1 May 2024

Anexo Group plc
('Anexo' or the 'Group')

Final Results

"Solid performance across all divisions with strong outlook for the future"

Anexo Group plc (AIM: ANX), the specialist integrated credit hire and legal services provider, announces its final results for the year ended 31 December 2023 (the 'period' or 'FY2023).

Financial Highlights	2023	2022	% movement
Total revenues (£'000s)[1]	149,334	138,329	+8.0%
Operating profit (£'000s)[1]	39,773	30,416	+30.8%
Adjusted[2] operating profit (£'000s)[1]	39,773	30,241	+31.5%
Adjusted[2] operating profit margin (%)	26.6	21.9	+21.4%
Profit before tax (£'000s)	23,040	23,918	-3.7%
Adjusted[2] profit before tax and exceptional items (£'000s)	23,040	24,093	-4.4%
Adjusted[3] basic EPS (pence)	12.8	16.5	-22.4%
Total dividend for the year (pence)	1.5	1.5	-
Equity attributable to the owners of the Company (£'000s)	159,699	146,347	+9.1%
Net cash from operating activities (£'000s)	17,391	-3,132	+20,523
Net debt balance (£'000s)	67,942	73,124	+7.1%

Note: The basis of preparation of the consolidated financial statements for the current and previous year is set out in the Financial Review below.

1. Including the impact of the agreement in the Emissions Case.

2. Adjusted operating profit and profit before tax: excludes share-based payment charges in 2022. A reconciliation to reported (IFRS) results is included in the Financial Review below.

3. Adjusted EPS: adjusted PBT less tax at statutory rate divided by the weighted number of shares in issue during the year.

Overview and Financial and Operational KPIs

Following a year of consolidation for the Group's core business in 2022, the early part of 2023 saw the Group continue its focus on the prudent management of fleet levels within its credit hire division, EDGE, whilst looking to grow the level of cash collections within its legal services division, Bond Turner. Cash collections improved throughout the year, deriving from credit hire claims, the agreement in the VW Emissions Case "Emissions Case", housing disrepair claims and the serious injury and clinical and professional negligence "large loss" teams. The Group thereafter continued its investment in Bond Turner and also increase its activity within credit hire.

Bond Turner has continued to invest in good quality staff and related infrastructure and this is reflected in the overall rise in cash collections, which increased from £146.1 million in 2022 to £163.5 million in 2023. These derived not only from credit hire claims but also from the housing disrepair and large loss claim books. As these expand and claims reach settlement maturity, these additional teams have made meaningful contributions to Group performance in 2023 and will continue to do so into 2024 as investment in new claims and staff continues. Revenues for Legal Services increased from £63.6 million in 2022 to £88.6 million; this figure also reflects the impact of the agreement of the Emissions Case in the year. The growth in cash collections for the Group is more pleasing given the continued delays within the judicial system. The Group continues to experience extended delays, with many claims listed for trial being delayed and/or adjourned; this continues to impact on the cash received and overall profitability of the Group, particularly within Legal Services. It is encouraging to note however that the majority of the costs associated with these claims have already been incurred and expensed and that the conclusion of these claims is simply just held up temporarily due to the Court delays.

During 2023, the Group reached agreement with VW in relation to the diesel emissions case and the results for the year include the impact of this agreement, in which the Group acted for around 12,000 claimants. The terms of the agreement are subject to confidentiality restrictions. The Group announced on 5 June 2023 that the agreement had resulted in a net positive cash position to Anexo of £7.2 million.

Following this agreement, the Group has continued its investment in claims against other manufacturers including Mercedes Benz, Vauxhall, BMW/ Mini, Peugeot/Citroen and Nissan/Renault. During 2023 the Group invested a total of £4.3m in marketing, staff and other costs and at the end of 2023 had secured claims against Mercedes Benz (where court proceedings have been issued) from approximately 12,000 clients, and a further 24,000 claims against other manufacturers. These costs are included within Administrative Expenses in the Income Statement. Settlement of these claims is expected to significantly enhance revenue and profitability and cashflows although the timing of any negotiations remains uncertain.

Staff numbers within Bond Turner continued to grow, driving improvements in performance and cash collections with an increased focus on both developing our own staff but recruiting where necessary to increase settlement capacity. This growth was particularly notable within the housing disrepair and large loss teams, where staff numbers increased from 54 and 63 respectively at the end of 2022 to 69 and 77 at the end of 2023 (an increase of 27.8% and 22.2% respectively). Staff numbers in the legal services division reached a total of 702 in 2023, a 3.5% rise from 2022. Overall cash collections rose 11.9% to £163.5 million (2022: £146.1 million). This ongoing growth in staff will underpin further growth in cash collections in 2024, helped by the gradual reduction in the courts backlog.

The Credit Hire Division started 2023 with 1,730 vehicles on the road. This number grew to 1,961 by the end of the first half of the year, with average vehicle numbers over the first half reaching 1,634 as the Group concentrated on the effective management of activity levels. As a result, the Group reported a reduction in net debt in that period. Opportunities for new work continued to be buoyant with the Group accepting an increasing number of claims in the second half of the year, this was particularly evident in the latter months of 2023, traditionally a period of strong seasonality for the Group, where vehicles numbers increased sharply, reaching 2,409 at the end of 2023, with a second half average of 2,144. This had the effect of driving an improvement in profitability for the credit hire division in the second half of the year (profit before tax increased from £2.2 million in the first half year to £4.4 million in the second half year).

Whilst overall Credit Hire revenues for the full year reduced from £74.7 million in 2022 to £60.8 million in 2023, cash generation and our ability to manage claim volumes underlines the robust health of the core credit hire business and the continued demand for non-fault claims. A number of factors contributed to the decrease in revenue including; the weighting of new hires was heavier towards the end of 2023 meaning that the full extent of the revenue could not be realised before the end of 2023 as the hires continued past the year end, contributing revenue into 2024; general movements within the fleet including the redistribution of the proportion of bikes versus cars and a reduction in the average hire period between 2022 and 2023. 11,724 new credit hire claims were funded in 2023 and passed for recovery to the experienced legal team at Bond Turner, who have shown their strength in respect of increased cash collections.

The growth in vehicle activity, particularly towards the end of 2023, alongside the significant portfolio of claims within Legal Services, where much of the associated costs have been incurred and expensed, provide a strong platform for 2024 and beyond.

Our ability to fund growth in our hire business has come from improving levels of cash collections, not only from an increase in credit hire claim settlements, which increased by 13.2% in the period reaching 8.967 in 2023 (2022: 7,922), but from an increase in case settlements achieved during the year from the housing disrepair and large loss teams (departments of legal services). In addition, the Group announced on 5 June 2023 that agreement in respect of the VW Emissions Case ('Emissions Case') had resulted in a net positive cash position to Anexo of £7.2 million; this figure takes into account the value retained in the Group from fees generated and payments associated with the agreement including the repayment of amounts due to funders. These movements demonstrate the investment made in both the current staff in terms of training and development and strategic hires from competitors. In 2023, the number of senior fee earners grew by 11.9% to reach 283 at the year end.

The Group has a number of opportunities for growth in 2024, not only from the current divisions but from wider opportunities in the legal services sector including the expansion of EDGE into providing credit hire vehicles to taxi drivers involved in non-fault accidents. The Board believes there are significant opportunities to manage the overall Group to ensure it maximises shareholder value by continuing to seize opportunities for growth as they present themselves without the need for significant increases in debt funding.

KPI’s	2023	2022	% movement
Group			
Total revenues (£’000s)	149,334	138,329	+8.0%
Gross profit (£’000s)	118,451	105,776	+12.0%
Adjusted operating profit (£000’s)	39,773	30,241	+31.5%
Adjusted operating profit margin (%)	26.6%	21.9%	+21.4%
Cash collections from settled cases (£’000s)	163,530	146,090	+11.9%
Credit Hire			
Revenues (£’000s)	60,778	74,681	-18.6%
Vehicles on hire at the year-end (no)	2,409	1,730	+39.2%
Average vehicles on hire for the year (no)	1,904	1,892	+0.6%
Number of hire cases settled	8,967	7,922	+13.2%
New cases funded (no)	11,724	9,986	+17.4%
Legal Services			
Revenues (£’000s) [1]	88,556	63,648	+39.1%
Legal staff at the period end (no)	702	678	+3.5%
Average number of legal staff (no)	696	646	+7.7%
Total senior fee earners at period end (no)	283	253	+11.9%
Average senior fee earners (no)	257	240	+7.1%

1. Revenues include the impact of the agreement of the Emissions Case.

Commenting on the Final Results, Alan Sellers, Executive Chairman of Anexo Group plc, said: *"I am pleased to report a solid performance across all divisions. As always, we have managed our vehicle numbers effectively and sought to utilise our working capital as efficiently as possible. Cash collections continue to grow as a result of this strategy and we continue to invest in high quality staff.*

The housing disrepair and large loss divisions continue to expand and play an increasingly important part in the development of the Group. We look forward to further developments in the ongoing Diesel Emissions class actions and continue to focus on effective cash management to maximise cash generation and create value for all our shareholders."

Investor Briefing

Alan Sellers, Executive Chairman, and Mark Bringloe, CFO, will provide a live presentation relating to the Final Results Presentation via Investor Meet Company at 09:30 BST today.

The presentation is open to all existing and potential shareholders. Questions can be submitted at any time during the live presentation.

Investors can sign up to Investor Meet Company for free and add to meet ANEXO GROUP PLC via:

https://www.investormeetcompany.com/anexo-group-plc/register-investor

Investors who already follow ANEXO GROUP PLC on the Investor Meet Company platform will automatically be invited.

Results presentation is available at the Group's website: https://www.anexo-group.com/

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Notes to Editors:

Anexo is a specialist integrated credit hire and legal services provider. The Group has created a unique business model by combining a direct capture Credit Hire business with a wholly owned Legal Services firm. The integrated business targets the impecunious not at fault motorist, referring to those who do not have the financial means or access to a replacement vehicle.

Through its dedicated Credit Hire sales team and network of 1,100 plus active introducers around the UK, Anexo provides customers with an end-to-end service including the provision of Credit Hire vehicles, assistance with repair and recovery, and claims management services. The Group's Legal Services division, Bond Turner, provides the legal support to maximise the recovery of costs through settlement or court action as well as the processing of any associated personal injury claim.

The Group was admitted to trading on AIM in June 2018 with the ticker ANX. For additional information please visit: www.anexo-group.com

Chairman's Statement

On behalf of the Board, I am pleased to report a year of solid growth by the Group, with each division of the Group performing in line with Board expectations. The results for 2023 include the agreement of the Emissions Case as reported in June 2023. These results reflect our continued focus on increasing cash settlements through the expansion of our Legal Services division, with continued investment and growth not only in credit hire but more significantly in both the housing disrepair and large loss departments.

The Board continues to invest in diversifying the Group's activities by taking advantage of the significant growth opportunities which are presenting themselves and believes that the Group is well positioned for further strong performance in 2024 and beyond.

Group Performance

Anexo Group plc has shown solid performance during 2023 with Group revenues increasing in 2023 by 8.0% to £149.3 million (2022: £138.3 million). Gross profits increased by 12.0% from £105.8 million in 2022 to £118.5 million in 2023. Operating profit increased by 30.8% to £39.8 million in 2023 at a margin of 26.6% (2022: £30.4 million at a margin of 22.0%), even after the ongoing investment in staff and marketing costs across both housing disrepair and diesel emissions claims and the performance of the Credit Hire division. This investment has provided a strong platform for future growth. Profit before tax reduced slightly in the year, by 4.4% to £23.0 million (2022: £24.1 million).

Whilst revenues for Credit Hire reduced from £74.7 million in 2022 to £60.8 million in 2023 reflecting the active management of claims accepted in the early part of the year, this decline was more than offset within Legal Services, where revenues increased from £63.6 million in 2022 to £88.6 million. This increase included the impact of the agreement of the Emissions Case in the year.

During 2023, the Group has focussed on further developing the housing disrepair and large loss teams whilst recognising that credit hire remains the mainstream profit generator for the Group. This focus has contributed to an increased level of case settlements and therefore an increase in cash collections for the Group, which rose by 11.9% to £163.5 million in 2023 (2022: £146.1 million). This figure excludes the agreement in the Emissions Case. The terms of the agreement are subject to confidentiality restrictions; the Group announced on 5 June 2023 that the agreement had resulted in a net positive cash position to the Group of £7.2 million.

Credit Hire division

The Group's Credit Hire division, EDGE, saw prudent management of fleet activities during the early part of 2023 to maximise efficient use of the existing fleet and to manage overall fleet numbers to reflect these expectations. In the second half of the year, cash collections were such that the Group could accelerate growth without the need to increase debt facilities and vehicle numbers rose from 1,730 at the start of the year, falling to a low of 1,431 in H1, then rising sharply to end the year at 2,409, an increase of 39.2% from the start of the year. As a result, new cases funded increased from 9,986 in 2022 to 11,724 in 2023, whilst the number of hire cases settled increased by 13.2% from 7,922 in 2022 to 8,967 in 2023, supporting the increase in cash collections noted above.

With the managed start to 2023 in vehicle activity, revenues within the Credit Hire division fell in 2023 by 18.6% to £60.8 million (2022: £74.7 million). The Group maintains its claims acceptance strategy of deploying its resources into the most valuable claims, thereby growing claims while preserving working capital. The Group monitors its fleet size constantly, enabling it to respond quickly to changes in demand and strategic priorities by deploying its vehicles appropriately with focus remaining firmly on McAMS, the motorcycle division.

Legal Services division

The Group's Legal Services division, Bond Turner, has continued its focus on cash collections across each of the three principal departments, with growth in both housing disrepair and large loss contributing to the positive result in the year. Revenues within the Legal Services division, which strongly correlates to cash, increased by 37.4% to £88.6 million (2022: £63.6 million), including the agreement in the Emissions Case in June 2023. With increased opportunities across all divisions the Group has sought to expand teams with strategic senior hires to support and develop their respective teams to help drive case settlements. At the end of December staff numbers within Bond Turner stood at 702, a 3.5% increase on the 2022 figure of 678. Of these, a total of 283 were senior fee earners, up 11.9% (2022: 253).

The average number of staff rose from 646 in 2022 (of which 240 were senior fee earners) to 696 in 2023 (including 257 senior fee earners).

Diesel Emissions

During 2023, the Group reached agreement with VW in relation to the diesel emissions case and the results for the year include the impact of this agreement, in which the Group acted for around 12,000 claimants. The terms of the agreement are subject to confidentiality restrictions; the Group announced on 5 June 2023 that the agreement had resulted in a net positive cash position to Anexo of £7.2 million.

Following this, the Group has continued its investment in claims against other manufacturers including Mercedes Benz, Vauxhall, BMW/Mini, Peugeot/Citroen and Renault/Nissan. By the end of 2023 the Group had secured claims against Mercedes Benz (where court proceedings have been issued) from approximately 12,000 clients, and a further 22,000 claims against other manufacturers. Settlement of these claims is expected to significantly enhance profitability and cashflows although the timing of any negotiations remains uncertain.

In total the Group invested £4.3 million in 2023 (2022: £4.0 million) in both staffing and emission claims lead generation fees, both of which are expensed in the income statement as incurred.

Housing Disrepair

The housing disrepair team has continued its rapid expansion during 2023, where revenues increased to £12.7 million in 2023, an increase of 36.6% over that report in 2022 (£9.3 million). At the end of the year, the Group had a portfolio of c3,900 ongoing claims (2022: c.3,000). Some £3.8 million was invested in marketing costs in 2023 (2022: £3.0 million), all of which was expensed as incurred, and with further investment planned into 2024, the housing disrepair team has proven its potential to be a significant contributor to Group earnings. We look forward to further growth in this sector.

Dividends

The Board is pleased to propose a final dividend of 1.5p per share (£1.8 million), which if approved at the Annual General Meeting to be held on 18 June 2024 will be paid on 28 June 2024 to those shareholders on the register at the close of business on 31 May 2024. The shares will become ex-dividend on 30 May 2024 (2022: total dividend 1.5p per share, £1.8 million).

Corporate Governance

Anexo values corporate governance highly and the Board believes that effective corporate governance is integral to the delivery of the Group's corporate strategy, the generation of shareholder value and the safeguarding of our shareholders' long-term interests.

As Chairman, I am responsible for the leadership of the Board and for ensuring its effectiveness in all aspects of its role. The Board is responsible for the Group's strategic development, monitoring and achievement of its business objectives, oversight of risk and maintaining a system of effective corporate governance. I will continue to draw upon my experience to help ensure that the Board delivers maximum shareholder value.

Our employees and stakeholders

The strong performance of the Group reflects the dedication and quality of the Group's employees. We rely on the skills, experience and commitment of our team to drive the business forward. Their enthusiasm, innovation and performance remain key assets of the Group and are vital to its future success. On behalf of the Board, I would like to thank all of our employees, customers, suppliers, business partners and shareholders for their continued support over the last year.

Current Trading and Outlook

As our financial performance and KPI's have demonstrated, the Group has continued to invest in its people, particularly within the Legal Services division, supporting the growth we have reported in both the number of claims settled and the underlying level of cash receipts for the Group. Whilst this investment impacted our reported financial performance in 2023, the continued growth in headcount supporting ever increasing case settlements will continue to contribute to growth in 2024 and beyond.

Since year end trading across both Credit Hire and Legal Services has been in line with management expectations.

Subsequent Events

In the previous emissions action Bond Turner's clients were not part of the Group Litigation Order ('GLO'), which brought together a number of legal firms acting for different claimants. In the current action, Bond Turner will form part of the respective GLOs, which should facilitate a more efficient legal process to achieve a quicker resolution to the cases.

There was a 5-day case management hearing on 11th March 2024 to consider all the various manufacturer NOx Emissions claims and provide guidance on how the cases should progress. The Court was keen to progress these cases as quickly as possible and has set a rigid timetable to do so. In December 2023 Mercedes was appointed as the 'Lead GLO' case; the Court has further appointed three other cases to be Additional Lead GLO's ('ALGLOs'). These are essentially cases which will progress alongside Mercedes to act as reserve cases, in case Mercedes settles, and to involve additional issues that Mercedes does not but which are relevant to the Group Litigation as a whole. The ALGLOs appointed are Ford, Nissan/Renault and Peugeot/Citroën.

Several trial dates have been set with the first being heard in October 2024 involving several manufacturers (Mercedes, BMW, Renault, and Vauxhall), dealing specifically with the issue of whether decisions by the German regulatory body (responsible for giving the vehicles 'type approval' to be manufactured and sold) are binding in England and Wales.

In October 2025 liability will be determined raising legal and factual issues of whether the vehicles contained prohibited defeat devices. To assist the Court, this will include the selection and testing of sample vehicles across several manufacturers including Mercedes, Ford, Renault/Nissan and Peugeot/Citroën manufacturers.

Finally in October 2026 a trial will address causation and loss issues. This trial will involve all manufacturers.

Post Balance Sheet Events

On 24 April 2024 Mark Bringloe was appointed as permanent Chief Financial Officer.

Annual General Meeting

The Group's Annual General Meeting will be held on 18 June 2024. The notice of the Meeting accompanies this Annual Report and Accounts.

Alan Sellers

Executive Chairman

30 April 2024

Financial Review

Basis of Preparation

To provide comparability across reporting periods, the results within this Financial Review are presented on an "adjusted basis, adjusting for the £0.2 million credit recorded for share-based payments in 2022, no such credit arising in 2023 following the vesting of the senior management incentive scheme for share-based payments in 2022.

A reconciliation between adjusted and reported results is provided at the end of this Financial Review. This Financial Review forms part of the Strategic Report of the Group.

Revenue

In 2023 Anexo successfully increased revenues which increased to £149.3 million, an 8.0% increase over the prior year (2022: £138.3 million). Revenues for Credit Hire reduced from £74.7 million in 2022 to £60.8 million in 2023 reflecting a number of factors including; the weighting of new hires was heavier towards the end of 2023 meaning that the full extent of the revenue could not be realised before the end of 2023 as the hires continued past the year end, contributing revenue into 2024; general movements within the fleet including the redistribution of the proportion of bikes versus cars and a reduction in the average hire period between 2022 and 2023.

With the active management of claims accepted in the early part of the year, this decline was more than offset within Legal Services, where revenues increased from £63.6 million in 2022 to £88.6 million, the Legal Services division continuing to display its strength for the realisation and conversion of funded claims and opportunities into cash and revenue. This movement included the impact of the agreement of the Emissions Case in the year.

During 2023 EDGE, the Credit Hire division, provided vehicles to 11,724 individuals (2022: 9,986) Much of the increase over the figure reported in 2022 arose in H2 2023. Our strategy, as previously reported, remains to concentrate investment within McAMS, the part of the business which supplies motorcycles. To continue to grow case settlements in the post Covid period, where the court system has yet to recover, the Group has been successful in negotiating a number of key protocol arrangements with insurers. These arrangements allow the insurer, the Group and its clients to benefit by agreeing early settlement.

With investment in all areas of Bond Turner continuing into 2023, and the continued maturity of the housing disrepair department, including more recently the large loss department, the Legal Services division reported significant revenue growth of 39.1%, with revenues rising from £63.6 million in 2022 to £88.6 million in 2023. The result for 2023 was also impacted by the agreement in the Emissions Case in June 2023, the impact of which is subject to confidentiality restrictions.

The Group has benefitted from continued investment in the housing disrepair team during 2023, and as a result revenue increased from £9.3 million in 2022 to £12.7 million in 2023. This revenue is reported within the data noted above for the Legal Services Division.

Gross Profits

Gross profits for the Group are reported at £118.5 million (at a margin of 79.4%) in 2023, increasing from £105.8 million in 2022 (at a margin of 76.5%). The result for 2023 including the impact within

Bond Turner of the agreement of the Emissions Case. It should be noted that staffing costs within Bond Turner are reported within Administrative Expenses.

The Credit Hire Division reported gross profits of £42.1 million (at a margin of 69.2%), reducing from £45.3 million (at a margin of 62.1%). The net reduction reflects the reduction in revenues reported in the period.

Operating Costs

Administrative expenses increased slightly year-on-year, reaching £69.2 million in 2023 (2022: £65.0 million), an increase of £4.2 million (6.5%). Staffing costs for Bond Turner increased to £25.7 million (2022: £23.1 million), an increase of £2.6 million (11.3%). Following the establishment of our housing disrepair team in late 2020, some £3.8 million was invested in marketing costs in 2023 (2022: £3.0 million), all of which has been expensed as incurred. We have in addition, invested in further emissions marketing costs of £2.9 million (2022: £2.2 million).

Depreciation, amortisation and profit and loss on disposal totalled £9.5 million in 2023, a slight reduction from that seen in 2022 (£10.6 million).

Finance Costs

Finance costs reached £16.7 million in 2023, increasing from £6.3 million in 2022 (165%). In part, this increase reflects the full year effect of the additional facilities secured in 2022 from Blazehill Capital Finance Limited (£15.0 million) to support the continued investment into the housing disrepair team and our investment in diesel emissions claims and the growth in interest rates seen globally. Finance costs in 2023 also included payment due to funders in respect of emissions cases.

Profit Before Tax

Profit before tax reached £23.0 million in 2023, falling slightly from the level reported in 2022 (£24.1 million). This reflects the investment in staff and marketing costs noted above as well as a general increase in finance costs as interest rates impacted the cost of capital to the Group, these additional costs more than offsetting the benefit arising from the agreement in the Emissions Case.

Where we have provided adjusted figures, they are after the add-back of the share-based payment credit in 2022; a reconciliation of the adjusted and reported results is included in the Annual Report.

EPS and Dividend

Statutory basic EPS is 12.8 pence (2022: 16.6 pence). Statutory diluted EPS is 12.8 pence (2022: 16.6 pence). The adjusted EPS is 12.8 pence (2022: 16.5 pence). The adjusted diluted EPS is 12.8 pence (2022: 16.5 pence). The adjusted figures exclude the effect of share-based payments. The detailed calculation in support of the EPS data provided above is included within Note 12 of the financial statements of the annual report.

The Board is pleased to propose a final dividend of 1.5p per share (£1.8 million), which if approved at the Annual General Meeting to be held on 18 June 2024 will be paid on 28 June 2024 to those shareholders on the register at the close of business on 31 May 2024. The shares will become ex-dividend on 30 May 2024 (2022: total dividend 1.5p, £1.8 million).

Group Statement of Financial Position

The Group's net assets position is dominated by the balances held within trade and other receivables. These balances include credit hire and credit repair receivables, together with disbursements paid in advance which support the portfolio of ongoing claims. Following continued improvements in the level of cash collected in the year, the gross claim value of trade receivables totalled £386.3 million in 2023, falling from £393.6 million in 2022. In accordance with our income recognition policies, a provision is made to reduce the carrying value to recoverable amounts, the net balance reducing to £160.7 million (2022: £165.4 million) giving a portfolio of claims for settlement into 2024 and beyond for which the associated acceptance costs have been written off as incurred.

In addition, the Group has a total of £68.9 million reported as accrued income (2022: £54.7 million) which represents the value attributed to those ongoing hires and claims at the year end, alongside growth in the number of ongoing claims within the housing disrepair and large loss teams where investment has increased year on year as have the ongoing number of claims, noting value is only attributed to those claims where we have secured an admission of liability.

The focus on motorcycle claims continued during 2023, and a refresh of certain aging assets resulted in total additions of property, plant, equipment and right of use assets of £11.6 million in 2023 (2022: £7.8 million). The fleet continues to be largely externally financed.

Trade and other payables, including tax and social security increased to £14.8 million compared to £13.2 million at 31 December 2022.

Net assets at 31 December 2023 reached £159.7 million (2022: £146.3 million).

Net Debt, Cash and Financing

Net debt reduced to £67.9 million at 31 December 2023 (31 December 2022: £71.3 million) and comprised cash balances at 31 December 2023 of £8.4 million (2022: £9.0 million), plus borrowings which reduced during the year, following the agreement of the Emissions Case and a continued focus on growth at levels that are sustainable without the need for additional working capital investment.

The total debt balance fell from £82.2 million in 2022 to £76.3 million at the end of 2023; these balances include lease liabilities including those recognised in line with IFRS16 (2023: £14.3 million, 2022: £13.6 million). The Group has a number of funding relationships and facilities to support its working capital and investment requirements, including an invoice discounting facility within Direct Accident Management Limited (secured on the credit hire and repair receivables) and a loan from Blazehill Capital Limited, which is non amortising and committed for a three year period, lease facilities to support the acquisition of the fleet and a revolving credit facility within Bond Turner Limited which is due for renewal in August 2024 and currently reported within borrowing due within one year. Further details are included in Note 20 of the financial statements of the annual report.

Having considered the Group's current trading performance, cash flows and headroom within our current debt facilities (further details of additional facilities secured post year end are included in the annual report), maturity of those facilities, the Directors have concluded that it is appropriate to prepare the Group and the Company's financial statements on a going concern basis. Further details are included in the annual report.

Cash Flow

Notwithstanding the continued delays in the court system, we have continued to invest in talent and grow our settlement capacity throughout Bond Turner, across each of the Credit Hire, housing disrepair and more recently the large loss teams. As we have previously reported, increasing numbers of senior fee earners drives increased settlement and cash collections into the Group as it is mainly these staff that negotiate and settle claims on behalf of the Group. The number of senior fee earners increased from 253 to 283 during 2023 (an increase of 11.9%) with strategic recruitment of high-quality staff a continued focus. More recently this investment has sought to continue to diversity the activities of the Group and headcount with the housing disrepair team, where the number of staff increased in number from 54 at 31 December 2022 to 69 at 31 December 2023 (an increase of 27.8%); and the large loss team, where the number of staff increased in number from 63 at 31 December 2022 to 77 at 31 December 2023 (an increase of 22.2%).

Notwithstanding the delays faced in the court system, which continues to impact settlements, cash collections for the Group (excluding settlements for our clients and the contribution from the agreement of the Emissions Case), a key metric for the Group, increased from £146.1 million in 2022 to £163.5 million in 2023, an increase of 11.9%, of which £7.9 million was generated from growth in settlements secured from the housing disrepair and large loss teams.

These improvements resulted in a significant improvement in net cash from operating activities, which was reported as a net cash inflow of £17.4 million in 2023 (2022: net cash outflow: £3.1 million), an improvement of £20.5 million, the primary difference being the level of funds invested in trade and other receivables which reduced by £22.0 million (2023: cash outflow £12.1 million, 2022: cash outflow: £34.1 million) reflecting the improvement in cash collections in the period supported by a strong legal team within Bond Turner.

Improved cash collections and operating cash flows have allowed the Group to reduce debt, reporting a net cash outflow of £17.4 million from financing activities in 2023. The Group reported a net cash inflow in 2022 of £4.2 million as additional facilities were secured in 2022 from Blazehill Capital Limited alongside an increase in availability from Secure Trust Bank Plc.

Reconciliation of Adjusted and Reported IFRS Results

In establishing the adjusted operating profit, the adjusted results for 2022 included a credit of £0.2 million related to share-based payments which vested in the year.

A reconciliation between adjusted and reported results is provided below:

Year to December 2023

	Adjusted £'000s	Share-based payment £'000s	Reported £'000s
Revenue	149,334	-	149,334
Gross profit	118,451	-	118,451
Other operating costs (net)	(78,678)	-	(78,678)
Operating profit	39,773	-	39,773
Finance costs (net)	(16,733)	-	(16,733)
Profit before tax	23,040	-	23,040

Year to December 2022

	Adjusted £'000s	Share-based payment £'000s	Reported £'000s
Revenue	138,329	-	138,329
Gross profit	105,776	-	105,776
Other operating costs (net)	(75,535)	175	(75,360)
Operating profit	30,241	175	30,416
Finance costs (net)	(6,323)	-	(6,323)
Profit before tax	23,918	175	24,093

On behalf of the board

Mark Bringloe

Chief Financial Officer

30 April 2024

Consolidated Statement of Total Comprehensive Income

for year ended 31 December 2023

	Note	2023 £'000s	2022 £'000s
Revenue		149,334	138,329
Cost of sales		(30,883)	(32,553)
Gross profit		118,451	105,776
Depreciation & profit / loss on disposal of property, plant and equipment	4	(9,439)	(10,436)
Amortisation	4	(69)	(117)
Increase in provision for impairment of trade receivables	4	(3,489)	(5,422)
Other administrative expenses before share based payments		(65,681)	(59,560)
Total Administrative expenses before share based payments		(78,678)	(75,535)
Operating profit before share based payments	4	39,773	30,241
Share based payment credit		-	175
Operating profit	4	39,773	30,416
Finance costs	9	(16,733)	(6,323)
Profit before tax		23,040	24,093
Taxation		(7,919)	(4,616)
Profit and total comprehensive income for the year attributable to the owners of the company		15,121	19,477

Earnings per share

Basic earnings per share (pence)	5	12.8	16.6
Diluted earnings per share (pence)	5	12.8	16.6

The above results were derived from continuing operations.

Consolidated Statement of Financial Position
as at 31 December 2023

		2023	2022
Assets	**Note**	**£'000s**	**£'000s**
Non-current assets			
Property, plant and equipment	6	1,813	2,072
Right of use assets	6	13,886	12,657
Intangible assets	7	34	71
Deferred tax assets		112	112
		15,845	14,912
Current assets			
Trade and other receivables	8	234,409	222,272
Corporation tax receivable		-	606
Cash and cash equivalents		8,443	9,049
		242,852	231,927
Total assets		258,697	246,839
Equity and liabilities			
Equity			
Share capital		59	59
Share premium		16,161	16,161
Share based payments reserve		-	-
Retained earnings		143,479	130,127
Equity attributable to the owners of the Company		159,699	146,347
Non-current liabilities			
Other interest-bearing loans and borrowings	9	15,000	25,000
Lease liabilities	9	7,968	7,176
Deferred tax liabilities		32	32

		23,000	32,208
Current liabilities			
Other interest-bearing loans and borrowings	9	47,070	43,594
Lease liabilities	9	6,347	6,403
Trade and other payables		14,811	13,225
Corporation tax liability		7,770	5,062
		75,998	68,284
Total liabilities		98,998	100,492
Total equity and liabilities		258,697	246,839

The notes on pages 76 to 109 form an integral part of these consolidated financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 30 April 2024. They were signed on its behalf by:

Mark Bringloe

Chief Financial Officer

30 April 2024

Consolidated Statement of Changes in Equity
for the year ended 31 December 2023

	Share Capital	Share Premium	Share Based Payments Reserve	Retained Earnings	Total
	£'000s	£'000s	£'000s	£'000s	£'000s
At 1 January 2022	58	16,161	2,077	109,928	128,224
Profit for the year and total comprehensive income	-	-	-	19,477	19,477
Issue of share capital	1	-	-	-	1
Share based payment credit	-	-	(175)	-	(175)
Transfer of share-based payment reserve	-	-	(1,902)	1,902	-
Dividends	-	-	-	(1,180)	(1,180)
At 31 December 2022	59	16,161	-	130,127	146,347
Profit for the year and total comprehensive income	-	-	-	15,121	15,121
Dividends	-	-	-	(1,769)	(1,769)
At 31 December 2023	59	16,161	-	143,479	159,699

Consolidated Statement of Cash Flows
for the year ended 31 December 2023

	Note	2023 £'000s	2022 £'000s
Cash flows from operating activities			
Profit for the year		15,121	19,477
Adjustments for:			
Depreciation and profit / loss on disposal	4	9,439	10,436
Amortisation	4	69	117
Financial expense	4	16,733	6,323
Share based payment credit	4	-	(175)
Taxation		7,919	4,616
		49,281	40,794
Working capital adjustments			
Increase in trade and other receivables		(12,138)	(34,138)
Increase in trade and other payables		1,586	590
Cash generated from / (used in) operations		38,729	7,246
Interest paid		(16,733)	(5,722)
Tax paid		(4,605)	(4,656)
Net cash from / (used) in operating activities		17,391	(3,132)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		757	1,579
Acquisition of property, plant and equipment		(1,277)	(1,186)
Investment in intangible fixed assets		(32)	-

Net cash (used in) / from investing activities	(552)	393
Cash flows from financing activities		
Proceeds from new loans	20,409	24,430
Repayment of borrowings	(26,932)	(8,749)
Lease payments	(9,153)	(10,275)
Dividends paid	(1,769)	(1,180)
Net cash (used in) / generated from financing activities	(17,445)	4,226
Net (decrease) / increase in cash and cash equivalents	(606)	1,487
Cash and cash equivalents at 1 January	9,049	7,562
Cash and cash equivalents at 31 December	8,443	9,049

Notes to the Financial Information
for the year ended 31 December 2023

1. Basis of Preparation and Principal Activities

The financial information set out herein does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006.

The financial information for the year ended 31 December 2023 has been extracted from the Company's audited financial statements which were approved by the Board of Directors on 30 April 2024 and which, if adopted, will be delivered to the Registrar of Companies for England and Wales.

Statutory accounts for the years ended 31 December 2023 and 31 December 2022 have been reported on by the auditor. Their reports for both years (i) were unqualified; (ii) did not include a reference to any matters which the auditor drew attention by way of emphasis without qualifying their audit report and (iii) did not contain a statement under section 498(2) or 498 (3) of the Companies Act 2006.

The information in this preliminary statement has been extracted from the audited financial statements for the year ended 31 December 2023 and as such does not contain all the information required to be disclosed in the financial statements prepared in accordance with UK adopted International Accounting Standards ('IAS').

The Company is a public limited company incorporated and domiciled in England and whose shares are quoted on AIM, a market operated by The London Stock Exchange.

The address of its registered office is 5th Floor, The Plaza, 100 Old Hall Street, Liverpool, L3 9QJ.

Going concern

With activity levels being maintained in line with forecast in the early part of FY24 and focus upon growth in revenue and performance without the need for additional debt funding the Group is currently performing in line with management expectations. Where funding allows, the Group continues to invest across all business streams, albeit additional focus is currently on expanding the number of diesel emissions claims reflecting limitation in mid 2024, the Group forecasting a spend in that year of £4.5 million on marketing costs.

The Group has secured funding from a number of funders, the most significant being Secure Trust Bank plc, HSBC Bank Plc and Blazehill Capital Finance Limited. Following receipt of additional funding of £15.0 million from Blazehill Capital Limited in 2022, the Group ended 2023 with a strong balance sheet with a conservative gearing level and good liquidity with headroom within its funding facilities and associated covenants. At the end of 2023 the Group's facilities included a revolving credit facility of £10.0 million with HSBC Bank plc (due for repayment in October 2024), an invoice discounting facility of £40.0 million with Secure Trust Bank plc (due for renewal in December 2024) and a loan facility of £15.0 million from Blazehill Capital Finance Limited.

With the significant level of opportunities open to the Group and to improve overall headroom into 2024 and beyond, the Group is considering a number of options for additional funding, and will report in due course as matters progress.

Each of the Group's banking arrangements are subject to monitoring through financial performance measures or covenants. Other than during the first few months of 2023, where one specific measure, surrounding the average hire period which increased above the measure included within the Secure Trust facility, all other performance measures and covenants have been met including in the period to date in 2024. The variance arose in that the average hire period extended beyond that incorporated within the Secure Trust facility and whilst extended hire periods are positive for the Group's financial performance, formal waiver was received from Secure Trust and the measure varied accordingly. The performance measures incorporated within the Secure Trust facility are there for monitoring purposes and aid as a guide for the Group to engage on a regular basis around general financial performance and headroom, both from a cash and operational perspective. All covenants were met during 2023 and to date in 2024 within both the Blazehill Capital and HSBC facilities. Further details are included in note 20.

The continued management of claims activity against claim settlements, alongside the additional headroom created from the recent refinancings set out above, means that the Board remains confident that the Group is in a strong financial position and is well placed to trade into 2024.

The Directors have prepared trading and cash flow forecasts for the period ended December 2026, against which the impact of various sensitivities have been considered covering the level of cash receipts (we have sensitised cash collections by 5% and 10% with and without management intervention which included a reduction in the volume of work taken on). We note earlier that there is no certainty that a settlement in favour of Bond Turner's clients will be reached in any of the emissions class actions currently ongoing, nor is there any guarantee that such a settlement would include financial compensation. The timeline for progress towards conclusion of the litigation is also unclear and no assumptions as to revenue have been included in the Board's internal forecasts for 2024 or 2025.

Working capital management is considered to be the most critical aspect of the Group's assessment. The Group has the ability to improve cash flow and headroom from a number of factors that are within the direct control of management, examples of which could be by limiting the level of new business within EDGE, managing the level of investment in people and property within Bond Turner or by limiting the investment in the portfolio of emissions claims currently ongoing. These factors allow management to balance any potential shortfall in cash receipts and headroom against forecast levels, something the Directors have been doing for many years, such that the Group maintains adequate headroom within its facilities. It is in that context that the Directors have a reasonable expectation that the Group will have adequate cash headroom.

The Group continues to trade profitably and early indications for growth in the current year are positive. Accordingly, the directors continue to adopt the going concern basis in preparing the consolidated and the company financial statements.

2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and prior periods if the revision affects both current and prior periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

Credit Hire

Due to the nature of the business, there are high levels of trade receivables and accrued income at the year end, and therefore a risk that some of these balances may be impaired or irrecoverable. The Group applies its policy for accounting for impairment of these trade receivables and accrued income as well as expected credit losses whereby debts are assessed and provided against when the recoverability of these balances is considered to be uncertain and hence the balances reported at the year-end are at risk of change. This requires the use of estimates based on historical claim and collection information.

Revenue is accrued on a daily basis, after adjustment on a portfolio basis for an estimation of the recovery of credit hire charges based on historical settlement rates. While historical settlement rates form the basis, these are then considered in light of expected settlement activity. This policy also assumes that claims which have settled historically are representative of the trade receivables and accrued income in the balance sheet. This assumption represents a significant judgement. The overall settlement adjustment is made to ensure that revenue is only recognised to the extent that it is highly probable that a significant reversal of revenue will not occur upon settlement of a customer's claim. Revenue recognised is updated on settlement once the amount of the claim recovered is known.

Due the factors described above, determining the settlement adjustment to revenue, accrued income and trade receivables involves a high degree of estimation uncertainty which could result in a range of values of adjustment which vary by multiples of materiality. The settlement percentages are sensitive to these estimates. If the settlement percentages applied in calculating revenue were reduced by 1% it would reduce credit hire revenue and trade receivables and accrued income (£63.1 million and £157.8 million respectively) by £2.6 million. (2022: by £2.7 million, credit hire revenue being £74.7 million and trade receivables and accrued income £144.1 million). The Board consider that these estimates are subject to variation which may vary from between 1% and 6% (at 6% credit hire revenue and trade receivables and accrued income would reduce by £15.8 million). A 6% reduction is an approximation that is consistent with the period over the pandemic where settlements were lower due to courts being closed. This is considered to be a cautious downside based on more recent settlement experience and operational changes to the business to facilitate improvements in settlement rates and period.

Legal Services

The Group carries an element of accrued income for legal costs, the valuation of which reflects the estimated level of recovery on successful settlement by reference to the lowest level of fees payable by reference to the stage of completion of those credit hire cases. Where we have not had an admission of liability no value is attributed to those case files.

Accrued income is also recognised in respect of serious injury and housing disrepair claims, only where we have an admission of liability and by reference to the work undertaken in pursuing a settlement for our clients, taking into account the risk associated with the individual claim and expected future value of fees from those claims on a claim-by-claim basis.

For both credit hire and legal services, the historical settlement rates used in determining the carrying value may differ from the rates at which claims ultimately settle. This represents an area of key estimation uncertainty for the Group.

3. Segmental Reporting

The Group's reportable segments are as follows:

- the provision of credit hire vehicles to individuals who have had a non-fault accident, and
- associated legal services in the support of the individual provided with a vehicle by the Group and other legal service activities, which includes the large loss department and any balance or trading associated with emissions.

Management monitors the operating results of business segments separately for the purpose of making decisions about resources to be allocated and of assessing performance.

Year ended 31 December 2023

	Credit Hire	Other Legal Services *	Housing Disrepair *	Group & Central Costs	Consolidated
	£'000s	£'000s	£'000s	£'000s	£'000s
Revenues					
Third party	60,778	75,875	12,681	-	149,334
Total revenues	60,778	75,875	12,681	-	149,334

Profit before taxation	6,580	13,048	6,416	(3,004)	23,040
Net cash (used in) / generated from operations	11,434	5,642	3,067	(2,752)	17,391
Depreciation, amortisation and gain on disposal of property, plant and equipment	8,076	1,432	-	-	9,508
Non current assets	10,595	5,250	-	-	15,845
Segment assets	177,346	68,131	12,454	766	258,697
Capital expenditure	872	405	-	-	1,277
Segment liabilities	58,223	38,261	-	2,514	98,998

	Year ended 31 December 2022				
	Credit Hire	**Other Legal Services ***	**Housing Disrepair ***	**Group & Central Costs**	**Consolidated**
	£'000s	**£'000s**	**£'000s**	**£'000s**	**£'000s**
Revenues					
Third party	74,681	54,311	9,337	-	138,329
Total revenues	74,681	54,311	9,337	-	138,329
Profit before taxation	8,887	13,220	4,694	(2,708)	24,093
Net cash from operations	(2,310)	1,210	258	(2,290)	(3,132)

Depreciation, amortisation and gain on disposal of property, plant and equipment	9,271	1,282	-	-	10,553
Non current assets	9,896	5,016	-	-	14,912
Segment assets	174,503	58,562	8,084	5,690	246,839
Capital expenditure	980	206	-	-	1,186
Segment liabilities	66,507	33,985	-	-	100,492

* Other Legal Services, housing disrepair and large loss, are subsets of Legal Services. We have however, distinguished the performance of housing disrepair from within Legal Services as this department of the Legal Services segment is an area where the Group is investing heavily, is a focus for the Group at present and into the future and allows readers of the financial statements to understand the contribution housing disrepair has to the overall Group performance. The housing disrepair division continues to grow and as the results become more significant to the overall Group performance this division may well become a reportable segment, in accordance with IFRS 8, in its own right, this could be reported in the 2024 financial statements.

4. Operating Profit

Operating profit is arrived at after / (crediting):

	2023	2022
	£'000s	£'000s
Depreciation on owned assets	810	750
Depreciation on right of use assets	7,915	9,981
Amortisation	69	117
Increase in provision for impairment of trade receivables	3,489	5,422
Share based payment credit	-	(175)
Loss / (gain) on disposal of property, plant and equipment	714	(295)

There were no non-recurring costs in the year ended 31 December 2023 or 2022.

Included in the above are the costs associated with the following services provided by the Company's auditor:

	2023	2022
	£'000s	**£'000s**
Audit services		
Audit of the Company and the consolidated financial statements	90	70
Audit of the Company's subsidiaries	220	170
Total audit fees	310	240
All other services	-	-
Total fees payable to the Company's auditor	310	240

5. Earnings Per Share

	2023	2022
Number of shares:	**No.**	**No.**
Weighted number of ordinary shares outstanding	117,990,294	117,492,721
Effect of dilutive options	-	-
Weighted number of ordinary shares outstanding – diluted	117,990,294	117,492,721

Earnings:	**£'000s**	**£'000s**
Profit basic and diluted	15,121	19,477

Profit adjusted and diluted	15,121	19,302

Earnings per share:	**Pence**	**Pence**
Basic earnings per share	12.8	16.6
Adjusted earnings per share	12.8	16.5
Diluted earnings per share	12.8	16.6
Adjusted diluted earnings per share	12.8	16.5

The adjusted profit after tax for 2023 and adjusted earnings per share are shown before share-based payment credit of £Nil million (2022: Credit of £0.2 million). The Directors believe that the adjusted profit after tax and the adjusted earnings per share measures provide additional useful information for shareholders on the underlying performance of the business. These measures are consistent with how underlying business performance is measured internally. The adjusted profit after tax measure is not a recognised profit measure under IFRS and may not be directly comparable with adjusted profit measures used by other companies.

6. Property, Plant and Equipment

	Right of use assets	**Property improvements**	**Fixtures, fittings & Equipment**	**Office equipment**	**Total**
	£'000s	**£'000s**	**£'000s**	**£'000s**	**£'000s**
Cost					
At 1 January 2022	29,644	494	3,125	629	33,892
Additions	7,026	143	319	289	7,777
Disposals	(8,684)	-	-	-	(8,684)
At 31 December 2022	27,986	637	3,444	918	32,985
Additions	10,920	-	401	273	11,594
Disposals	(12,148)	(409)	(160)	(408)	(13,125)
At 31 December 2023	26,758	228	3,685	783	31,454

Depreciation

At 1 January 2022	12,748	322	1,418	437	14,925
Charge for year	9,981	35	596	119	10,731
Eliminated on disposal	(7,400)	-	-	-	(7,400)
At 31 December 2022	15,329	357	2,014	556	18,256
Charge for the year	7,915	36	634	140	8,725
Eliminated on disposal	(10,372)	(333)	(121)	(400)	(11,226)
At 31 December 2023	12,872	60	2,527	296	15,755

Carrying amount

At 31 December 2023	13,886	168	1,158	487	15,699
At 31 December 2022	12,657	280	1,430	362	14,729

Motor Vehicles are all financed and as such are included in the right of use assets column above.

Property, plant and equipment includes right-of-use assets with carrying amounts as follows:

Right-of-use assets	Land and Buildings £000	Motor Vehicles £000	Total £000
At 1 January 2022	4,150	12,746	16,896
Depreciation charge for the year	(820)	(9,161)	(9,981)
Additions to right-of use assets	-	7,026	7,026
Disposals of right-of-use assets	-	(1,284)	(1,284)
At 31 December 2022	3,330	9,327	12,657
Depreciation charge for the year	(1,095)	(6,820)	(7,915)
Additions to right-of-use assets	-	10,920	10,920
Disposals of right-of-use assets	-	(1,776)	(1,776)
At 31 December 2023	2,235	11,651	13,886

Intangibles

Intangible Assets

	Software licences £'000s
Cost	
At 1 January 2022	452
Additions	-
At 31 December 2022	452
Additions	32
At 31 December 2023	484
Amortisation	
At 1 January 2022	264
Charge for year	117
At 31 December 2022	381
Charge for the year	69
At 31 December 2023	450
Carrying amount	
At 31 December 2023	34
At 31 December 2022	71

Software licence assets relate to investments made in third-party software packages, and directly attributable external personnel costs in implementing those platforms.

The amortisation charge is recognised in administration costs in the income statement.

7. Trade and Other Receivables

	2023	2022
	£'000s	£'000s
Gross claim value (invoiced)	386,286	393,560
Settlement adjustment on initial recognition	(205,937)	(203,518)
Trade receivables before impairment provision and expected credit loss	180,349	190,042
Provision for impairment of trade receivables	(20,812)	(24,674)
Net trade receivables	159,537	165,368
Accrued income	70,091	54,778
Prepayments	1,407	1,603
Tax and social security	449	-
Other receivables	2,925	523
	234,409	222,272

The Group's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in the financial risk management and impairment of financial assets note 27. When measuring revenue, an adjustment is made to the gross value of a claim to reflect the expected settlement which is supported by historical and relevant forward-looking data. Whilst credit risk is considered to be low, the market risks inherent in the business pertaining to the nature of legal and court cases and ageing thereof is a significant factor in the valuation of trade receivables. Accrued income, which is stated net of allowances for credit loss, includes the value of hires that have not yet been invoiced, legal fees in respect of hires that have not yet reached a conclusion and fees in respect of other client cases where liability has been admitted and collection of revenue is considered probable. The increase in the year reflects the increase in claim volumes accepted in respect of credit hire, housing disrepair and large loss.

Average gross debtor days calculated on a count back basis were 475 at 31 December 2023 and 464 at 31 December 2022.

Age of net trade receivables

	2023	2022
	£'000s	£'000s

Within 1 year	84,652	92,497
1 to 2 years	42,406	39,606
2 to 3 years	19,258	18,259
3 to 4 years	9,976	12,251
Over 4 years	3,245	2,755
	159,537	165,368
Average age (days)	475	464

The provision for impairment of trade receivables is the difference between the carrying value and the present value of the expected proceeds taking into account the credit risk associated with non-collection. The Directors consider that the fair value of trade and other receivables is not materially different from the carrying value.

Movement in provision for impairment of trade receivables

	2023	**2022**
	£'000s	**£'000s**
Opening balance	24,674	27,360
Increase in provision	3,489	5,422
Utilised in the year	(7,351)	(8,108)
Closing Balance	20,812	24,674

8. Borrowings

	2023	**2022**
	£'000s	**£'000s**
Non-current loans and borrowings		
Lease liabilities	7,968	7,176
Revolving credit facility	-	10,000

Other borrowings	15,000	15,000
	22,968	32,176
Current loans and borrowings		
Lease liabilities	6,347	6,403
Invoice discounting facility	27,858	30,562
Revolving credit facility	10,000	-
Other borrowings	9,212	13,032
	53,417	49,997
Total borrowings	**76,385**	**82,173**

Direct Accident Management Limited uses an invoice discounting facility which is secured on the trade receivables of that company. Security held in relation to the facility includes a debenture over all assets of Direct Accident Management Limited dated 11 October 2016, extended to cover the assets of Anexo Group Plc and Edge Vehicles Rentals Group Limited from 20 June 2018 and 28 June 2018 respectively, as well as a cross corporate guarantee with Professional and Legal Services Limited dated 21 February 2018. At the end of December 2023, Direct Accident Management Limited has availability within the invoice discounting facility of £2.3 million (2022: £0.9 million).

In July 2020 Direct Accident Management Limited secured a £5.0 million loan facility from Secure Trust Bank Plc, under the Government's CLBILS scheme. The loan was secured on a repayment basis over the three-year period, with a three-month capital repayment holiday and fully repaid during 2023.

Direct Accident Management Limited is also party to a number of leases which are secured over the respective assets funded.

The revolving credit facility is secured by way of a fixed charge dated 26 September 2019, over all present and future property, assets and rights (including uncalled capital) of Bond Turner Limited, with a cross company guarantee provided by Anexo Group Plc. The loan is structured as a revolving credit facility which is committed for a three-year period, until 13 October 2024, with no associated repayments due before that date. Interest is charged at 3.25% over the Respective Rate. The facility was fully drawn down as at 31 December 2023 and 2022.

In July 2020 Anexo Group Plc secured a loan of £2.1m from a specialist funder to support the investment in marketing costs associated with the Emissions Case. The terms of the loan are that interest accrues at the rate of 10% per annum and on successful settlement the funders receive a share of the proceeds, with maturity three years from the date of receipt of funding. The loan, interest and a share of the settlement proceeds were repaid during the year, the total balance outstanding at 31 December 2023 was £Nil (2022: £2.8 million).

In November 2021 a further £3.0 million loan was sourced from certain of the principal shareholders and directors of the Group to support the investment in 2023 of the Mercedes Benz emissions claim. The terms of the loan are that interest accrues at the rate of 10% per annum, with maturity two years from the date of receipt of funding. In addition to the interest charges the loan attracts a share of the proceeds to be determined by reference to the level of fees generated for the Group. Having reached an agreement in the Emissions Case, the loan, interest and share of proceeds was repaid in the period to 30 June 2023 with any residual amount due upon successful conclusion of the Mercedes Benz Emissions Claim.

In March 2022 the group secured a loan of £7.5 million from Blazehill Capital Finance Limited, with an additional £7.5 million drawn in September 2022, the total balance drawn at 31 December 2022 and 2023 was £15.0 million. The loan is non amortising and committed for a three-year period. Interest is charged and paid monthly at 13% above the central bank rate. The facility is secured by way of a fixed charge dated 29 March 2022, over all present and future property, assets and rights (including uncalled capital) of Direct Accident Management Limited, with a cross company guarantee provided by Anexo Group Plc.

In October 2022, the Group secured a loan of £4.7 million from Premium Credit, the loan is unsecured and amortising over a 12-month period, the loan was fully repaid during 2023.

In June 2023 a loan of £2.8 million was sourced from a specialist funder and certain of the principal shareholders and directors of the Group to support the ongoing investment in 2023 in emissions opportunities. The terms of the loan are that interest accrues at the rate of 10% per annum, with maturity two years from the date of receipt of funding. In addition to the interest charges the loan attracts a share of the proceeds generated for the Group. The total balance outstanding at 31 December 2023 was £2.8 million (2022: £Nil).

In August 2023, the Group secured a loan of £4.6 million from Premium Credit, the loan is unsecured and amortising over a 12-month period. At 31 December 2023 the amount outstanding was £2.8 million (2022: £Nil).

The loans and borrowings are classified as financial instruments and are disclosed in the financial instruments note.

The Group's exposure to market and liquidity risk; including maturity analysis, in respect of loans and borrowings is disclosed in the financial risk management and impairment of financial assets note.

The Group’s banking arrangements provided by Secure Trust Bank Plc, HSBC Bank Plc and Blazehill Capital Limited are subject to monitoring through financial performance measures or covenants.

The Secure Trust facility include the following covenants, all of which are tested monthly:

- A number of individual measures focussed on the relationship between cash collections and funding levels

- Settlement rates
- Hire periods
- Disbursement spending
- Vehicle numbers and utilisation

The Blazehill facility includes the following covenants, all of which are tested monthly:

- Group EBITDA to be not less than 80% of forecast
- Cash collections to be not less than 80% of forecast
- Investment in group capex to not exceed 120% of forecast (testing over a rolling twelve months)
- Minimum group liquidity to exceed £2.8 million at any time

The HSBC facility includes the following covenants, which are tested quarterly for a rolling 12-month period on the results for Bond Turner Limited:

- Interest cover (the relationship between EBITDA and finance charges) to exceed 4 times
- Leverage (being the relationship between EBITDA and net debt) to exceed 2 times

In the early part of the year, one particular measures and covenant within the Secure Trust facility surrounding the average hire period, was breached, the average period extended beyond the measure, a positive for the Group. Formal waiver was received and the measure increased from that date. A facility from Secure Trust of £40.0 million at 31 December 2023 (2022: £40.0 million) was already classified as repayable on demand so was not impacted. There we no such breaches within either of the Blazehill or HSBC facilities, all such covenants being met during the year.

Changes in liabilities arising from financing activities

	Invoice discounting facility £'000s	**Lease liabilities £'000s**	**Other borrowings £'000s**	**Total borrowings £'000s**
Balance at 1 January 2022	29,258	17,263	23,055	69,576
Cash flows				
Proceeds from new loans	1,304	-	23,126	24,430
Repayment of borrowings	-	-	(8,749)	(8,749)
Capital element of lease payments	-	(10,275)	-	(10,275)
Non-cash changes *	-	6,591	600	7,191
Balance at 31 December 2022	30,562	13,579	38,032	82,173
Cash flows				

Proceeds from new loans	-	-	20,409	20,409
Repayment of borrowings	(2,704)	-	(24,228)	(26,932)
Capital element of lease payments	-	(9,153)	-	(9,153)
Non-cash changes *	-	9,888		9,888
Balance at 31 December 2023	**27,858**	**14,314**	**34,213**	**76,385**

***** This balance includes £9.9 million (2022: £6.6 million) of new vehicle leases entered into during the year and included in debt under IFRS 16.