exercise its voting rights in connection with those shares on the express instruction of the underlying client (in the case of non-discretionary accounts) or the portfolio manager (in the case of discretionary accounts).

Directors' Report continued

Going Concern

After a review of the Group's forecast and projections, the Directors have a reasonable expectation that the Group has adequate resources for a period of at least 12 months from the date of signing of these consolidated financial statements. The Group therefore continues to adopt the going concern basis in preparing these consolidated financial statements (see note 2).

In making the assessment, the Directors did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the Group's ability to continue as a going concern.

Directors' and Officers' Liability Insurance

The Group maintains insurance in respect of directors' and officers' liability in relation to the directors' and officers' actions on behalf of the Company or Group.

Anti-bribery and Corruption

The Group conducts its business in a legal and ethical manner and does not tolerate acts of bribery and corruption either by its own employees and operating companies or by its agents or other associates.

Diversity

The Board believes in the value and importance of diversity and inclusivity in respect of employees, clients, shareholders, and the communities in which we operate.

Encouraging our employees to step forward and contribute to our business, without fear of judgement or prejudice, is fundamental to our success and reflected in our values: we trust; we listen; we inspire; and we succeed together.

The Group supports and promotes diversity and inclusion across its workforce and is committed to ensuring that this is also applied at Board and Executive team level to mirror the perspectives of all our stakeholders.

A full report on our Diversity can be found in the ESG Report on page 19.

Human Rights

The Group is committed to ensuring that slavery, human trafficking and forced labour have no place in or around our business and we have therefore put processes and policies in place to strengthen our approach to tackling any risk of this.

We respect the human rights of our colleagues, customers, the communities we operate in and the people who work throughout our supply chain, and we have a responsibility to ensure that slavery, human trafficking, forced labour, child labour or child exploitation are not tolerated.

We have policies to manage human rights both within and outside of our business and these are included in our Codes of Conduct. Furthermore, the Praxis employee staff handbook makes it clear that employees are expected to behave ethically and operate with integrity.

Environmental Policy

While the Group has a limited carbon footprint in respect of its day-to-day activities, it recognises that environmental responsibility is core to its long-term business success, and actively integrates environmental, social and governance (ESG) issues into its business model. For more information regarding the Group's ESG approach and initiatives throughout the year, see pages 17 to 18.

Company Secretary

From 20 July 2022 to 20 February 2023, no Company Secretary was formally in place, and the position was covered by the Chief Financial Officer and other employees of the business. From 20 February 2023, Adam Kitching was Company Secretary.

Directors' Report continued

Independent Auditor

BDO Limited has signified its willingness to continue in office. A resolution to reappoint BDO Limited as auditor for the year ended 31 December 2024 will be proposed at the Annual General Meeting (AGM).

The following table summarises the remuneration paid to the External Auditor's member firms for audit and non-audit services during the year ended 31 December 2023:

	£
Audit fees	
Group audit fees	443,308
Non-audit services fees	
Tax compliance services	46,240
Compliance reporting on regulatory return	1,242
Non-audit services fees Total	**47,482**
Total	**490,790**

AGM

The Company Secretary will send notice of the AGM separately in due course.

Shareholder Engagement

The Board is in regular and open dialogue with all shareholders, spanning both external investors and employees.

As well as routine communications via market announcements, annual and interim reports and the Group's website, the AGM is well attended. In addition, following any major developments, the Group's CEO invites all shareholders to raise any queries with him directly. These views are then shared with the Directors and taken into consideration as part of the Board's decision-making process.

The website at www.praxisgroup.com contains comprehensive information, including financial reports, news articles, market announcements and reports as well as detail on the various services offered by the Group, its office locations and staff biographies.

This report was approved by the Board on 15 May 2024 and is signed on its behalf by:

Iain Torrens
Chairman
15 May 2024

Independent Auditor's Report to the Members of Praxis Group Limited (formerly PraxisIFM Group Limited)

Opinion on the financial statements

In our opinion, the financial statements of Praxis Group Limited ('the Parent Company') and its subsidiaries ('the Group'):

- give a true and fair view of the state of the Group's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements of the Group for the year ended 31 December 2023 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and the financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ('United Kingdom Generally Accepted Accounting Practice').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs(UK)') and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

We remain 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 as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- We obtained the Directors' assessment and their conclusions with respect to going concern.
- We discussed with the Directors the critical estimates and judgements applied in this assessment so we could understand and challenge the underlying factors incorporated and sensitivities applied such as growth rates and expenditure assumptions in the forecast.
- We assessed the Directors' going concern analysis in light of relevant economic factors and evaluated management's stressed scenarios. We also assessed the adequacy and appropriateness of the underlying assumptions used to make the assessment based on our knowledge of the Group and similar entities and evaluated the Directors' plans for future actions in relation to their going concern assessment.
- We reviewed the disclosures presented in the Annual Report in relation to going concern by reading the other information, and assessing their consistency with the financial statements and the evidence we obtained during our audit.

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

Independent Auditor's Report to the Members of Praxis Group Limited (formerly PraxisIFM Group Limited) continued

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

Overview

Coverage	82% (2022: 79%) of Group revenue		
		2023	2022
Key audit matters	Revenue recognition	x	x
	Impairment of goodwill	x	x
	Debtor provisioning	x	x
Materiality	£515,000 based on 1% of revenue (2022: £128,000 based on 8% of adjusted underlying profit before tax)		

An overview of the scope of our audit

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

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographical structure of the Group, the accounting processes and controls, and the industry in which the group operates.

In terms of Group composition, we determined that the Group consists of fourteen significant components, nine due to the size, one due to risk and four additional ones to ensure sufficient coverage of revenue, EBITDA and current assets of the group. Nine of the significant components were subject to statutory audits completed by BDO Limited. The remaining significant components were audited by BDO International member firms under the supervision of BDO Limited.

BDO Limited also carried out audits for a number of the non-significant components. Other non-significant components were subject to audits by BDO International member firms and other audit firms, who are familiar with local laws and regulations in their jurisdictions.

Where non-significant components were not required to be audited, we have completed desktop reviews to ensure we have sufficient understanding to support the Group audit opinion.

Our involvement with component auditors

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

- Issuance of Group reporting instructions, inclusive of considerations of materiality, fraud and irregularities and key areas of risk for detailed focus;
- Attendance at all audit planning meetings with audit engagement teams and respective local management;
- Oversight of, and coordination of, IT systems for the provision and delivery of audit evidence between local management and component engagement teams;
- Review of significant component audit work performed on areas of significant risk of material misstatement;
- Regular update meetings during the audit with all audit engagement teams and respective local management where necessary;
- Involvement in audit query resolution and audit challenge where required; and
- Acted as liaison between local engagement teams and Group finance and management where necessary.

Independent Auditor's Report to the Members of Praxis Group Limited (formerly PraxisIFM Group Limited) continued

Key audit matters

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

Key audit matter		How the scope of our audit addressed the key audit matter
Fraud in revenue recognition (note 3)	The Group generates revenue from multiple streams. There is a risk that the Group recognition policy, as stated in the notes to the financial statements, is not adhered to consistently. Accrued income is calculated based on time charged by staff on client matters, to which a discount rate is applied for recoverability. The calculation of the accrued income requires management judgement with regards to the chargeable time that would be recoverable and therefore there is a risk that it might be misstated. There is a high level of judgement applied by management in assessing and determining the value of accrued income. Accordingly, we considered this to be a key audit matter.	For a sample of clients where accrued income has been recognised, we have assessed the level of chargeable time incurred and recovered post year end. For those amounts not billed or recovered post financial reporting date, we have challenged management's judgement and rationale as to the recoverability of the accrued income amounts with reference to fee agreements and communication with clients. We reviewed historical billing patterns and timings of settlement of invoices in respect of clients where judgement has been made by management. Across each of the Group's various revenue streams, we have agreed, on a sample basis, revenue to signed fee agreements and/or client acceptance of fees raised and checked that revenue recognised is consistent with the applicable accounting policy. We also assessed the mechanical calculation of deferred income on a sample basis at the reporting date with reference to timing of billing and the period to which the invoice relates. **Key observations:** We consider that the Group has applied its revenue recognition policy as stated in the notes to the financial statements consistently and we consider management's judgements relating to the valuation of accrued income to be reasonable.

Independent Auditor's Report to the Members of Praxis Group Limited (formerly PraxisIFM Group Limited) continued

Goodwill impairment (note 10)	Within intangible assets the Group holds a significant balance of goodwill that has arisen from the acquisition of subsidiaries. Management is required to perform an impairment review at each financial reporting date in respect of the carrying value of goodwill on a cash generating unit ('CGU') basis. Management uses a variety of models to determine the value in use of each CGU to which goodwill is allocated. The impairment tests performed by management were considered significant to our audit due to the complexity of the models employed, as well as the significant judgements applied by management when determining the assumptions included in the assessment. These assumptions are based upon estimates that are affected by prospective information on expected performance where each CGU operates. Due to the assumptions and estimates involved we considered this area to be a key audit matter.	We evaluated the inputs and assumptions in the forecast used by management in determining the value in use of each CGU. We challenged management's judgements by testing the underlying value in use calculation and compared the forecast used against actual results. We challenged the useful economic life assumptions used at CGU level with reference to our understanding of client attrition rates, forecast projections and discussions with relevant audit teams responsible for component audits. We challenged the discount rates used within the calculations by considering the cost of capital for the Group and comparable organisations. We then assessed the risk premiums allocated to each cash generating unit being assessed for impairment. We performed sensitivity analysis on the model, which included all key assumptions, to understand the sensitivity of the model to changes in underlying assumptions. We performed an evaluation of the key assumptions used in the value in use calculation, such as comparing the inputs to prior year, comparison with industry practice in order to assess whether there are any indications of management bias. **Key observations:** We consider management's judgements and assumptions used in the assessment of impairment of goodwill to be reasonable.
Debtor provisioning (note 14)	The nature of the Group's revenue streams means that there are instances where debtors are not recovered in full. Management is required to assess whether a provision is required for non-recoverability of debtors and this is determined by reference to ageing, past default experience and management's assessment of any objective indicators of impairment. Due to the level of management judgment, the allowances made may be subject to management manipulation. Although management may make a best estimate over the recoverability of these figures, unforeseen financial difficulties, or inabilities to pay fees in relation to the clients, may lead to these figures being under or overstated in error. We therefore considered this to be a key audit matter.	For a sample of debtors, we reviewed management's assessments with regards to the recoverability of debtors and we corroborated the assessment with appropriate supporting evidence, including cash receipts subsequent to the reporting date, as well as relevant financial information on the solvency and liquidity of the counterparties. We further challenged and scrutinised management over significant balances that remained outstanding at the point of audit sign off and obtained further detailed corroborative information, such as underlying financial statements, to support their assessment that the balances outstanding remained recoverable in the ordinary course of business. **Key observations:** We consider management's judgements in respect of debtor recoverability to be reasonable.

Independent Auditor's Report to the Members of Praxis Group Limited (formerly PraxisIFM Group Limited) continued

Our application of materiality

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

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

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

Group financial statements

	2023 £	2022 £
Materiality	515,000	128,000
Basis for determining materiality	1% of revenue.	8% of 3 year average profit before tax after adjustment for one off non-recurring items such as onerous lease charges, goodwill impairment and restructuring costs in the financial period.
Rationale for the benchmark applied	During the year we changed the basis for materiality from adjusted profit, after removing items which are not considered to be reflective of the Group's underlying continuing activities to that of a revenue basis. Revenue was determined to be a better indicator for materiality following the sale of the Fund's business in prior periods and the fact that post this the group is in a cost reduction program to align cost levels to that of the remaining revenue post disposal.	We considered the relevant financial metrics for users of the financial statements and have assessed that adjusted profit, after removing items which are not considered to be reflective of the Group's underlying continuing activities, is most appropriate as this reflects the Group's underlying operating results.
Performance materiality	385,000	89,000
Basis for determining performance materiality	We selected 75% (2022: 70%) as an appropriate threshold based on the following considerations: > The effect of the prior year identified misstatements were below materiality; > Management is open to adjustments; > The level of sample procedures that are planned; and > There are financial statement areas that are subject to estimation.	

Component materiality

We set materiality for each component of the Group based on the revenue within each component. Component materiality ranged from £35,000 to £454,000. In the audit of each component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Independent Auditor's Report to the Members of Praxis Group Limited (formerly PraxisIFM Group Limited) continued

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £25,000 (2022: £5,100). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

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

We have nothing to report in this regard.

Other Companies (Guernsey) Law, 2008 reporting

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Parent Company; or
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities within the Directors' Report, 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 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 to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

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

Based on our understanding of the Group and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the Group's regulated activities, and we considered the extent to which non-compliance with those laws and regulations that have a direct impact on the financial statements.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and have a direct impact on the preparation of the financial statements. We determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework such as UK GAAP and the Companies (Guernsey) Law, 2008 and the specific regulatory rules within each country the group operates.

We communicated relevant identified laws and regulations and potential fraud risks to the group engagement team and all component engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the group audit.

Audit procedures performed by the engagement team to respond to the risks identified included:

- Discussion with and enquiry of management, those charged with governance and compliance team members concerning known or suspected instances of non-compliance with laws and regulations or fraud;
- Reading minutes of meetings of those charged with governance, correspondence with the applicable regulators, internal compliance reports and complaints, breaches, errors and other relevant compliance registers to identify and consider any known or suspected instances of non-compliance with laws and regulations or fraud;
- Obtaining an understanding of the internal control environment in place to prevent and detect irregularities; and
- Discussing and the review of group reporting in relation to these areas.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of management override of controls) and determined that the principal risks were related to management bias in accounting for estimates, particularly with regard to revenue recognition, debtor provisioning, accrued income valuation and goodwill impairment reviews (the response to which are detailed in our key audit matters above). In addition we also considered the risks of management override via the posting of journal entries.

Audit procedures performed by the engagement team to respond to the risks identified included:

- Making enquiries of the directors and management on whether they had any knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud;
- Discussing and the review of group reporting in relation to this area; and
- Undertaking journal entry testing back to underlying supporting documentation.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

The engagement director on the audit resulting in this independent auditor's opinion is Justin Hallett.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO Limited
Chartered Accountants
Place du Pré
Rue du Pré
St Peter Port
Guernsey

16 May 2024

Consolidated Income Statement

	Note	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Turnover	3	51,543	47,325
Direct costs	4	(21,293)	(19,333)
Gross profit		**30,250**	**27,992**
Indirect costs	5	(27,109)	(27,172)
Other income		27	99
Earnings before interest, taxes, depreciation, amortisation and performance share plan (EBITDA)		**3,168**	**919**
Depreciation	11	(1,114)	(1,034)
Amortisation	10	(3,955)	(3,750)
Performance share plan	26	(141)	(167)
Operating loss		**(2,042)**	**(4,032)**
Interest receivable		221	22
Interest payable	6	(1,120)	(553)
Loss before taxation		**(2,941)**	**(4,563)**
Tax on profit of ordinary activities	7	(1,080)	(762)
Loss for the financial year		**(4,021)**	**(5,325)**
Loss attributable to owners of the parent company		(4,021)	(5,325)
Earnings per ordinary share (expressed in pence per share)			
Basic	9	(4.8)	(6.0)
Diluted	9	(4.8)	(6.0)

The notes on pages 46 to 73 form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Loss attributable to owners of the parent company		**(4,021)**	**(5,325)**
Other comprehensive (loss)/income:			
Foreign exchange on translation		(325)	2,532
Total comprehensive loss for the financial year		**(4,346)**	**(2,793)**

The notes on pages 46 to 73 form an integral part of the financial statements.

Consolidated Statement of Financial Position

	Note	31 December 2023 £'000	31 December 2023 £'000	31 December 2022 £'000	31 December 2022 £'000
Fixed assets					
Intangible assets	10		33,692		33,991
Tangible assets	11		2,808		2,790
Investments	12		358		258
			36,858		**37,039**
Current assets					
Accrued income		3,102		5,648	
Debtors and prepayments	14	19,237		11,360	
Cash and cash equivalents	15	11,608		9,986	
		33,947		**26,994**	
Creditors: amounts falling due within one year	16	**(17,697)**		**(20,561)**	
Net current assets			**16,250**		**6,433**
Total assets less current liabilities			**53,108**		**43,472**
Creditors: amounts falling due after more than one year	17		**(16,097)**		**(183)**
Provisions for liabilities	18		**(717)**		**(601)**
Total net assets			**36,294**		**42,688**
Capital and reserves					
Called up share capital	21		859		859
Share premium			50,610		50,610
Treasury shares	22		(2,489)		(2,711)
ESOP share reserve	26		-		26
Capital reserve	22		1,166		1,491
Other reserves	26		71		167
Profit and loss account	22		(13,923)		(7,754)
Total equity			**36,294**		**42,688**

The financial statements were approved by the Board of directors and authorised for issue on 15 May 2024 and are signed on its behalf by:

Richard Morris
Chief Financial Officer

The notes on pages 46 to 73 form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

	Called-up share capital £'000	Share premium £'000	Treasury shares £'000	ESOP share reserve £'000	Other Reserves £'000	Capital reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2023	**859**	**50,610**	**(2,711)**	**26**	**167**	**1,491**	**(7,754)**	**42,688**
Loss for the year	-	-	-	-	-	-	(4,021)	(4,021)
Other comprehensive income	-	-	-	-	-	(325)	-	(325)
Total comprehensive loss	**-**	**-**	**-**	**-**	**-**	**(325)**	**(4,021)**	**(4,346)**
Performance share based payments	-	-	-	-	141	-	-	141
Issuance of shares	-	-	237	-	(237)	-	-	-
Exercise/expiry of share options	-	-	-	(26)	-	-	-	(26)
Repurchase of shares	-	-	(15)	-	-	-	-	(15)
Dividends paid	-	-	-	-	-	-	(2,148)	(2,148)
At 31 December 2023	**859**	**50,610**	**(2,489)**	**-**	**71**	**1,166**	**(13,923)**	**36,294**

	Called-up share capital £'000	Share premium £'000	Treasury shares £'000	ESOP share reserve £'000	Other Reserves £'000	Capital reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2022	**1,126**	**66,344**	**(2,740)**	**200**	**-**	**(1,063)**	**23,800**	**87,667**
Loss for the year	-	-	-	-	-	-	(5,325)	(5,325)
Other comprehensive income	-	-	-	-	-	2,532	-	2,532
Total comprehensive loss	**-**	**-**	**-**	**-**	**-**	**2,532**	**(5,325)**	**(2,793)**
Movement on capital reserves	-	-	-	-	-	22	(1,156)	(1,134)
Performance share based payments	-	-	-	-	167	-	-	167
Deferred consideration	-	-	101	-	-	-	-	101
Repurchase of shares	-	-	(72)	-	-	-	-	(72)
Exercise/expiry of share options	-	-	-	(174)	-	-	-	(174)
Shares purchased for cancellation	(267)	(15,734)	-	-	-	-	(23,999)	(40,000)
Dividends paid	-	-	-	-	-	-	(1,074)	(1,074)
At 31 December 2022	**859**	**50,610**	**(2,711)**	**26**	**167**	**1,491**	**(7,754)**	**42,688**

Movement on capital reserves represent the element of exchange differences arising on consolidation in relation to the re-translation of profit and loss account to reflect closing year end exchange rates.

The notes on pages 46 to 73 form an integral part of the financial statements.

Consolidated Statement of Cash Flows

	Note	31 December 2023 £'000	31 December 2022 £'000
Cash flows from operating activities			
Loss on operating activities before taxation		(2,941)	(4,563)
Adjustments for:			
Amortisation of intangible assets	10	3,955	3,750
Depreciation of tangible assets	11	1,114	1,034
Interest expense	6	1,120	553
Interest income		(221)	(22)
Provision for onerous lease	18	136	266
Goodwill impairment	10	-	157
Performance share plan	26	141	167
Decrease in accrued income		2,548	315
Increase in debtors	14	(7,130)	(1,059)
Decrease/(increase) in creditors	16	7,186	(1,059)
Cash from/(used in) operating activities		**5,908**	**(461)**
Income taxes paid		(1,399)	(577)
Net cash from/(used in) operating activities		**4,509**	**(1,038)**
Cash flows (used in)/from investing activities			
Purchases of tangible assets	11	(1,156)	(1,153)
Purchases of intangible assets	10	(1)	(83)
Deferred consideration received		-	7,500
Cash paid for acquisitions	25	(3,001)	-
Cash received from acquisition of subsidiary	25	1,034	-
Interest received		221	22
Net cash (used in)/from investing activities		**(2,903)**	**6,286**
Cash flows from financing activities			

The notes on pages 46 to 73 form an integral part of the financial statements.

Consolidated Statement of Cash Flows continued

	Note	31 December 2023 £'000	31 December 2022 £'000
Bank loan repayments		(10,000)	(4,675)
Bond issue		15,000	-
Bond issue costs paid		(217)	-
Net movement on overdraft [1]		(734)	734
Cash paid in tender offer		-	(40,000)
Deferred consideration paid	24	(29)	(200)
Share repurchase		(15)	-
Contractual covenant payments	24	(104)	(104)
Interest paid		(1,049)	(553)
Dividends paid	8	(2,148)	(1,074)
Net cash from/(used in) financing activities		**704**	**(45,872)**
Net increase/(decrease) in cash and cash equivalents		**2,310**	**(40,624)**
Cash and cash equivalents at beginning of year		9,986	49,994
Effect of foreign exchange rate changes		(688)	616
Cash and cash equivalents at end of year		**11,608**	**9,986**
[1] Net movement on overdraft comprises			
Cash receipts		7,391	14,816
Cash payments		(8,125)	(14,082)
		(734)	**734**

The notes on pages 46 to 73 form an integral part of the financial statements.

Notes to the Consolidated Financial Statements

1. Statutory Information

Praxis Group Limited is a company limited by shares, domiciled in Guernsey, Channel Islands, registration number 30367. The registered office is Sarnia House, Le Truchot, St Peter Port, Guernsey. The nature of the Company's operations and its principal activity are set out in the Directors' Report.

2. Significant Accounting Policies

The following accounting policies have been used consistently in dealing with items considered material to the Group's affairs. These accounting policies have been consistently applied to all periods presented unless otherwise stated. Accounting policies for specific items in the financial statements are included to the extent required in the relevant note.

Basis of Preparation of Financial Statements

These consolidated financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, and applicable law.

Consistent with the requirements of Guernsey Company Law, the parent company has elected not to prepare a company only primary statements.

Going Concern

The Group has demonstrated the ability to deliver business as usual services to clients under prolonged business continuity conditions through historical performance and forecasts.

The cash position at November is at the lowest level of the working capital cycle as annual fees are billed between 1 December and 1 January, as such the cash flow projections for the forthcoming period are positive and the Group has a healthy cash reserve to commence the 2024 calendar year.

Based on current trading and projections, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these consolidated financial statements.

Forecasts and projections underpinning this conclusion included:

- Expected trading performance
- Reviewing repayment and servicing of borrowings (note 19)
- Regulatory capital requirements
- War in Ukraine and sanctions

The Group therefore continues to adopt the going concern basis of accounting in preparing the annual consolidation financial statements.

Basis of Consolidation

The Group's consolidated financial statements consolidate the financial statements of the Company and its subsidiaries and associated undertakings drawn up to 31 December each year. The results of the subsidiaries and other interests acquired or sold are consolidated for the period from or to the date on which control passed.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate, using accounting policies consistent with those of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Fiduciary Assets

The Group, through its subsidiaries, acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets/liabilities and income/expenses arising thereon are excluded from the consolidated financial statements, as they are not assets, liabilities, income or expenses of the Company or of the Group.

Notes to the Consolidated Financial Statements continued

Foreign Exchange

Functional currency and presentation currency

The functional currency of the Parent company is Sterling (£). The functional currencies of the subsidiaries of the Parent company vary based on their geographic location. For the purpose of the consolidated and individual financial statements of the Group, the results and financial position are also presented in Sterling (£).

Transactions and Balances

In preparing the financial statements of the individual Group entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Realised exchange differences are recognised in miscellaneous and finance costs, unrealised exchange differences are recognised in other comprehensive income.

Translation of Group Companies

The results of foreign operations are translated at the average rates of exchange during the year where this approximates actual rates and their statement of financial positions at the rates ruling at the financial year end. Exchange differences arising on consolidation are recognised in the capital reserves.

3. Divisional Reporting

Accounting Policy

Revenue

Revenue is measured as the value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and others sales-related taxes. When the Group acts in the capacity of an agent rather than as the principal in the transaction, the revenue recognised is the net amount of commissions made by the Group. Revenue comprises fees for private client, fund, pension and corporate services.

Rendering of Services

Revenue is recognised in the consolidated income statement at the point in time when the Group has the right to receive payment for its services, on an accrual basis.

Net Asset Value ('NAV') Based Fees

Where fees are levied based on a percentage of the net assets of investment companies to which the Group entity provides services, income is accrued or deferred in accordance with the billing cycle, based on the last available NAV calculation.

Deferred Income

Fixed fees received in advance across all the services lines and up-front fees in respect of services due under contract are time apportioned to the respective accounting periods, and those billed but not yet earned are included in deferred income on the consolidated statement of financial position.

Accrued Income

Accrued income across all the services lines represents the billable provision of services to clients which has not been invoiced at the reporting date. Accrued income is recorded based on agreed fees billed in arrears and time-based charges at the agreed charge out rates in force at the work date, less any specific provisions against the value of accrued income where recovery will not be made in full. Where services are provided on a time spent basis for private and corporate clients, accrued income is recorded based on agreed charge out rates in force at the work date. Accrued income is valued using average recovery rates appertaining during the year.

Notes to the Consolidated Financial Statements continued

3. Divisional Reporting continued

Other Income

Other Income comprised government assistance and external dividends received for the year under review. Government assistance is recognised in profit or loss on a systematic basis over the periods in which the entity recognises expenses for the related costs for which the grants are intended to compensate. There are no conditions on the government assistance therefore they have been recognised upon receipt. Dividend income is recognised in the period when received.

Key Source of Estimation Uncertainty – Valuation of Accrued Income

Accrued income arises as a result of timing of the billing cycle and estimates are put into place using past information from client behaviours to achieve a reasonable recovery rate. Accrued income valuation is determined by reference to:

- Historic recovery rates
- Target recovery rates
- Comparison to prior period to ensure this is reasonable.

On a quarterly basis management reviews all billing information and determines the outcome of whether the amount will be billed in the quarter/written off based on agreements with clients.

The balance at the end of the financial period was £3,102k (2022: £5,648k) and represents a decrease due to changes in the billing made at the beginning of January 2023, which resulted in lower work in progress at end of the year as invoices are raised in advance of year end. The billing cut-off which is two weeks before the month end resulted in advance billing and less accrued income carried forward.

An increase/decrease of accrued income by 5% would result in a gain/charge to profit of £155k.

Basis of Divisional Reporting

The Group has three reportable divisions for the current period: Crown Dependencies and UK, Europe and UAE, and Rest of World. No client represents more than 10% of revenue.

The chief operating decision maker in respect of divisional reporting has been identified as the Board of Directors of Praxis Group Limited. Each division is defined as a set of business activities generating a revenue stream determined by geographical responsibility and the management information reviewed by the Board of Directors. The Board evaluates divisional performance based on gross profit, after the deduction of direct staff costs and direct client costs. Profit before income tax is not used to measure the performance of the individual divisions as items such as depreciation, amortisation of intangibles, other gains/(losses) and finance costs are not allocated to individual division.

Declared revenue is generated by external clients.

Notes to the Consolidated Financial Statements continued

3. Divisional Reporting continued

For the year ended 31 December 2023:

	Crown Dependencies & UK £'000	Europe and UAE £'000	Rest of World £'000	Acquisitions £'000	Total £'000
Turnover	33,905	10,873	5,690	1,075	51,543
Staff costs	(13,333)	(5,276)	(2,065)	(619)	(21,293)
Gross profit	**20,572**	**5,597**	**3,625**	**456**	**30,250**
Gross margin	**61%**	**51%**	**64%**	**42%**	**59%**
Other operating income					27
Indirect costs					(27,109)
EBITDA					**3,168**
Depreciation					(1,114)
Amortisation					(3,955)
Performance share plan					(141)
Operating loss					**(2,042)**

One acquisition was made in the year ended 31 December 2023 and this was Olympic Holdings Limited. The results presented represent the six months of operating activity since its acquisition on 1 July 2023. Olympic Holdings Limited will be a part of multiple divisional segments as it operated in Guernsey, Malta and UK for future periods of reporting.

Notes to the Consolidated Financial Statements continued

3. Divisional Reporting continued

For the year ended 31 December 2022:

	Crown Dependencies & UK £'000	Europe and UAE £'000	Rest of World £'000	Total £'000
Turnover	31,007	10,561	5,757	47,325
Staff costs	(12,419)	(4,786)	(2,128)	(19,333)
Gross profit	**18,588**	**5,775**	**3,629**	**27,992**
Gross margin	**60%**	**55%**	**63%**	**59%**
Other operating income				99
Indirect costs				(27,172)
EBITDA				**919**
Depreciation				(1,034)
Amortisation				(3,750)
Performance share plan				(167)
Operating loss				**(4,032)**

Geographical Information

The Group's revenue from external customers by geographical location of contracting Group entity is detailed below:

	31 December 2023 £'000	31 December 2022 £'000
Crown Dependencies	32,189	28,347
Rest of Europe	9,061	8,639
Caribbean	3,814	3,713
Netherlands	3,600	3,577
Rest of World	2,879	3,049
	51,543	**47,325**

Notes to the Consolidated Financial Statements continued

4. Direct Costs

Accounting Policy

Direct costs are defined by management as the costs directly incurred in the generation of income. This includes staff payroll, pensions and other staff benefits. The Group operates defined contribution pension schemes. Contributions to the Group's defined contribution pension schemes are charged to the consolidated income statement in the year in which they become payable.

	31 December 2023 £'000	31 December 2022 £'000
Staff salaries	19,272	17,337
Other direct costs	1,087	1,156
Staff pension contributions	837	777
Staff health cover	97	63
	21,293	**19,333**

5. Indirect Costs

Accounting Policy

Expenses are recognised when they are incurred, that is when the goods are received or the services are provided, with invoiced amounts being adjusted accordingly for any elements of accrued or prepaid expense.

	31 December 2023 £'000	31 December 2022 £'000
Administrative salaries	13,840	11,715
Administrative expenses	4,176	4,955
Computer expenses	3,668	3,175
Rent and rates	2,388	2,834
Insurance	1,293	1,403
Marketing	1,022	1,249
Finance and bad debts	347	1,291
Travel and entertaining	207	172
Technical and training	168	221
Impairment of intangible assets	-	157
	27,109	**27,172**

Notes to the Consolidated Financial Statements continued

6. Interest Payable and Similar Charges

	31 December 2023 £'000	31 December 2022 £'000
Bank interest	347	553
Bond interest	773	-
	1,120	**553**

7. Taxation

Accounting Policy

Current tax, including Guernsey income tax and foreign tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the financial year end.

The tax assessed for the year is higher than the standard rate of income tax in Guernsey on taxable activities at 0% (PY: 0%). The tax charge for the year represents local tax on overseas subsidiaries, along with Guernsey and Jersey tax at the intermediate rate on both regulated fiduciary businesses and fund administration services carried out in Guernsey and Jersey.

The differences are explained as follows:

	31 December 2023 £'000	31 December 2022 £'000
Loss on ordinary activities before tax	(2,941)	(4,563)
Loss on ordinary activities multiplied by standard rate of corporation tax in Guernsey on taxable activities of 0% (PY: 0%)	-	-
Effects of:		
Guernsey 10% tax activities	302	249
Overseas tax charges	778	513
Tax on results of ordinary activities	1,080	762

Notes to the Consolidated Financial Statements continued

8. Dividend

Accounting Policy

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at the AGM. These amounts are recognised in the consolidated statement of changes in equity.

Amounts recognised as distributions to equity holders in the year or period:

	31 December 2023 £'000	31 December 2022 £'000
2022 Final dividend paid as distributions to equity holders	1,074	1,074
2023 Interim dividend paid as distributions to equity holders	1,074	-
Total paid to equity holders during the year	**2,148**	**1,074**

9. Earnings Per Share

The Group presents basic and diluted earnings per share ('EPS') data for its shares.

Basic EPS is calculated by dividing the profit attributable to shareholders by the weighted average number of shares outstanding during the period, less the treasury shares in issue.

Diluted EPS is calculated by dividing the profit attributable to shareholders by the weighted average number of shares outstanding during the period and the dilutive shares related to share options less the treasury shares in issue.

	31 December 2023	31 December 2022
Loss for the year for continuing operations (£'000)	(4,021)	(5,325)
Weighted average number of shares in issue	85,941,024	91,055,179
Treasury shares held	2,317,310	2,515,696
Net weighted average number of shares	83,623,714	88,539,483
Basic earnings (pence per share)	**(4.8)**	**(6.0)**
Diluted earnings (pence per share)	**(4.8)**	**(6.0)**

Notes to the Consolidated Financial Statements continued

10. Intangible Assets

Accounting Policy

Goodwill represents the difference between amounts paid on the cost of a business combination and the fair value of the Group's share of identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and impairment losses. Goodwill is allocated on acquisition to the cash generating unit expected to benefit from the synergies of the combination. Goodwill is included in the carrying value of cash generating units ('CGU') for impairment testing.

At each reporting date, goodwill is reviewed for indicators. If there is such an indication, an impairment review is conducted where the recoverable amount of the asset is compared to the carrying amount of the CGU.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use ('VIU') is defined as the present value of the future cash flows before interest and tax obtainable as a result of the cash generating unit's continuing use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk free rate and the risks inherent in the CGU.

If the recoverable amount of the asset is lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in profit or loss unless the CGU has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluations. Thereafter any excess is recognised in profit or loss. Impairment of goodwill when recognised is not subsequently reversed. Impairment of other intangible assets is reversed.

Goodwill arising on consolidation is amortised over management's estimate of its useful life. The estimate is based on detailed analysis of review of the client relationships forming each CGU along with any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses. Amortisation is calculated to write off the cost or fair value of the intangible assets on a straight-line basis over their estimated useful lives and is included in administrative expenses. The estimated useful lives for intangible assets range as follow:

- Business software   10 years straight line
- Goodwill   Over the estimated useful life

Where factors are identified to suggest that the amortisation rates used are no longer appropriate, the useful life and/or amortisation rate are amended prospectively to reflect the new factors and circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Key Source of Estimation Uncertainty – Impairment of Intangible Assets

The Group considers whether intangible assets are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the CGUs. This requires estimation of the fair value less costs to sell of the CGU, and the value in use of the CGU, with the recoverable amount being the higher of these values.

Notes to the Consolidated Financial Statements continued

10. Intangible Assets continued

Key Source of Estimation Uncertainty – Fair Value

Fair value is estimated using a market sale multiple. As each CGU is a collection of client relationships, a revenue-based sale multiple is used. A default sale multiple is applied, and this is then adjusted based on one or more of the following characteristics of the revenue:

- Quantum of the revenue
- Location of the revenue relationships
- Activity of the revenue relationships
- Any other relevant historic characteristics of the revenue

For the year ended 31 December 2023, the default sale multiple was 2.0 and the costs to sell were estimated at 1% of revenue.

In calculating fair value less costs to sell, the key input is the sale multiple applied. An increase in the sale multiple would result in an increase in the fair value less costs to sell of the CGU. The default sales multiple applied for the year ended 31 December 2023 was 2.0 based on typical market transactions where a revenue multiple is used for valuation purposes.

Key Source of Estimation Uncertainty – Value in Use

Value in use is estimated using a discounted cashflow with the following inputs:

- Revenue of the CGU for the latest financial period
- Attrition rate matched to the remaining useful economic life of the CGU
- Weighted average cost of capital ('WACC') for the Group
- Gross profit margin of the subsidiary in which the revenue activity occurs

The estimation of useful economic life is performed by management and is based on detailed review of the remaining client relationships. The attrition rate is applied on a straight-line basis. The WACC used for the year ended 31 December 2023 was 12.70% (2022: 11.91%).

In calculating value in use, the key input is the attrition period determined by reference to the remaining useful economic life. An increase in the useful economic life would result in an increase in the value in use of the CGU.

Management believes that any reasonably possible change in the key assumptions on which the recoverable amounts are based would not cause the aggregate carrying amount to exceed the recoverable amount of the CGUs.

Notes to the Consolidated Financial Statements continued

10. Intangible Assets continued

	Goodwill £'000	Client Book £'000	Business software £'000	Total £'000
Cost				
At 1 January 2023	**59,117**	**326**	**1,204**	**60,647**
Purchases	-	-	1	1
Acquisition	3,425	-	292	3,717
FX movement	(87)	-	(1)	(88)
At 31 December 2023	**62,455**	**326**	**1,496**	**64,277**
Amortisation				
At 1 January 2023	**25,503**	**57**	**1,096**	**26,656**
Amortisation for the year	3,780	52	97	3,929
FX movement	(1)	-	1	-
At 31 December 2023	**29,282**	**109**	**1,194**	**30,585**
Net book value				
At 31 December 2023	**33,173**	**217**	**302**	**33,692**
At 31 December 2022	**33,614**	**269**	**108**	**33,991**

Should indicators of impairment be identified, a review of the useful economic life of the goodwill is performed and any changes to the useful economic life applied from the beginning of the current financial period.

The key assumptions used in determining the recoverable amount for each CGU are shown in the table on page 57. The table on page 58 presents a reconciliation of goodwill carrying value between 31 December 2022 and 31 December 2023 across all CGUs.

Included in amortisation note on consolidation income statement and cash flow is £26,951 which relates to bond issue. This is being amortised over the length of the bond.

Notes to the Consolidated Financial Statements continued

10. Intangible Assets continued

Key assumptions in determining recoverable amount for each CGU:

Entity	Acquisition Date	Initial Years	Revised Years	Remaining Years	Location	Sale Multiple
Nerine Guernsey (Nerine Trust)	27/06/2018	20	N/A	14	Guernsey	2.0
Nerine BVI (Nerine Trust)	27/06/2018	20	N/A	14	BVI	2.0
Nerine Geneva (Nerine Trust)	27/06/2018	20	4	1	Geneva	1.0
IFM Group Limited	01/01/2015	20	N/A	11	Jersey	N/A
Private Equity Services (Amsterdam) BV	02/02/2018	10	N/A	3	Netherlands	2.0
Confiance Limited	08/12/2015	20	N/A	11	Guernsey	1.0
Cavendish Corporate Investments PCC Limited	20/01/2017	20	16	10	Guernsey	2.0
Jeffcote Donnison (Overseas) Limited	15/08/2018	20	N/A	14	Isle of Man	2.0
Jeffcote Donnison LLP	15/08/2018	10	N/A	4	UK	2.0
Ampersand Management (Geneva) SA & Ampersand Management (Mauritius) Limited	31/03/2016	20	N/A	12	Switzerland	2.0
JD Associates Limited	15/08/2018	20	3	1	Hong Kong SAR	1.0
Trireme Pension Services (Guernsey) Limited	20/01/2017	20	N/A	10	Guernsey	1.0
Balmor SA	04/08/2016	20	N/A	13	Guernsey	2.0
PraxisIFM Trust Limited Malta	20/05/2015	20	N/A	11	Malta	2.0
Olympic Holdings Limited	01/07/2023	6	N/A	6	Guernsey	2.0

Notes to the Consolidated Financial Statements continued

10. Intangible Assets continued

Reconciliation of Goodwill:

	Carrying Value at 31 December 2022 £'000	Acquisition	Amortisation Charge £'000	Impairment Charge £'000	Exchange Movement £'000	Carrying Value at 31 December 2023 £'000
Nerine Guernsey (Nerine Trust)	9,885	-	(661)	-	-	9,224
IFM Group Limited	5,221	-	(423)	-	-	4,798
Confiance Limited	4,747	-	(440)	-	-	4,307
Private Equity Services (Amsterdam) BV	4,313	-	(865)	-	(82)	3,366
Nerine BVI ((Nerine Trust)	3,783	-	(253)	-	-	3,530
Cavendish Corporate Investments PCC Limited	1,966	-	(253)	-	-	1,713
Jeffcote Donnison (Overseas) Limited	1,178	-	(76)	-	-	1,102
Ampersand Management (Geneva) SA & Ampersand Management (Mauritius) Limited	906	-	(53)	-	-	853
Jeffcote Donnison LLP	626	-	(119)	-	-	507
Trireme Pension Services (Guernsey) Limited	441	-	(79)	-	-	362
Nerine Geneva (Nerine Trust)	248	-	(77)	-	-	171
JD Associates Limited	88	-	(62)	-	(3)	23
Balmor SA	80	-	(8)	-	-	72
Global Forward B.V. and Global Forward Trust B.V.	78	-	(77)	-	(1)	-
Stroeken B.V.	48	-	(47)	-	(1)	-
PraxisIFM Trust Limited Malta	6	-	(1)	-	1	6
Olympic Holdings Limited	-	3,425	(286)	-	-	3,139
	33,614	3,425	(3,780)	-	(86)	33,173

Notes to the Consolidated Financial Statements continued

11. Tangible Assets

Accounting Policy

Tangible fixed assets are stated at historical cost less accumulated depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write down the cost, less estimated residual value of each asset class on the following bases:

- Computer equipment — Five years straight line
- Leasehold property and improvements — Over the life of the lease
- Furniture, fixtures and fittings — Five years straight line

	Computer equipment £'000	Leasehold property and improvements £'000	Furniture, fixtures & fittings £'000	Total £'000
Cost				
At 1 January 2023	**7,079**	**2,000**	**1,850**	**10,929**
Purchases	616	412	128	1,156
Acquisition	-	-	26	26
Eliminated on disposal	(311)	(53)	(32)	(396)
FX movement	(14)	(13)	(3)	(30)
At 31 December 2023	**7,370**	**2,346**	**1,969**	**11,685**
Depreciation				
At 1 January 2023	**4,887**	**1,733**	**1,519**	**8,139**
Depreciation for the year	752	179	183	1,114
Acquisition	-	-	-	-
Eliminated on disposal	(308)	(13)	(15)	(336)
FX movement	(14)	(14)	(12)	(40)
At 31 December 2023	**5,317**	**1,885**	**1,675**	**8,877**
Net book value				
At 31 December 2023	**2,053**	**461**	**294**	**2,808**
At 31 December 2022	**2,192**	**267**	**331**	**2,790**

Notes to the Consolidated Financial Statements continued

12. Investments

Accounting Policy

Investments in unlisted company shares have been classified as fixed asset investments as the Group intends to hold them on a continuing basis. The shares are carried at their estimated value which is based on their fair value.

Investments in listed company shares have been classified as fixed asset investments as the Group intends to hold them on a continuing basis. The shares are carried at fair value with changes recognised in the consolidated statement of comprehensive income.

At 31 December 2023, the Group had interests in the following entities:

Other interests		Country of incorporation	Types of shares	Proportion held %	31 December 2023 Fair Value £'000	31 December 2022 Fair Value £'000
The International Stock Exchange	Listed	Guernsey	Ordinary	0.7	355	255
AF Spa	Unlisted	Italy	Ordinary	4.0	-	-
SICAV	Listed	UAE	Ordinary	100	3	3
					358	**258**

SICAV

The shares held in SICAV do not carry any voting rights. There is no ability for the Group to exercise control, and therefore the results of SICAV have not been consolidated.

Notes to the Consolidated Financial Statements continued

13. Subsidiaries

Subsidiaries whose results materially affect the consolidated income statement of the Group or the amount of assets of the Group are listed below:

Subsidiary	Type of shares	Proportion held (%)	Country of incorporation	Reporting Segment
Praxis Corporate Finance Limited	Ordinary	100	Guernsey	Crown Dependencies & UK
Confiance Limited	Ordinary	100	Guernsey	Crown Dependencies & UK
PraxisIFM Trust Limited	Ordinary	100	Guernsey	Crown Dependencies & UK
Nerine Trust Company Limited	Ordinary	100	Guernsey	Crown Dependencies & UK
Cavendish Corporate Investments PCC Limited	Ordinary	100	Guernsey	Crown Dependencies & UK
PraxisIFM Pensions Holdings Limited	Ordinary	100	Guernsey	Crown Dependencies & UK
Praxis Central Services Limited	Ordinary	100	Guernsey	Crown Dependencies & UK
PraxisIFM Treasury Services Limited	Ordinary	100	Guernsey	Crown Dependencies & UK
PraxisIFM Group Limited Employee Benefit Trust	-	-	Guernsey	Crown Dependencies & UK
Praxis Yacht Services Limited	Ordinary	100	Guernsey	Crown Dependencies & UK
Sarnia Yachts Management Limited	Ordinary	100	Guernsey	Crown Dependencies & UK
Olympic Holding Limited	Ordinary	100	Guernsey	Crown Dependencies & UK
PraxisIFM Trust Limited	Ordinary	100	Isle of Man	Crown Dependencies & UK
PraxisIFM Trust Limited	Ordinary	100	Jersey	Crown Dependencies & UK
PraxisIFM Corporate Services (UK) Limited	Ordinary	100	UK	Crown Dependencies & UK
Praxis Yacht Management (UK) Limited	Ordinary	100	UK	Crown Dependencies & UK
Trireme Pension Services (Guernsey) Limited	Ordinary	100	Guernsey	Europe & UAE
PraxisIFM Trust Limited	Ordinary	100	Malta	Europe & UAE
Trireme Pension Services (Malta) Limited	Ordinary	100	Malta	Europe & UAE
Sarnia Yachts (Malta) Limited	Ordinary	100	Malta	Europe & UAE
PraxisIFM Europe Limited	Ordinary	100	Malta	Europe & UAE
PraxisIFM Crew Limited	Ordinary	100	Malta	Europe & UAE
PraxisIFM Netherlands Holding BV	Ordinary	100	Netherlands	Europe & UAE
PraxisIFM International BV	Ordinary	100	Netherlands	Europe & UAE
PraxisIFM Netherlands BV	Ordinary	100	Netherlands	Europe & UAE
PraxisIFM Financial Services BV	Ordinary	100	Netherlands	Europe & UAE
PraxisIFM Trustee SA	Ordinary	100	Switzerland	Europe & UAE
Nerine Fiduciare S.A.	Ordinary	100	Switzerland	Europe & UAE
PraxisIFM Trust Limited	Ordinary	100	UAE	Europe & UAE
PraxisIFM Consulting Services Dubai	Ordinary	100	UAE	Europe & UAE
PES (Anguilla) Ltd	Ordinary	100	Anguilla	Rest of World
Nerine Trust Company (BVI) Limited	Ordinary	100	BVI	Rest of World
PES Curacao NV	Ordinary	100	Curacao	Rest of World
PraxisIFM JD (Hong Kong) Limited	Ordinary	100	Hong Kong SAR	Rest of World
PraxisIFM Nerine (Hong Kong) Limited	Ordinary	100	Hong Kong SAR	Rest of World
PraxisIFM Management (Mauritius) Limited	Ordinary	100	Mauritius	Rest of World
PraxisIFM Trust (NZ) Limited	Ordinary	100	New Zealand	Rest of World
PraxisIFM USA Inc	Ordinary	100	USA	Rest of World
Praxis Private Wealth and Corporate Services Limited	Ordinary	100	Ireland	Rest of World

Notes to the Consolidated Financial Statements continued

14. Debtors and Prepayments

Accounting Policy

Debtors
Short term debtors are measured at transaction price, less any impairment. Loans receivable, where the repayment date is in the future, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment. Loans that are repayable on demand are recognised at the undiscounted amount expected to be received.

Allowances for bad and doubtful debts
Allowances are made for bad and doubtful debts. Estimates of recoverability are based on ageing of the debts, historical experience and current knowledge of the counterparty.

Key Source of Estimation Uncertainty – Impairment of Debtors

The trade debtors balance in the Group's consolidated statement of financial position comprises many individual balances. Whilst individually not material when aggregated becomes substantial to the Group. An allowance is made for the estimated irrecoverable amounts from debtors on a line-by-line basis.

This is determined by reference to:

- The payment history of the client
- Recent communication with the client
- Knowledge of current client circumstances and future plans

The greatest factor of estimation uncertainty derives from where there are circumstances beyond the control of a client that may give rise to the debt not being fully recovered. Considerations have also been given to cost of living and interest rates and these are being closely being monitored by management.

The balance provided for at the end of the financial period is £2,448k (2022: £3,619k) and represents 17% (2022: 60%) as a portion of debtors which is significantly lower when compared to the prior year end.

An increase/decrease of bad debt provision by 5% would result in a charge/gain to profit of £122k.

Notes to the Consolidated Financial Statements continued

14. Debtors and Prepayments continued

	31 December 2023 £'000	31 December 2022 £'000
Trade debtors	14,204	6,076
Prepayments	2,812	2,728
Other receivables	918	1,553
Rent deposit	590	766
VAT debtor	509	39
Deferred tax asset	204	198
	19,237	**11,360**

The Group considers all trade debtors over 90 days to be past due. Overdue debtors are reviewed on a line-by-line basis as information comes to light, and provisions raised where debt recovery has become doubtful. A provision of £2,477,856 (31 December 2022: £3,619,080) was recognised against trade debtors.

15. Cash and Cash Equivalents

Accounting Policy

Cash and cash equivalents include cash in-hand and short-term deposits with an original maturity of three months or less. On demand deposits are included for cash flow purposes only.

	31 December 2023 £'000	31 December 2022 £'000
Cash at bank	11,608	9,986
Overdraft (note 16)	-	(734)
	11,608	**9,252**

Notes to the Consolidated Financial Statements continued

16. Creditors: amounts falling due within one year

Accounting Policy

Financial Liabilities and Equity
Financial liabilities and equity are classified according to the substance of the financial instruments' contractual obligations, rather than to its legal form.

Creditors
Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Deferred Consideration
Deferred consideration is measured initially at fair value at the date of acquisition and reviewed annually against the terms of the acquisition. Any adjustments to deferred consideration are recognised in the period in which they are identified.

	31 December 2023 £'000	31 December 2022 £'000
Deferred income	7,147	559
Sundry creditors	5,231	4,325
Trade creditors	2,412	2,214
Wage tax creditor	1,424	1,363
Taxation	858	1,170
VAT creditor	431	62
Deferred consideration (Note 24)	194	134
Overdraft (Note 15)	-	734
Bank loans (Note 19)	-	10,000
	17,697	**20,561**

Deferred Income
Deferred income principally relates to annual fees raised in advance relating to the period after the reporting date, for which payment has already been received. Deferred income has increased compared to the prior year due to advanced billing of annual fees for 2024.

Deferred Consideration
Deferred consideration relates to the acquisition of Nerine Trust, Abacus Crew Limited and Olympic Holdings Limited.

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

	31 December 2023 £'000	31 December 2022 £'000
Borrowings (Note 19)	15,000	-
Deferred consideration (Note 16 & 24)	1,097	183
	16,097	**183**

Notes to the Consolidated Financial Statements continued

18. Provisions

Accounting Policy

Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are determined by the expected future cash flows at a pre-tax rate that reflects current market assessments of the risks specific to the liability.

Onerous Lease
Where the unavoidable costs as lessee of an operating lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease. This is released over the remaining lease term.

Critical Judgement Applied – Onerous Leases
The Group has identified leases that were a part of the various acquisitions as onerous. The first property (Nerine House) is not occupied by a revenue generating business and is no longer being used for administrative projects and storage. The second property (Cirrus House) relates to a recovery site no longer being utilised as the Group has updated its policy in relations to disaster recovery. This was then subsequently released as the lease was later cancelled in the year. The third property was acquired as a part of acquisition and is not being occupied and not being actively marketed for letting.

	Cirrus House £'000	Nerine House £'000	La Plaiderie House £'000	Onerous Leases £'000
At 31 December 2022	406	195	-	601
Acquisition	-	-	386	386
Utilised	-	(136)	-	(136)
Released	(406)	-	-	(406)
At 31 December 2023	**-**	**59**	**386**	**445**

Nerine House
Property with lease expiring 31 May 2024 that was partially sub-let in September 2022. The remaining portion of the lease is still actively being marketed for subletting.

Cirrus House
At the end of December 2022, the review of the work area recovery agreement took place, and this indicated the property was no longer being used for its intended purpose. The lease expires 15 December 2028 with no break period and no opportunity to sublet. An onerous lease provision was recognised in full for £405,524 and will be released to expiry date.

During 2023, it was agreed to cancel the work recovery area agreement, with all future liabilities relating to the contract cancelled. Therefore, the remainder of the provision was released in full.

La Plaiderie House
La Plaiderie House, as a part of the acquisition of Olympic Holdings Limited had onerous lease provision relating to vacant office space which was vacated in 2021. The provision is expected to be utilised over the life of the lease which ends September 2025.

Other provisions
Other provision of £272k made up the full provision as indicated on Consolidated Statement of Financial Position and relate to restructuring activities undertaken during the year.

Notes to the Consolidated Financial Statements continued

19. Borrowings

The Group issued a £15,000,000 unsecured bond on 16 May 2023. The bond has a five-year term, is unsecured, and carries a coupon rate of 8.25%. Interest payment is semi-annual paid in November and May of each year. Part of the proceeds of the bond was used to fully repay the Multicurrency Term and Revolving Facilities Agreement with Royal Bank of Scotland International (RBSI).

The capital repayment profile of the borrowing of the Group is:

	31 December 2023 £'000	31 December 2022 £'000
Within one year	-	10,000
Between one year and two years	-	-
Between two years and five years	15,000	-
	15,000	**10,000**

Net debt reconciliation

	31 December 2022 £'000	Cash flows £'000	Acquired £'000	Other non-cash changes £'000	31 December 2023 £'000
Cash at bank	9,986	1,276	1,034	(688)	11,608
Bank overdrafts	(734)	734	-	-	-
Bank loans	(10,000)	10,000	-	-	-
Bond	-	(15,000)	-	-	(15,000)
Bond interest	-	670	-	(773)	(103)
Net debt	**(748)**	**(2,320)**	**1,034**	**(1,461)**	**(3,495)**

Other non-cash changes relate to foreign exchange movements on cash and cash equivalents and bond loan interest for the period.

There are no restrictions over the use of the cash and cash equivalents balances which comprises cash at bank, and bank overdrafts. The overdraft facility of £2.5m is subject to upstream guarantees from the Group's principal subsidiaries.

Notes to the Consolidated Financial Statements continued

20. Financial Instruments

The Group's financial instruments may be analysed as follows:

	31 December 2023 £'000	31 December 2022 £'000
Financial assets		
Financial assets measured at amortised cost	13,117	18,420
Financial assets measured at fair value	358	258
Financial liabilities		
Financial liabilities measured at amortised cost	23,966	17,650

Financial assets measured at amortised cost comprise trade debtors, other debtors and cash and cash equivalents.

Financial assets measured at fair value comprise investments in listed and unlisted companies.

Financial liabilities measured at amortised cost include all creditors shown in notes 16 and 17, other than deferred income and taxation.

All bonds issued by the Group are commercial loans issued at market value and thus were not subject to fair value adjustments.

21. Share Capital

	31 December 2023 £'000	31 December 2022 £'000
Authorised, allotted and issued 85,941,024 ordinary shares of £0.01 each	859	859
	859	**859**

	Ordinary Treasury Shares	Ordinary External Shares	Ordinary Total Shares
Balance b/fwd	2,515,696	83,425,328	85,941,024
Movement in year	(198,386)	198,386	-
Balance c/fwd	2,317,310	83,632,714	85,941,024

Notes to the Consolidated Financial Statements continued

22. Capital and Reserves

Treasury Shares

Treasury shares consist of shares held with an employee benefit trust. The Group has an employee benefit trust for the granting of shares to applicable employees. Subsequent consideration received for the sale of such shares is also recognised in equity, with any difference between the sale proceeds and the original cost being taken to retained earnings. No gain or loss is recognised in the financial statements on transactions in treasury shares.

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

Share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Treasury shares includes shares held by the PraxisIFM Group Limited Employee Benefit Trust (EBT) in order to satisfy share options contracts and deferred consideration for acquisitions.

ESOP share reserve represents cumulative expenses related to issue of employee share options, net of options that have subsequently been exercised or lapsed.

Capital reserve represents exchange differences arising on consolidation of foreign operations.

Profit and loss account includes all current year and prior period retained profits and losses.

23. Operating Lease Commitments

Accounting Policy

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term.

The aggregate benefit of lease incentives is recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

The Group's future minimum operating lease payments are as follows:

	31 December 2023 £'000	31 December 2022 £'000
Within one year	1,512	1,649
Between one year and five years	2,443	2,248
Greater than five years	1,431	-

All operating leases relate to office premises occupied by subsidiary entities. The lease expense for the year ended 31 December 2023 was £1,980,041 (31 December 2022: £1,565,054).

Notes to the Consolidated Financial Statements continued

24. Reconciliation of Deferred Consideration Liabilities

	Cash £'000	Shares £'000	Total £'000	Total Shares £'000	Total Cash £'000
As at 31 December 2022	**315**	**-**	**315**	**-**	**315**
Paid out in the period in cash and shares;					
IFM Group Limited contractual covenant payment	(104)	-	(104)	-	(104)
Deferred paid out in cash;					
Abacus Limited	(29)	-	(29)	-	(29)
Deferred to be paid out in cash;					
Olympic Holdings Limited	1,108	-	1,108	-	**1,108**
As at 31 December 2023	**1,290**	**-**	**1,290**	**-**	**1,290**

IFM Group Limited contractual covenant payments relate to the acquisition of Sector Trust Limited that occurred before the acquisition of IFM Group Limited.

25. Business combination – Acquisition of Olympic Holdings Limited

Accounting Policy

The Group applies the acquisition method to account for business combinations as prescribed by FRS 102. The consideration transferred in an acquisition comprises the fair value of assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. The identifiable assets acquired and liabilities assumed in a business combination are measured at their fair values at the acquisition date.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

When the consideration transferred includes an asset or liability resulting from a contingent consideration arrangement, this is measured based on the probability of incurring the contingent consideration. Changes in the value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

On 01 July 2023, the Group acquired 100% of Olympic Holdings Limited for £4,100,000. Initial cash outlay amounted to £2,665,000 with a deferral of £1,435,000. The deferred amount is adjustable based on future revenue performance of Olympic Holdings Limited for two years from the acquisition date. The deferred consideration was recognised at £1,108,000, being the amount expected to be paid based on projections. This was based on the revenue performance in the period since acquisition, and the forecast revenue performance for the period to 30 June 2025. The maximum amount of this deferred consideration is £1,835,000, and the minimum amount of this deferred consideration is nil. The balance were non-cash adjustments made shortly after acquisition.

In calculating goodwill arising on acquisition, the fair value of the new assets of Olympic Holdings Limited have been assessed and adjustments from book value were made where necessary.

Notes to the Consolidated Financial Statements continued

25. Business combination – Acquisition of Olympic Holdings Limited continued

	Book value £'000	Adjustment £'000	Fair value £'000
Recognised amounts of identifiable assets acquired and liabilities assumed:			
Fixed assets			
Tangible assets	26	-	26
Intangible assets	324	(32)	292
Current assets			
Debtors	346	-	346
Sundry debtors	79	-	79
Accrued income	2	-	2
Prepayments	140	-	140
Cash and cash equivalents	1,034	-	1,034
Total assets	**1,951**	**(32)**	**1,919**
Creditors:			
Due within one year	1,236	(229)	1,006
Total liabilities	**1,236**	**(229)**	**1,006**
Fair value of net assets acquired			912
Goodwill (Note 10)			3,425
Total purchase consideration			**4,337**
Consideration as at 1 July 2023:			
Cash paid			2,665
Deferred consideration			1,108
Directly attributed to cost			410
Excess working capital			154
			4,337
For cash flow purposes the amount is disclosed as follows:			
Purchase consideration settled in cash			2,665
Cost settled in cash			336
			3,001
Cash and cash equivalents in subsidiary acquired, as above			1,034
Net cash outflow on acquisition			**(1,967)**

Notes to the Consolidated Financial Statements continued

25. Business combination – Acquisition of Olympic Holdings Limited continued

The useful economic life has been estimated to be six years.

For the period ended 31 December 2023, six months of the results of Olympic Holdings Limited were consolidated as control was taken from 1 July 2023.

The results of Olympic Holdings Limited in the six months since its effective acquisition are as follows:

- Revenue £1,074,986
- Profit £115,898

The adjustment identified above is the impairment of the NAV one asset acquired and will be phased out as it will no longer be utilised.

26. Share Based Payments

Accounting Policy

Share based payments
Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified for the benefit of the employee before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the profit and loss account is charged with the fair value of goods and services received.

Buy-As-You-Earn ('BAYE') Scheme
All employees of the Group are eligible to participate in the BAYE Scheme once they have completed their probation period, the only vesting condition being that the individual remains an employee of the Group over the period of the Scheme. No options relating to the BAYE (31 December 2022: nil) were granted and exercised by employees participating in the scheme.

Legacy Share Option Scheme
During the period to 31 December 2023, no stock options were granted (31 December 2022: Nil), and none were exercised (31 December 2022: 157,687). The valuation applied to the options was the market price on the grant date.

Notes to the Consolidated Financial Statements continued

26. Share Based Payments continued

	31 December 2023		31 December 2022	
	Weighted Average Exercise Price £	Number of shares '000	Weighted Average Exercise Price £	Number of shares '000
Balance at start of year	**0.98**	**49**	**1.24**	**800**
Expired during the year	-	-	1.41	(593)
Exercised during the year	-	-	0.66	(158)
Granted during the year	-	-	-	-
Balance at end of year	**0.98**	**49**	**0.98**	**49**

The exercise price of vested options outstanding at the end of the year ranged between £0.61 and £1.73 (31 December 2022: £0.61 and £1.73).

Of the total numbers of options outstanding at the end of the year, 49,221 (31 December 2022: 49,221) had vested and were exercisable at the end of the year.

The weighted average share price (at the date of exercise) of options exercised during the year was nil (31 December 2022: £0.66) at the date options were exercised.

No options were granted in the current year.

The share-based remuneration expense included in direct costs was £nil (31 December 2022: £nil).

The Group did not enter any share-based payment transactions with parties other than employees during the current or previous periods.

The movements on the ESOP share reserve were:

	31 December 2023 £'000	31 December 2022 £'000
Brought forward	(26)	(200)
Options exercised/lapsed in the year	26	6
Expired in the year	-	168
Carried forward	**-**	**(26)**

Performance Share Plan

The Group has put in place a performance share plan ('PSP') for management, targeted at the long-term performance of the Group. The PSP aligns senior management and executive interests with those of shareholders over a three-year period and makes awards to its participants which are tied to the achievement of agreed performance targets for the Group, whilst acting as a vehicle to attract, reward and retain key talent.

The plan will grant shares subject to year-on-year Group performance targets being achieved. The calculation of awards and the final Group adjusted EBITDA for the financial year will be approved by the Remuneration Committee. As this is equity settled share-based payment transactions the observable market price of the equity instruments granted will be used. Praxis Group's mid share price as publicly available through the TISE website will be used for the calculation.

Notes to the Consolidated Financial Statements continued

26. Share Based Payments continued

PSP1

This related to financial performance for the year ended 31 December 2022 and features two vesting conditions, comprising of a performance condition and a service condition. The performance condition is the EBITDA target being achieved. The service condition requires service to six months beyond that financial year for the shares to be awarded, and then continuing service for a further two year holding period. The expense recognised in the consolidated income statement was £141k (31 December 2022: £167k). The remaining expense amount will be recognised over the performance period.

	31 December 2023		31 December 2022	
	Weighted Average Exercise Price £	Number of shares '000	Weighted Average Exercise Price £	Number of shares '000
Balance at start of year	**-**	**507**	**-**	**-**
Expired during the year	-	(22)	-	-
Exercised during the year	-	(206)	-	-
Granted during the year	-	-	-	507
Balance at end of year	**-**	**279**	**-**	**507**

PSP2

This related to financial performance for the year ended 31 December 2023. The Remuneration Committee has agreed to the issuance of up to 899,100 shares to 59 participants, subject to the business meeting a minimum statutory EBITDA threshold for the financial year to 31 December 2025 and the participant's continued employment. As a result of the communication to participants taking place in 2024, no charge was recognised in the year. These awards will be satisfied by treasury shares already held.

27. Transactions with Related Parties

There is no immediate or ultimate controlling party of the Group. No individual shareholder holds sufficient voting rights in order to exercise control.

Balances and transactions between the parent company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The Group's other significant related parties are key management personnel, comprising all members of the Group Board and the Executive Committee who are responsible for planning and controlling the activities of the Group.

	31 December 2023 £'000	31 December 2022 £'000
Key management personnel compensation	1,227	1,773
Capital returned to shareholders who are also key management personnel	-	4,199
Dividend paid to shareholders who are also key management personnel	119	96

Key management personnel compensation includes Directors' salaries and related benefits, including pension contributions.

28. Post Year End Events

There are no post year end events that require disclosure in these consolidated financial statements.

Company Information

Where appropriate, this report refers to the group of companies controlled by Praxis Group Limited as the 'Group'.

Directors (the 'Board')
Iain Torrens (Chairman)
Stephanie Coxon (Non-Executive Director)
Diane Seymour-Williams (Non-Executive Director)
Peter Gillson (Non-Executive Director)
Robert Fearis (Chief Executive Officer)
Richard Morris (Chief Financial Officer)
Martyn Crespel (Executive Director) - *Resigned 3 July 2023*

Company Secretary
Adam Kitching

Registered Office
Sarnia House, Le Truchot, St Peter Port, Guernsey GY1 1GR

Registered Number
30367

Listing Sponsor
Ravenscroft Consultancy & Listing Services Limited,
PO Box 222, 20 New Street, St Peter Port, Guernsey GY1 4JG

Market Maker
Ravenscroft (CI) Limited,
PO Box 222, 20 New Street, St Peter Port, Guernsey GY1 4JG

Independent Auditors
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Registrar and Location of Register of Members
Praxis Group Limited, Sarnia House, Le Truchot, St Peter Port, Guernsey GY1 1GR

Investor Relations
For current shareholder and corporate information, including the Financial Calendar please visit www.praxisgroup.com/investor-relations

Glossary

Terminology or acronyms commonly used in the annual report and financial statements are defined in the table below.

Terminology/Acronym	Definition
Group	Praxis Group Limited
The year	The 12-month period ended 31 December 2023
The prior year (PY)	The 12-month period ended 31 December 2022
EBITDA	A widely recognised measure of profitability after adding depreciation, amortisation, interest, tax and performance share plan back to profit for the year
Underlying EBITDA	EBITDA excluding exceptional or non-recurring charges
Net debt	Net debt is cash at bank less overdraft balance, obligations under finance leases and bank loans
Leverage	Leverage is net debt divided by underlying EBITDA
CEO	Chief Executive Officer
CFO	Chief Financial Officer
PSP	The performance share plan approved by shareholders at the meeting of 28 September 2022
ESG	Environmental, social and governance
BAYE	Buy as you earn
NED	Non-Executive Director
TISE	The International Stock Exchange
Sarnia Yachts	The trading name of Olympic Holdings Limited, acquired during the period
AGM	Annual General Meeting
VIU	Value in use
EPS	Earnings per share
WACC	Weighted average cost of capital
CGUs	Cash generating units

Contact us

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