Building on our foundations, delivering value

NAHL Group plc

Annual Report and Financial Statements 2023 nahlgroupplc.co.uk

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Strategic Report

Chair's Report

The Group continued to deliver further progress across the business in 2023. National Accident Law (NAL), our wholly owned law firm, almost doubled the number of cases it settled compared with 2022 and generated £6.0m in cash from those settlements. Each year it becomes a more significant part of our Personal Injury business. Bush & Co had another strong year achieving 11% growth in revenues and improving its operating profit margin to 30%. These strong divisional performances resulted in debt falling by 27%.

Overall, we completed the year with revenues of £42.2m (2022: £41.4m), a profit before tax of £0.6m (2022: £0.6m) and a further reduction in net debt to £9.7m (2022: £13.3m).

Consumer Legal Services

Revenues in the Consumer Legal Services (CLS) division were marginally lower than last year at £27.6m (2022: £28.3m) due to the disposal of our non-core business Homeward Legal at the beginning of the year, and a reduction in the size of our joint venture[1] LLPs. The Personal Injury business remained profitable and cash positive, growing market share.

NAL generated £6.0m in cash from settlements compared with £3.5m in 2022 and £2.1m in 2021 and is nearing an important inflection point, when the expected value of new claims started is broadly equal to the value of those settled. Investing more enquires into NAL, now that we can see the return, will increase its potential even further.

The Personal Injury business has outperformed the market; the volume of enquiries generated by NAL increased by 2%, against a decline in the overall number of claims in the market. Consequently, our market share grew by 8% compared with 2022.

The vast majority of Road Traffic Accident (RTA) claims are directed to NAL and we continue to screen out the lowest value RTA enquiries as they are not profitable to process. We have also directed our marketing efforts to target higher quality claims. This selective approach is contributing to an improvement in the average value of an RTA claim which is now similar to a non-RTA case, with the benefit of a slightly shorter lifecycle. As a result, the average future value of claims going into NAL improved again in 2023.

NAL ended the year processing 9,983 open claims (2022: 10,860) which have a combined future cash value (before future processing costs) of £13.9m (2022: £11.2m). The improvement in future value reflects our strategic focus on processing claims that have a better quality mix and higher average values and is proof our strategy is working.

Currently, most of the enquiries we generate are directed to our panel delivering cash and profit in the short term. Whilst this model does provide cash flow, the Group continues to believe that a better, but longer-term, return can be made by investing those claims in NAL. We continue to monitor the balance between these two options, as we plan the future for NAL.

Some enquires continue to be directed to our joint venture law firm, Law Together LLP, which provides an important component of our flexible placement model, particularly as the personal injury legal market continues to consolidate reducing the number of panel law firms.

The other component of our Consumer Legal Services division is our searches business. Despite difficult market conditions resulting in transaction volumes falling, Searches UK performed well. The business was cash positive and generated a profit of £0.2m on revenues of £2.7m.

Critical Care

Bush & Co had another strong year with revenues increasing by 11% to £14.6m (2022: £13.2m) and operating profit growing by 29% to £4.4m (2022: 3.4m). The operating profit margin also increased to 30% (2022: 26%). Around 49% of Bush's revenues are recurring.

Case management is the most established part of our business and we have a strong reputation for this amongst all the leading law firms in the catastrophic and serious injury market. Whilst revenues were broadly in line with the previous year, the profitability of this work has been enhanced. This was achieved through our investment in technology and back-office processes, which has now been completed.

Our expert witness offering achieved good growth again this year. It has become an increasingly important part of our Critical Care business and now accounts for 45% of Bush & Co.'s turnover (2022: 36%). We expect to see further growth in this segment of the market and are continuing to recruit associate expert witnesses to meet the strong levels of ongoing demand.

Bush & Co. Care Solutions, which was only launched towards the end of 2021, offers nurse led care management solutions in an adjacent market to case management, generally after settlement of the litigation. It has proved to be a successful and profitable initiative and grew its revenues by 39% to £0.5m (2022: £0.4m).We expect to see growth continue now we have established our position in this additional market.

Our previous investments in improving the infrastructure at Bush & Co. and developing our expert witness and care offerings has created a highly profitable business, with a strong record of growth and a platform for future success.

Summary

I would like to thank all our employees for their continued commitment and hard work. Our people and culture are central to our success.

We have made good progress again this year across the Group and delivered a further significant reduction in debt. The personal injury business remains cash generative and profitable and is winning an increasing share of enquiries in the large RTA market. Our own law firm, NAL has a strong pipeline of value in its book of claims. It has shown what it can achieve and has the potential to become an even more important part of the Personal Injury business in the future. Critical Care has delivered a good return on the investment we have made with another year of revenue and profit growth and an impressive 30% operating profit margin.

In view of its strong performance, this could be an attractive opportunity for a buyer and generate immediate value for shareholders. We are, therefore, at an early stage of investigating a potential sale of Bush & Co., but there is no certainty that a sale will happen.

The Group is in a very different place to a few years ago, and even more strongly positioned as a result. Our strategy is producing substantive results, and I am confident that we are on track for further success.

Tim Aspinall

Chair

1. Throughout this document, references to 'joint venture' law firm relate to our law firms Your Law LLP and Law Together LLP which we operate in partnership with a minority member. The term 'joint venture' does not relate to the UK-adopted International Accounting Standards (IFRS) definition. These law firms are accounted for as subsidiary undertakings, see note 1 to the financial statements for further details.

CEO Report

We are making good progress across the Group, and in 2023 we grew revenues and earnings, and significantly reduced net debt. Our strategy is working and we are on track to deliver significant growth as our business matures.

Overview

In 2023, we continued building on the Group's strong foundations.

Despite the ongoing macroeconomic volatility, increasing cost pressures and high inflation, we grew our revenues and underlying earnings and made a significant reduction to our net debt, further strengthening our balance sheet position. We demonstrated further improvements in our Personal Injury business, which was again profitable and cash generative, and delivered double digit growth in our Critical Care business. The disposal of Homeward Legal, our non-core conveyancing business, in April 2023 successfully removed a drag on our growth and allowed us to refocus on our strategic priorities.

These results position us well to continue our growth and realise the step-change in profitability that we have been working towards, as our own fully integrated law firm, National Accident Law (NAL), matures.

Financial performance

Group revenue increased by 2% in the year, to £42.2m (2022: £41.4m), reflecting a strong performance in our Critical Care division. Revenues in the Consumer Legal Services division were lower than last year because of the disposal of Homeward Legal in April 2023. On a continuing basis, revenues grew by 4% to £41.9m (2022: £40.2m).

Operating profit for the year was higher than anticipated at £4.1m, (2022: £4.8m). The reduction versus prior year is due to the change in placement of work, away from our joint venture partnerships and into NAL, to generate higher profits over the medium term.

Profit before tax was £0.6m (2022: profit before tax of £0.6m). Basic earnings per share on continuing operations (EPS) increased to 0.9p (2022: 0.8p).

Last year, I said that continuing to reduce borrowing levels whilst balancing investment in both divisions to enable future growth was a strategic priority for the Group, and I'm pleased to report that our results exceeded our expectations. The Group generated £3.6m of free cash flow in the year, which was 64% more than last year. Improvements came from increased cash from settlements in NAL, a higher return from our joint-ventures, and from a 61% increase in cash generation in Critical Care. Importantly, our Personal Injury business was cash generative again this year. Net cash generated from operating activities was also very strong, increasing 24% to £7.5m (2022: £6.0m) and operating cash conversion increased to 217% (2022: 143%).

As a result of this strong cash performance, net debt at 31 December 2023 was lower than anticipated at £9.7m, down 27% in 12 months (31 December 2022: £13.3m).

Divisional performance

Consumer Legal Services

The personal injury market remained subdued in 2023, but our Consumer Legal Services division performed well – growing the number of enquiries that we generated, increasing the value of our book of claims, and improving cash generation.

Revenue in the division reduced by 2% to £27.6m (2022: £28.3m), as a result of the disposal of our non-core conveyancing business, Homeward Legal, in April 2023. Excluding the discontinued business, the underlying revenues grew by 1% and the Personal Injury business increased its revenues by 3%. Operating profit decreased by 33% to £2.8m (2022: £4.2m). This reduction was a consequence of our strategic decision to prioritise investing new claims into NAL thereby reducing the flow of work to our joint-venture firms. This will help us to create a more profitable and sustainable firm in the medium term.

The division generated £2.1m of cash from operations in the year (2022: £2.2m). After deducting drawings paid to LLP members, both the Personal Injury (2023: £1.6m; 2022: £1.8m) and Residential Property (2023: £0.5m; 2022: £0.3m) businesses were cash generative.

Personal Injury

The UK personal injury market contracted further during 2023. According to official figures from the Claims Compensation Recovery Unit of the Ministry of Justice, the number of personal injury claims fell by 3% in the year, driven by a 5% decrease in road traffic accident claims (RTAs). Whilst smaller in quantum, employer liability, public liability and clinical negligence claims increased by 2%, 11%, and 3% respectively. Our internal analysis puts the value of the claimant-side personal injury market to be around £1.1bn, so whilst the trend for slowly contracting claims numbers has returned to its pre-pandemic trend, and we believe that this trend is set to continue, this remains a large and attractive market.

Our priorities during 2023 were threefold.

1) Firstly, we wanted to grow the number of personal injury accident victims we supported by increasing the number of enquiries we generated. We did this successfully and the results for 2023 showed that National Accident Helpline generated 35,643 enquiries in the year, which was 2% more than the prior year (2022: 34,905). The mix of enquiries generated changed slightly from last year, with RTA making up 25% of the total (2022: 22%), non-RTA 47% (2022: 50%) and specialist enquiries remaining consistent at 28%. In the first half of the year, the business did not have any placement options on its panel for RTA enquiries which meant that all of these were placed into NAL. These were higher quality claims than we anticipated, which will generate a lifetime return akin to non-RTA, but the additional volume limited our capacity to grow our non-RTA book during the year.

   Our enquiry generation was achieved with a 2% increase in our direct media marketing spend, including a £0.5m investment in TV advertising in the first half of the year. Whilst our brand advertising on TV generated a positive return, subsequent analysis showed that given the prevailing market dynamics, we would generate a higher return by pivoting to social media advertising, which is what we successfully executed in the second half of the year.

   Our marketing efforts resulted in an 8% increase in market share during the year and independent research revealed that the National Accident Helpline brand remained the "first choice for people who have had an accident and want legal representation". In RTA claims, NAHL increased its market share to its highest level since the Government's whiplash reforms, growing from 1.5% in December 2022 to 1.9% in December 2023, on a trailing 12-month basis. Our share of the non-RTA market (excluding industrial disease) held broadly level at 17%.

2) Our second priority was to grow the value of personal injury enquiries processed in our own consumer-focused law firm, National Accident Law, which will enable us to create a more profitable and sustainable business over time. Whilst the results show that we placed slightly fewer new claims into NAL in 2023, the value of these claims was substantially higher. Furthermore, as at 31 December 2023, the value of the book of claims that the firm was working on was by 24% higher than 12 months prior.

   In 2023, the Group placed 8,518 new enquiries into NAL which cost £3.0m in marketing investment (2022: £2.7m). Whilst this was slightly fewer in number than the prior year (2022: 8,760), these enquiries were of a higher quality and are anticipated to generate a higher return over their lifecycle. Such claims can take several years to process, and not all will be won and result in settlement. However, we estimate that the new claims introduced in 2023 will be worth £6.6m in future revenue and cash by the time they mature, compared to new claims worth £5.9m in 2022.

   NAL settled 3,633 claims during the year, which was 92% more than the 1,894 settled in 2022 , demonstrating the rapid scale up of operations within the firm. Throughout the year, NAL consistently improved its performance levels, reducing timescales for admissions and settlements, and the team implemented several improvements to processes and systems to help make the firm more efficient.

   At 31 December 2023, NAL was processing 9,983 ongoing claims (31 December 2022: 10,860 ongoing claims). These claims represent an embedded value to the business, being the future profits and cash to be generated by processing them through to settlement. In the second half of the year, we conducted a detailed assessment of the book including previous settlement results, which resulted in an upgrade to the value of the book by £2.1m. We estimate that after expensing the marketing costs to generate these claims and processing costs to date, our book of ongoing claims will generate future revenues of £9.9m, future gross profits of £8.6m, and future cash of £13.9m. This is 24% more than the £11.2m of future cash that we estimated the book to be worth a year ago.

3) Our final priority for 2023 was to ensure that the Personal Injury business was self-funding and that we paid for the investment in new enquiries in NAL by leveraging our agile and scalable placement model. This was also achieved as the Personal Injury business generated a net cash flow, after deduction of drawings paid to LLP members, of £1.6m (2022: £1.8m).

   NAL collected £6.0m of cash from settlements in 2023, which was 73% higher than in 2022 (2022: £3.5m), a clear sign of the growing maturity of NAL and the focus on cash collection that has been embedded in the firm.

Our panel of third-party law firms continued to provide a good service for our customers and an important source of cash flow to support our growth. In total, approximately 24,500 enquiries were placed into our panel, across all enquiry types (2022: approximately 23,500 enquiries).

Our joint-venture law firms performed well during the year. Law Together LLP, which launched in 2019, is mature and received approximately 2,500 new enquiries in the year (2022: approximately 3,000 enquiries). Our first joint-venture, Your Law LLP, is in run off and took no new enquiries in either period. Both of these partnerships are profitable for the Group and they delivered a combined £4.4m of cash in the year (2022: £3.3m) after deducting drawings to LLP members, reflecting the investment that we have made in these partnerships over a number of years. We plan to continue to utilise the flexibility that this arrangement provides us.

Residential Property

The division's Residential Property businesses, which comprised Homeward Legal and Searches UK, generated revenues of £2.9m (2022: £4.3m) and operating profit of £0.1m (2022: £0.3m).

As previously announced, Homeward Legal was sold during the year and has been shown in the financial statements as a discontinued operation. The UK residential property market proved to be challenging in 2023, caused by high interest rates resulting in a reduction in the number of new mortgages agreed, consequently Homeward Legal made a small loss. The business was sold in April 2023 for £0.1m, which equated to the net asset value at the time of disposal. Details of the sale are presented in note 27 to the financial statements.

Searches UK, the Group's other Residential Property business which prepares property search reports for homebuyers, also experienced challenging conditions. Its revenues contracted by 13.5% to £2.7m but it reduced its costs, and it returned a profit of £0.2m (2022: £0.3m). The business also remained cash generative during the year.

Critical Care

In the Group's Critical Care division, Bush & Co. had a very strong year, delivering double-digit growth in revenue and profit, along with impressive margin expansion.

Revenues increased by 11% to £14.6m (2022: £13.2m), of which around 49% was recurring. Operating profit increased by 29% to £4.4m (2022: £3.4m) and operating profit margins increased by 4 percentage points from 26.0% to 30.0%. The business generated £4.9m of cash from operations, an increase of 61% on the prior year (2022: £3.1m).

Bush & Co. operates in the catastrophic injury and care markets, with most work arising from injuries suffered in serious RTAs or through medical negligence. Statistics from the Department of Transport show that the number of serious RTAs reduced by 1%[1] in 2023 and returned to their pre-pandemic trend of a slow decline. Conversely, data from NHS Resolution shows that the medical negligence market has been growing steadily since 2018/19. Whilst their most recent report shows the number of new claims registered in 2022/23 was down 10% on the prior year, this was still more than each of the preceding eight years, and so the trend remains positive.

In Critical Care, our strategy is to grow market share by broadening our customer base, extending our competencies and specialisms and becoming more efficient at what we do. In 2023, we successfully delivered against each of those objectives.

Expert witness services had its best year ever, continuing its strong growth and increasing revenues by 37%. The team delivered 1,136 reports to customers, an increase of 17% on the prior year (2022: 974), and there was more demand for follow up work.

In case management services, revenues were flat year-on-year. The business delivered 539 initial needs assessment (INA) reports, which was 2% higher than last year. This business is servicing 1,406 ongoing case management clients (2022: 1,354) that generate recurring revenue for the Group through our claimant, defendant and insurer relationships. These services are billed on a regular basis depending on the level of support required.

We grew and strengthened our customer base in the year, leveraging our previous investments in marketing and business development to continue to grow our pipeline of new work. Overall, instruction numbers were up 4%, with expert witness instructions up 9% to 1,142. INA instructions were down 5% to 530 but this is against the backdrop of an exceptional year in 2022 when INA instructions grew by 14%.

Our investment in the recruitment of new associates has proven key to the growth in revenue in this division. We onboarded 76 new associates in the year and grew expert witness and case management associate numbers by 22% and 22% respectively. We ended the year with 158 expert witness associates and 117 case management associates.

We also continued to grow our team of employed case managers, which enables us to process less complex work at a higher utilisation rate, thereby increasing margins. The team increased from seven employees at the start of the year to nine by the end. We will continue to build in this area through 2024.

In 2021, we launched Bush & Co. Care Solutions to complement our case management proposition and expand into the adjacent care market. This initiative has performed well in the year, with revenues growing by 39% to £0.5m (2022: £0.4m). This growth was driven by a 111% increase in the number of standalone nurse-led care packages from December 2022 to December 2023, which generate monthly recurring revenue. This service is regulated by the Care Quality Commission (CQC) and in December 2023 the CQC carried out an inspection, rating our services as Good across all areas of the inspection.

Over the past couple of years, the business has been investing in new systems and people in order to become more efficient and the benefits of this work became evident in 2023. We previously implemented a new finance system and through 2023 the team have been upgrading the back-office systems and processes to enhance our capabilities. As a result, the team are now able to issue invoices and statements sooner in the month, with less resource, and better analyse the debt owed from customers. As a result, debts continue to be recovered quicker and this contributed to the 61% improvement in cash from operations in the year.

Due to the efficiencies achieved, the team have been able to operate with a lower level of variable costs, resulting in improved operating leverage and the margin expansion noted above.

Our sustainable culture

At NAHL, we are creating a sustainable business for the long-term gain of all our stakeholders. To us, this starts with a focus on maintaining a progressive, inclusive culture so that we can attract and retain the very best people, whilst also being mindful of the planet and local communities. This enables us to provide a great service to our customers, in addition to creating long-term value for our shareholders. The Group's values of Driven, Curious, Passionate and Unified continue to guide how we do things at NAHL.

The Group employed 280 people at 31 December 2023, which was broadly consistent with the prior year (31 December 2022: 283), and we invested across the business, particularly in areas such as litigation, marketing and Bush & Co. Care Solutions. We have embraced the benefits of remote working at NAHL, which provides us with greater access to highly skilled colleagues from across the UK. 39% of our workforce operate on a hybrid basis, 30% work on a fully remote basis and 31% operate permanently from one of our offices. We are mindful of the challenges that working from home can present, and so in 2023 we launched our Fit for Work programme, aimed at improving working relationships, productivity and collaboration between our people. Our employees value the support and flexibility that we offer and this helped to reduce our staff turnover by 8 percentage points in the year.

Our people are recruited to join our teams from a diverse range of backgrounds and experience as we believe that makes us better able to serve our customers; and we expect our leaders to engender trust with all our stakeholders by demonstrating their ability, integrity and benevolence. When we surveyed our people during the year, 93% said that they believed that everyone in our business is treated fairly regardless of race, gender, ethnicity, disability, sexual orientation or other differences, a result I am very proud of and we remain committed to further ongoing efforts to ensure improvements in this area.

As at 31 December 2023, the gender split across the Group was 70% female and 30% male, and on the Board it was 20% female and 80% male.

Development of our people is a key part of our employee proposition, and we invested in almost 14,000 hours of training and development across the Group in 2023. This included internally delivered courses on Strengths, Self-Confidence and Imposter Syndrome, as well as our very successful Pathway to Leadership programme for aspiring managers. In 2023, we also launched our new Commercial Leadership Academy which is designed to develop the next generation of leaders for the Group, and we were thrilled with the results that it delivered.

Our employees are passionate about our business and also the communities in which we operate. The Group and its employees raised over £8,500 for charity in 2023, and our people volunteered 450 hours of their time to working in our local communities.

Every year we measure the engagement levels of our people through a survey which is based on the Gallup[2] Q12 Survey. I'm proud to report that in 2023, we achieved our highest ever score of 81% engagement (2022: 78%). This is an outstanding result that sets us apart from other employers. According to Gallup[2], the average engagement score of other UK companies is just 10%; and in Gallup[2]'s best performing cohort of companies globally, who are awarded Exceptional Workplaces, the average is still lower than NAHL at 72%.

Extended banking facilities

Since the year-end, the Group has successfully extended its banking facility with Clydesdale Bank/Virgin Money. In February 2024, we reduced our £20m revolving credit facility, which was due to expire on 31 December 2024, to a £15m facility which runs to 31 December 2025. The Board has determined that this lower facility should be adequate for the Groups needs as it continues to de-leverage, and it will enable us to save on finance costs.

References

1. Critical Care
https://www.gov.uk/government/statistics/reported-road-casualties-in-great-britain-provisional-estimates-year-ending-june-2023/reported-road-casualties-in-great-britain-provisional-estimates-year-ending-june-2023

2. Gallup state of the workforce report, 2023

Current trading and outlook

The Group has demonstrated its ability to scale and outperform its markets in both of its divisions and we have significantly reduced net debt from a peak of over £21.0m in 2019 to under £9.7m by the end of 2023. We remain on track to deliver against our strategy in both of our divisions in 2024.

In Personal Injury, we are growing the value of claims processed through NAL, which will lead to higher future profits and cash as claims mature. In Critical Care, we have created a platform for growth with new systems, a new care proposition and an enhanced business development capability that will enable us to win further share in a fragmented and consolidating market. Our strategy remains to build on these strong foundations, and the Board is confident in delivering the growth in profits and reduction in net debt in line with market expectations.

In March 2024, the UK Supreme Court ruled in favour of the claimant in Rabot vs Hassam, which the Board considers a positive development for personal injury claimants and the Group. This case determined the approach to valuing mixed-injury RTA cases that settle in the small claims track. Mixed injury cases are those where the claimant has suffered a whiplash injury and a minor non-whiplash injury. The judges ruled that the overall award cannot be lower than the value of the non-whiplash injury alone. Non-whiplash injuries generally have a higher value than whiplash injuries as they were not affected by the civil justice reforms. This important judgement will result in an increase in the average level of damages awarded in mixed-injury claims, and should reduce settlement timescales, both of which will be welcome news for accident victims. This will also translate into increased average revenues in RTA mixed-injury claims being processed by NAL, which should help to offset the broader market challenges described above.

In Q1 2024, we continued to scale NAL and the business has settled 26% more claims than in the equivalent period last year and generated £2.0m of cash from settlements, 67% more than prior year. Simultaneously, we proactively reduced the number of enquiries that we generated in National Accident Helpline by 30% to match a short-term reduction in panel demand whilst protecting cases going into NAL. This led to lower revenues in the first quarter than we anticipated, offset in part by a 45% reduction in marketing spend. Pleasingly, demand is returning, and we have increased marketing spend to grow enquiry numbers accordingly. In Critical Care, expert witness services continued its excellent performance, issuing 4% more reports in the first quarter than last year. Case management performance was largely flat year-on-year and Care Solutions continued its strong growth, increasing revenues by 40% in the first quarter.

As a Board, we are pleased with the progress that Bush & Co is making in growing its revenues and profits and continue to believe that there is an exciting opportunity for that business in its market. The Board is always considering strategic options that seek to accelerate growth in value for shareholders and consequently we are currently investigating the potential sale of Bush & Co. As advised in our announcement on 5 April 2024, whilst an adviser has been appointed to support us in this matter, we are at a very early stage and there can be no certainty that a sale of Bush & Co will occur, nor as to the terms or timing of such sale. The Board will provide an update to shareholders as and when appropriate.

Finally, I'd like to pay tribute to our fantastic team of people without whom we could not have delivered these strong results. I'm proud of our achievements in 2023 and I look forward to working together to deliver our future goals in 2024.

James Saralis

Chief Executive Officer

CFO Report

Overview

The year saw the Group continue to grow, reduce its net debt further and dispose of the non-core Homeward Legal business. This was despite continued headwinds in the broader personal injury market which remained subdued.

National Accident Law (NAL) is now approaching maturity on current volume levels being placed and is generating significant cash receipts. Meanwhile the investments made within the Critical Care division are starting to pay back through revenue and margin growth.

Revenue grew by 2% to £42.2m (2022: £41.4m), and 4% on a continuing basis. Operating profit fell by 13% to £4.1m (2022: £4.8m). This was offset by lower profits attributable to non-controlling interests which reduced to £2.5m (2022: £3.6m).

Review of income statement

	2023 £m	2022 £m	Change £m	Change %
Consumer Legal Services	27.6	28.3	(0.7)	-2.4%
Critical Care	14.6	13.2	1.5	11.0%
Revenue	**42.2**	**41.4**	**0.8**	**1.9%**
Consumer Legal Services	2.8	4.2	(1.4)	-32.9%
Critical Care	4.4	3.4	1.0	28.7%
Shared Services	(1.9)	(1.7)	(0.2)	12.1%
Other items	(1.2)	(1.1)	(0.0)	3.6%
Operating Profit	**4.1**	**4.8**	**(0.6)**	**-13.4%**
Profit attributable to non controlling interest in LLP	(2.5)	(3.6)	1.0	-29.5%
Financial income	0.2	0.1	0.1	97.0%
Financial expense	(1.1)	(0.7)	(0.4)	57.1%
Profit before tax	**0.6**	**0.6**	**0.1**	**14.1%**
Taxation	**(0.3)**	**(0.2)**	**(0.1)**	**44.2%**
Profit and total comprehensive income for the year	**0.4**	**0.4**	**(0.0)**	**-0.3%**

Consumer Legal Services

Revenue in the Consumer Legal Services division fell by 2% to £27.6m (2022: £28.3m), however when excluding the disposal of Homeward Legal, revenue grew by 1% to £27.3m (2022: £27.1m). Operating profit fell by 33% to £2.8m (2022: £4.2m). This was expected as the business continues to grow NAL. This profit takes longer to come through as cases settle but ultimately generates a higher return than placing with the joint ventures and panel. The division remained profitable after deducting non-controlling interests, generating profits of £0.3m (2022: £0.6m).

Enquiry numbers grew by 2% to 35,643 (2022: 34,905) arising from market share gains as the market continued to shrink slightly year on year (-3%). 8,518 enquiries were passed across to NAL during the year (2022: 8,760). This is slightly lower than the previous year but represented a higher value mix of cases following the decision to stop processing tariff only soft tissue cases in early 2022.

By the end of the period, NAL was processing 9,983 open cases (2022: 10,860). These ongoing cases are expected to contribute c.£9.9m (2022: £8.2m) in future revenue and c.£13.9m of future cash receipts. The estimated value of these open cases was uplifted by £2.1m in the year following a review of historical cases which showed that cases are settling on average at higher values than originally expected.

NAL is moving closer to maturity based on the current volumes being placed each month and this can be seen from the cash being generated from settled cases. Cash receipts from settled cases grew by 73% in the year to £6.0m (2022: £3.5m) from 3,633 settled cases (2022: 1,894). This compares to £6.6m of expected revenue across the life cycle of the new cases added during the year (2022: £5.9m). Cash collected since inception now totals £13.0m.

Profit attributable to non-controlling interests fell by 29% in the year to £2.5m (2022: £3.6m). This was expected as the book of open cases in Your Law falls as it continues to run off.

The Residential Property business generated a positive contribution to profit of £0.1m (2022: £0.3m) after allocation of shared costs. The residential property market remains depressed due to the high cost of borrowing compared to previous years. The Homeward Legal business, which is no longer part of the Group generated a loss of £49k prior to its disposal (2022: a profit of £13k).

Critical Care

The Critical Care division had a strong year, growing revenues by 11% to £14.6m (2022: £13.2m) with operating profit increasing by 29% to £4.4m (2022: £3.4m) and operating margins grew by 400bps to 30%.

The division continues to benefit from previous investments in business development activity, contributing to a 9% increase in expert witness instructions.

A richer case mix and increased additional work per report led to an increase in the average value of expert witness report revenues, whereas little change has been seen in the average revenues per instruction in case management.

Bush & Co. Care Solutions continued to show growth, delivering revenues of £0.5m in the year (2022: £0.4m) following its launch towards the end of 2021.

Shared Services and other items

The costs for the Group's Shared Services functions increased by £0.2m to £1.9m (2022: £1.7m) largely as a result of increased staff costs due to bonuses. Other items which include share-based payments and amortisation increased by £0.1m to £1.2m (2022: £1.1m).

Financial expense

Costs relating to the financing of debt increased to £1.1m in the year (2022: £0.7m) despite net debt falling by £3.6m. This is due to rising interest rates during the year. Our debt is linked to the Sterling Overnight Index Average (SONIA) plus 2.25%.

Taxation

The Group's tax charge of £0.3m (2022: £0.2m) represents an effective tax charge of 40.9% (2022: 32.4%). This is higher than the standard corporation tax rate, which rose from 19% to 25% in April 2023, due to the reasons set out in note 8. The deferred tax credit originates from temporary differences in intangible assets acquired on business combinations.

Earnings per share (EPS) and dividend

Basic EPS for the year was 0.8p (2022: 0.8p) and the diluted EPS was 0.8p (2022: 0.8p), reflecting the impact of share options due to vest in future years. Basic EPS for continuing operations was 0.9p (2022: 0.8p)

The Board does not believe it is appropriate to re-instate dividends at this time and the Directors have recommended that no final dividend be paid in respect of 2023 (2022: nil).

Review of the statement of financial position

In reviewing the statement of financial position, I consider the significant items to be working capital, defined as trade and other receivables less trade and other payables, and net debt.

Working Capital

Trade and other receivables less trade and other payables totalled £14.3m at year end (2022: £17.1m). The reduction is primarily due to collection of deferred payments due under the arrangements with joint venture partners which moved from £5.2m to £2.4m.

Also within trade receivables and accrued income, although balances related to the processing of personal injury claims fell slightly to £7.4m (2022: £7.5m), there has been a shift between NAL and the joint ventures as NAL becomes a bigger driver of value.

There remains a significant element of uncertainty in estimating this accrued income, as discussed further in note 1 to the financial statements. Management review historical case performance to inform the assumptions adopted. The Directors believe that the assumptions adopted are appropriate and based on historical experience

of claims processed in our law firms and by our panel. In practice it is rare for accrued income to be downgraded once an admission of liability has been received. These assumptions are updated with actual results as claims settle.

Disbursement receivables increased to £9.0m (2022: £8.4m). This was expected as NAL continues to mature and sees an increase in the number of litigated cases which take longer to settle.

Payables increased slightly from £15.8m on 31 December 2022 to £16.2m at the balance sheet date largely due to accrued management bonuses which were paid in March 2024.

Net debt and bank facilities

Reducing net debt remains a key focus particularly within the current high interest cost environment. We managed our cash resources well during the year whilst continuing to add new cases into NAL. As a result, net debt fell from £13.3m on 31 December 2022 to £9.7m at year-end. Net debt is defined below and is comprised of £2.0m of cash (2022: £2.6m) offset by borrowings of £11.7m (2022: £15.9m).

The borrowings represent a balance on the Group's Revolving Credit Facility with its lender, Clydesdale Bank/Virgin Money.The facility has been reduced to £15m since the balance sheet date (£20m at 31st December 2023) and has been extended to run through to 31 December 2025.

Review of the cash flow statement

	2023 £m	2022 £m	Change £m	Change %
Net cash generated from operating activities	**7.5**	**6.0**	**1.5**	**24.8%**
Net cash used in investing activities (incl disposals of subsidaries)	**(0.3)**	**(0.3)**	**(0.1)**	**21.0%**
Principal element on lease payments	(0.3)	(0.3)	(0.0)	0.5%
Drawings paid to LLP members	(3.3)	(3.3)	(0.0)	0.8%
Net cash using in financing activities (before borrowings)	**(3.6)**	**(3.5)**	**(0.0)**	**0.7%**
Free cash flow	**3.6**	**2.2**	**1.4**	**64.0%**
Repayment of borrowings	(4.3)	(2.0)	(2.3)	112.3%
Net (decrease)/increase in cash and cash equivalents	**(0.6)**	**0.2**	**(0.8)**	**-427.3%**

The Group's cash and cash equivalents reduced by £0.6m in the year (2022: increase of £0.2m). The significant items in the consolidated cash flow statement are net cash from operating activities, drawings paid to LLP members and the repayment of borrowings.

Net cash from operating activities increased from £6.0m to £7.5m. This was partly driven by maturing receipts from settled cases in NAL, which generated £6.0m (2022: £3.5m) in receipts, and £4.4m, (2022: £3.3m) cash received from joint venture relationships. In addition to this, the Critical Care division generated £4.9m (2022: £3.1m). This was partly offset by the continuing investment of new cases to NAL as the law firm progresses to maturity, as well as bank interest payments of £1.0m (2022: £0.6m).

The Group paid £3.3m (2022: £3.3m) of drawings to its partners in the joint venture law firms during the year, under the terms of our agreements. This reflects the continuing closure of claims won and settled during the year. The Group also acquired £0.2m (2022: £0.2m) of intangible assets in the year as it completed technology upgrades in Critical Care.

The Group repaid £4.3m (2022: £2.0m) of borrowings in the year on its Revolving Credit Facility.

Free Cash Flow (FCF) is the Group's KPI with regards to cash flow. FCF in 2023 was £3.6m compared to £2.2m in 2022. The primary reason for this increase is a rise in personal injury cash receipts on settled cases as more cases settle in NAL and the joint venture partnerships. Personal Injury continues to be entirely self-funding investment into new cases.

The Group also monitors operating cash conversion. This was 217% in the year (2022: 143%), a direct reflection of the movements outlined above.

Conclusion

In conclusion, 2023 has been a positive year towards delivering on our strategic goals. We continue to balance investing in new cases for the law firm as it builds towards maturity, whilst continuing to reduce debt. This has been achieved despite continued headwinds in our markets and the wider economy.

Chris Higham

Chief Financial Officer

Alternative performance measures

Management monitors a number of non-statutory, alternative performance measures (APMs) as part of its internal performance monitoring and when assessing the future impact of operating decisions. The APMs allow a year-on-year comparison of the underlying performance of the business by removing the impact of items occurring either outside the normal course of operations or as a result of intermittent activities, such as acquisitions or strategic projects. The Directors have presented these APMs in the Strategic Report because they believe they provide additional useful information for shareholders on underlying business trends and performance. As these APMs are not defined by UK-adopted International Accounting Standards (IFRS), they may not be directly comparable to other companies' APMs. They are not intended to be a substitute for, or superior to, UK-adopted International Accounting Standards (IFRS) measurements and the Directors recommend that the UK-adopted International Accounting Standards (IFRS) measures should also be used when users of this document assess the performance of the Group. The APMs used in the Strategic Report are defined below.

Free Cash Flow

Calculated as net cash generated from operating activities less net cash used in investing activities less payments made to partner LLP members and less principal element of lease payments. This measure provides management with an indication of the amount of cash available for discretionary investing or financing after removing material non-recurring expenditure that does not reflect the underlying trading operations.

	2023 £m	2022 £m
Statutory measure – net cash generated from operating activities	**7.5**	**6.0**
Net cash used in investing activities (excl disposals of subsidiaries)	**(0.3)**	**(0.3)**
Disposal of subsidiary	(0.0)	0.0
Principal element of lease payments	(0.3)	(0.3)
Drawings paid to LLP members	(3.3)	(3.3)
Net cash used in financing activities (before borrowings)	**(3.6)**	**(3.5)**
Free cash flow	**3.6**	**2.2**

Operating cash conversion

Calculated as cash generated from operations excluding cash flows relating to exceptional items divided by underlying operating profit. This measure allows management to monitor the conversion of underlying operating profit into operating cash. From 2023, there were no exceptional cash flows.

	2023 £m	2022 £m
Statutory measure – cash generated from operating activities	**8.9**	**6.8**
Statutory measure – operating profit	**4.1**	**4.8**
Operating cash conversion	**216.7%**	**142.9%**

Net debt

Net debt is defined as cash and cash equivalents less interest-bearing borrowings net of loan arrangement fees. Net debt allows management to monitor the overall level of debt in the business. As stated in the strategic report, managing the level of net debt is a key strategic objective for the Group.

	2023 £m	2022 £m
Statutory measure – cash and cash equivalents	2.0	2.7
Statutory measure – interest-bearing borrowings	(11.7)	(15.9)
Net debt	(9.7)	(13.3)

Working capital

Working capital is defined by management as being trade and other receivables less trade and other payables. It allows management to assess the short-term cash flows from movements in the more liquid assets.

	2023 £m	2022 £m
Statutory measure – trade and other receivables	30.5	32.9
Statutory measure – trade and other payables	(16.2)	(15.8)
Working Capital	14.3	17.1

Our Business

Strategic Report

Our Group

NAHL Group plc is a leader in the consumer legal services and catastrophic injury markets, delivering products and services to consumers and businesses through its two divisions.

Consumer Legal Services

What We Do
Consumer Legal Services provides outsourced marketing services to law firms through the National Accident Helpline brand and claims processing to individuals through National Accident Law and its joint venture partnerships, Law Together and Your Law. It also provides property searches through Searches UK.

Strategy
Our strategy is to create a higher margin, integrated law firm, underpinned by our flexible business model. We will do this by continuing to generate our own work, using our National Accident Helpline brand, by growing the value of claims we process through our own consumer-focused law firm, National Accident Law, and by leveraging our agile and scalable placement model to manage our growth.

Revenues of
£27.6m

Underlying operating profit of
£2.8m

177
employees as at 31 December 2023

Critical Care

What We Do
Critical Care provides a range of specialist services in the catastrophic and serious injury market to both claimants and defendants through Bush & Co.

Strategy
Our strategy is to grow share in the catastrophic, serious injury and care markets by appealing to a broader customer base, extending our competencies and specialisms and to be more efficient at what we do.

Revenues of
£14.6m

Underlying operating profit of
£4.4m

83
employees as at 31 December 2023

Shared Services

What We Do
Operating as a centralised function, Shared Services provides strategic leadership, funding and governance to support our two divisions.

Provides Board, finance, legal and people services

Cost base
£1.9m

Employees
20

Core Competencies

- Marketing capability
- Technologically enabled
- Trusted brands
- Highly skilled, empathic people
- Customer centric approach
- Strong employee culture

Consumer Legal Services

The Consumer Legal Services division serves the personal injury and residential conveyancing sectors of the legal services market. The division provides outsourced marketing services to law firms through the National Accident Helpline brand and claims processing to individuals through National Accident Law (NAL), and its joint venture LLPs, Law Together and Your Law. It also provides property searches through Searches UK.

The personal injury market has undergone radical change in recent years. Consumer habit changes following the COVID-19 pandemic, coupled with the introduction of reforms related to whiplash and soft tissue injuries from road traffic accidents, have led to a significant reduction in the number of claims made. Data provided by the Claims Recovery Unit of the Ministry of Justice (CRU) and the Official Injury Claim portal for small claims (OIC) showed that the number of new claims registered in 2023 for road traffic accidents in England and Wales (RTA) was down 5% compared to 2022 (which was down 7% on 2021), and down 46% compared to 2019, prior to the pandemic and small claims reforms. For non-RTA claims, which include employer's liability, public liability and occupier's liability, claim volumes increased by 7% in 2023, although much of this increase came from public and occupier's liability claims, which typically generate lower fees than employer's liability. Despite this year-on-year improvement, claim volumes remain 38% lower than 2019. As a consequence, we estimate the claimant side personal injury market to be worth £1.05bn in 2022/23 compared to £1.6bn in 2019/20.

Our strategy for personal injury is to grow the number of accident victims we can support via our National Accident Helpline brand and to process an increasing number of these claims through NAL to develop a sustainable, higher margin business.

While consumer behaviour changes following the COVID-19 pandemic, and the implementation of Civil Liability Act 2018 (Whiplash Reforms) – which reduced compensation payable to claimants for most RTA claims worth less than £5,000 – have both had a significant impact on overall claim volumes, there is nevertheless a large opportunity for claimant law firms amongst people who have not yet pursued a valid claim. Research commissioned by National Accident Helpline (NAH) in Q4 2023 showed that at least £1.6bn of personal injury settlements were unclaimed in 2023 (up from £1.4bn in 2022) as a result of people's reluctance to make a claim. Of these, around 25% had no idea they could make a claim while a similar number thought the process may be too complicated. We believe this is linked to a reduction in awareness amongst consumers as the industry has lowered investment into expensive broadcast media channels such as TV and radio. To help address this, National Accident Helpline returned to TV advertising in 2022 which continued into 2023, and has been testing other above-the-line media channels such as Programmatic TV and YouTube, as well as social media marketing, to identify those channels which can deliver the highest return on investment in the current environment. Despite the overall lack of growth in the wider market, NAH generated 2% more enquiries compared to 2022.

The personal injury business operates a flexible model whereby personal injury enquiries can be placed into our own wholly owned law firm, NAL, our joint venture law firms or our panel of solicitors. Placing enquiries with the panel generates quick profit and cash but at lower overall levels than processing through NAL.

Since the small claims reforms came into effect in June 2021, NAL has been processing the majority of the RTA enquiries generated by the National Accident Helpline brand. In 2023, we further refined our placement strategy, developing a small RTA panel to help balance short-term profit and cash as we started to process an increasing number of non-RTA claims.

Our strategy of placing an increasing number of claims into NAL since launch in 2019 is now translating into a rapid growth in case settlements as an increasing proportion of those claims reach the end of the legal process. Furthermore, as the business scales, NAL is able to benefit from operational leverage to increase its profitability, whilst still utilising its flexible placement model to balance short-term profit and cash with higher long-term returns. Over time, we are realising our ambitions to grow NAL by processing a higher proportion of our enquiries ourselves, whilst also mitigating the risk of reduced panel demand arising from an increasingly consolidated market.

Critical Care

Our Critical Care business, Bush & Co., provides vital support services for individuals who have suffered severe and life changing injuries whilst they pursue a compensation claim. Bush & Co. holds a leading position in the medical reporting and rehabilitation market, itself a subset of the catastrophic injury market. The catastrophic injury market is defined as those cases involving the most severe and life-changing injuries, with settlement values of £500,000 and above.

Catastrophic injuries are usually complex, resulting in long case lifecycles and the majority of clients will require the services of an expert witness and around half will use a case management service to support their rehabilitation. These long lifecycles make the market more resilient and predictable.

The key to growth is in attracting experts and case managers with the right level of expertise, and geographical coverage to deliver our services. Bush & Co. has had success in growing our capacity in recent years, aided by offering additional training, mentoring and Continuing Professional Development (CPD) to attract new associates as well as directly employing case managers.

Case management

Case management services usually begin when a client's solicitor instructs Bush & Co. to conduct an Initial Needs Assessment. Assessments are typically carried out three to four months after an injury occurs. The outcomes are documented in a report, which may lead to ongoing case management support for the client's rehabilitation. This typically has an average life cycle of over two years, meaning that in any given year, more than half of the cases under management relate to accidents suffered in previous years. This timeframe extends significantly when working with more complex cases and children and young people (CYP).

Bush & Co. prides itself on providing an independent, high-quality service for its customers, who have rated its case management service a 90% overall satisfaction score, and 95% of clients who used Bush & Co. said they would use them again.

In 2023, we focused on recruitment of associates to meet demand, enriching our customer relationships and the development of our CYP proposition. We have grown our network of experienced case managers who are skilled and experienced in CYP work to over 40 which, coupled with increased marketing and networking, resulted in an increase in CYP enquiries by 13% compared to the previous year.

Expert Witness

Expert witness instructions typically happen much later in the process, on average around three years from the date of the accident. Established over 35 years ago, our expert witness service is made up of over 90 clinical professionals across the UK.

In 2023, expert witness services continued its impressive growth, with new instructions growing by 9% compared to the previous year and achieving its highest ever number of new enquiries (+13% compared to 2022). This resulted from the quality of our recruitment and our focus on experience and key specialisms , such as midwifery and speech and language therapy.

We continue to receive excellent feedback from solicitors on the standard of our expert witness reports, the credibility and knowledge amongst our associate network and the reliability of our service. Our customers rated us 100% in overall satisfaction and 100% said that they would work with us again.

Care

We launched Bush & Co. Care Solutions in 2021, as a care management service for the direct employment of support workers and nurses in the home. Since then, it has grown rapidly with solicitor and deputy customers attracted by the high levels of governance and clinical care demonstrated by the service.

In 2023, we grew the average number of directly recruited care packages we manage from December 2022 to December 2023 by 111% through a focus on developing new customer relationships, and the recruitment of additional care managers to increase our reach across the UK.

The service was inspected by the Care Quality Commission (CQC) in December 2023, which included interviews with our clients as well as the team and reviewing documentation. The report concluded that we deliver a 'Good' level of service across all areas with no recommendations for improvements made, validating our approach to delivering a high quality service for our clients.

Safeguarding

The safeguarding of our vulnerable clients remains a golden thread through our service provision at Bush & Co. At the forefront of this are our Safeguarding Team who are focused on training, risk management and implementing safe and effective practices. By the end of 2023, Bush & Co. had a total of 18 designated safeguarding officers who had completed Level 4 safeguarding training which supports the principles, attitudes, expectations and ways of working that we operate to.

Technology

We continue to develop our technology and systems in order to improve our service and be more efficient in what we do. In Q4 2022, we launched a new finance system and our focus in 2023 was to embed that system into our business to bring greater efficiencies in recording transactions and reporting. This resulted in a c.75% reduction in the sales cycle time. Further technological developments were made through our client, associate and customer portals, which are due to be implemented in early 2024.

Business Development and Customer Relationships

In 2023, we increased the number of customer relationships by 8% to over 1,000 claimant and defendant solicitor firms through a continuation of business development and marketing. Our focus was on growing the number of fee earners we are in contact with, which increased by 28%, and we gained deeper relationships with more junior fee earners. We highlighted associate availability and educated solicitors on the associates within their geographical and specialist areas to good effect. The nature of litigation and the need for our services means that continued brand awareness, reminders of our expertise and regular customer contact is key so that we are front of mind when the need arises.

Strategic Priorities

Consumer Legal Services

Strategic Priority	Progress made in 2023	Our focus in 2024
Grow the number of personal injury accident victims we support by increasing enquiry numbers Cost-efficiently generate the enquiries needed to fuel the business model and deliver growth.	• Generated 35,643 enquiries in the year, an increase of 2% over 2022. • Continued TV advertising in H1 2023 with our successful #TellYourStory campaign, while testing new media channels to maximise our return on investment (ROI). • Increased market share of the claim types we target from 4.4% on 1 January 2023 to 4.8% on 31 December 2023. • Continued to develop our offline media presence through thought leadership, included in mainstream media and trade publications throughout the year.	• Maintain a high level of brand awareness to stimulate category engagement and support cost-effective enquiry acquisition, focusing on upper funnel marketing channels delivering the highest ROI. • A more targeted approach to generating higher demand, higher margin claim types. • Continue to develop our SEO performance, to optimise the cost of acquisition.
Grow the value of personal injury enquiries we process in our own consumer-focused law firm, National Accident Law Scale NAL in order to deliver a sustainable business, with more profit per enquiry.	• 9,983 ongoing claims in NAL at 31 December 2023 (2022: 10,860) worth £13.9m in future cash receipts (2022: £11.2m) including a £2.1m upward revaluation estimate for 2019 – 2022 cohorts showing a stronger outturn. • 3,633 claims settled in the year, an increase of 92% on 2022 generating £6.0m in cash receipts (2022: £3.5m). • These results were achieved with no increase in the number of fee-earners working in NAL, reflecting the growing maturity of the firm. • 8,518 enquiries allocated to NAL in the year which are expected to generate revenues of £6.6m (2022: £6.0m).	• Further increase the number of settlements delivered through NAL resulting in increased revenue and cash. • Manage the cost of processing claims to our plan, delivering greater efficiencies as the business scales.

Strategic Priority	Progress made in 2023	Our focus in 2024
Continuously review and improve processes to realise efficiencies gains and a better customer experience Ensure our workflows, technology and marketing evolves, in order to delight our customers and maximise our efficiency, thereby increasing margins.	• Improvements in the sign up and submission performance with 8% improvement to submission rate in 2023 within NAL alongside an 'Excellent' 4.6 (2022: 4.5) rating on Trustpilot for National Accident Helpline. • The number of unique sign-ins for our customer portal, MyAccount, increased 15% in 2023 compared to 2022. • We commenced litigation on 248% more claims in 2023 compared to 2022. • Whilst we received a 'poor' Trustpilot score of 2.6 from 1,026 reviews (2022: 3.6 from 750) for NAL, we have seen a 59% reduction in the number of formal complaints within NAL compared to 2022 with improvements seen each half. This reflects the challenge of meeting client expectations under the new small claims regime. We continued to develop our communication protocols during 2023 to better serve small claims customers to improve in this area. • The ongoing 'Rabot' ruling relating the valuation of claims in the small claims track continues to delay settlements.	• Improve external customer service metrics by i) proactively managing the expectations of new RTA small claims clients; ii) improving external communications at scale, including speed of response to client questions; and iii) further improving our complaints resolution processes to resolve issues quickly and effectively. • Review ways of working across the Personal Injury business to realise cost efficiencies. • Generate cost savings through insourcing marketing activity.

Critical Care

Strategic Priority	Progress made in 2023	Our focus in 2024
Increase numbers of case managers and expert witnesses to reflect growth in customer demand	• Recruited 21 additional case managers and 29 additional expert witnesses. • Created new mentorship programme for children and young people case managers. • Streamlined the candidate journey. • Appointed dedicated development manager for expert witness.	• Appoint dedicated recruiter into case management. • Create new onboarding programme. • Launch new enquiries process including capacity management tool.
Maximise conversion of enquiries	• Developed new customer chase process. • Built capacity planning tool. • Introduced MI for in depth understanding of customer behaviour.	• Invest in clinical roles to support the back office team. • Create focused inter-departmental work stream across all levels of the business. • Introduce bespoke training for the enquiry team. • Restructure enquiry allocation process.
Leveraging previous investments in technology to facilitate growth Ensure Bush & Co is supported with the right technology to enable and underpin growth.	• Embedded the new Sage finance system which has already improved reporting and delivered process efficiencies. • Developed and delivered new finance system for time recording, billing and invoicing.	• Roll out customer and client portal to improve customer experience and processing efficiency. • Continue to develop the in-house report writing tool to cover more report types.
Expand into Adjacent Market Segments Continue to grow Bush & Co Care Solutions, to complement other services.	• Bush & Co Care Solutions delivered 39% revenue growth in the year. • Grew the number of standalone nurse-led care packages to 19 by year- end.	• Invest in dedicated business development resource to continue to grow case volumes.

Key Performance Indicators

Key Performance Indicators 2023

The Board monitors a number of Key Performance Indicators (KPIs) to assess the Group's performance against its strategic objectives. These KPIs include alternative performance measures that provide additional insight into performance of the business in areas that are critical for the long-term success of the Group. These comprise non-financial, as well as financial, metrics which are not all directly reflected in the Group's financial statements but are assessed on a monthly basis and managed by divisional management.

Group KPIs

1. Revenue

Group revenue comprises amounts receivable from customers for the provision of the Group's services. The Group's key revenue streams are detailed in Note 1 to the financial statements on pages 99–101. As mentioned in the CEO report, the Group's transition to a self-processing law firm has meant that an increasing proportion of revenue is deferred until liability admission, and therefore monitoring and generating growth in revenues is key to the Group building a sustainable business model.

■ Revenue (£'000)

2023	42,193
2022	41,421
2021	38,947

2. Cash generation – free cash flow

Free cash flow comprises the cash that the Group has generated from operations less amounts invested in capital items, lease payments and payments to and from members' non-controlling interests in our LLPs. A reconciliation of this figure to statutory measures is provided in the CFO's report on page 17. The growing maturity of National Accident Law (NAL) and the Group's joint venture law firms has contributed to an increase in free cash flow, which has been utilised to pay down debt.

■ Free Cash Flow (£'000)

2023	3,605
2022	2,199
2021	849

3. Profitability – Operating Profit

Operating profit is the KPI that the Board believe reflects the overall performance of the business, and this should drive the profit attributable to shareholders, earnings per share and free cash flow.

■ Operating profit (£'000)

2023	4,118
2022	4,756
2021	4,156

Consumer Legal Services KPIs

Our strategy to succeed in our Consumer Legal Services division is to grow the number of personal accident enquiries we generate and to process an increasing number of those enquiries in NAL, to create a more profitable and sustainable business. These KPIs reflect our progress with this.

4. Personal injury enquiry generation

Our ability to generate personal injury enquiries and balance these against market demand and available working capital, are a core element of our business model and a leading indicator of revenue.

■ Enquiries (no.)

2023	35,643
2022	34,905
2021	32,132

5. New enquiries allocated to NAL

Our placement decisions influence profit and cash flow in the current year, as well as in future years. Enquiries processed by NAL generate higher levels of profit compared to those processed by our joint venture law firms or the panel, but cash is delayed until the claim is settled. Monthly placement levels are planned as part of our annual budgetary process, but these can be flexed throughout the year depending on the volume of enquiries generated, capacity within NAL and levels of capital available.

■ NAL placement (no.)

2023	8,518
2022	8,760
2021	8,249

6. Cash generated from settlements in NAL

NAL generates cash at the point of settlement, which occurs at the very end of the claim cycle. The length of time a claim takes to settle depends on the nature of the claim but the cycle from enquiry to settlement can typically take up to two to three years. Increases in cash from settlements is an indicator of growing maturity in NAL, which leads to increased free cash flow. This free cash flow can then be reinvested in marketing and the working capital required to process claims.

■ Cash generated from settlements (£m)

2023	6.0
2022	3.5
2021	2.1

7. Number of ongoing claims in NAL

At any point in time, our teams in NAL will be managing a book of ongoing claims at varying stages of progression. These claims will ultimately result in future revenue and cash and so provide visibility of future earnings (see KPI 8).

■ Ongoing claims (no.)

2023	9,983
2022	10,860
2021	7,918

8. Value of ongoing claims in NAL

The book of ongoing claims in NAL has an embedded value, being the future cash expected to be generated by processing those claims through to settlement. We can estimate the future cash from settlements, using our financial model and assumptions, based on our experience of previous settled claims. During the year these assumptions were reviewed and the overall value of the book of open claims was determined to be higher than previous expectations. This is despite the number of ongoing claims (see KPI 7) having reduced year-on-year. This is a result of a targeted marketing strategy aimed at higher quality claims which result in higher settlement values.

■ Value of ongoing claims (£m)

2023	13.9
2022	11.2
2021	8.4

Critical Care KPIs

9. Number of initial needs assessment reports (INA) instructions

Customers instruct Bush & Co. to conduct face-to-face initial needs assessments to better understand their clients' rehabilitation needs. These instructions represent our pipeline of future work.

No. INA instructions

2023	530
2022	557
2021	490

10. Number of INAs issued

Our case managers will document their INA assessments and recommendations for the most suitable interventions for their clients in reports. These reports are issued to our customers, who are charged a fee, resulting in revenue. This can lead to the client being signed up for ongoing case management work, which results in recurring revenue.

No. INA reports issued

2023	539
2022	529
2021	504

11. Number of ongoing case management clients

Through our claimant, defendant and insurer relationships, we provide a first-class case management service to enhance a client's rehabilitation. Our services are billed on a regular basis, depending on the level of support required in any given period. Given that our clients have complex needs, this support can often last years and so this revenue can be recurring, albeit the value of revenue will often be front loaded through the engagement.

No. ongoing case management clients

2023	1,406
2022	1,354
2021	1,222

12. Number of expert witness report instructions

Our Expert Witness service provides medico-legal reports for both quantum and liability to claimant and defendant solicitor and insurers. These instructions represent our pipeline of future work.

No. expert witness instructions

2023	1,142
2022	1,044
2021	973

13. Number of expert witness reports issued

Our expert witness reports are written by experienced and credible associate expert witnesses who deliver objective opinion and high-quality liability and quantum reports. These reports are issued to our customers, who are charged a fee, resulting in revenue. Often, our customers will request additional follow up work, which can lead to further revenue.

No. expert witness reports issued

2023	1,136
2022	974
2021	885

Principal risks and uncertainties

Principal risks and uncertainties

The Board is mindful of the detrimental impact that the Group's principal risks and uncertainties could have on its ability to deliver on its strategic priorities. It seeks to identify, assess, and manage these risks through its risk management framework, regular reporting and, where necessary, additional assurance work. Whilst the Board has ultimate responsibility for risk, it is supported by the Audit and Risk Committee, Executive Directors, and management.

Our risk management framework

The Board maintains a risk management framework (figure 1, page 35) that combines a top- down strategic assessment of risk with a bottom-up operational identification and reporting process.

The regular review of existing risks and identification of emerging risks is managed through quarterly risk reviews held by divisional management and the Executive Directors. Once risks are identified and the Group's appetite for each risk determined, risks are prioritised, and mitigating actions implemented.

Risk appetite

Every year, the Board reviews and sets the Group's appetite for risk. This is done by attributing a score to each one of six separate risk categories that the Board has identified. The categories are scored on a scale of 1 (lowest risk) to 12 (highest risk) and a score of 1–3 is described as an averse appetite, 4–6 is a cautious appetite, 7–9 is balanced appetite, and 10–12 is an entrepreneurial appetite. Individual risks are allocated a category and the associated risk appetite then informs management's approach to mitigating that risk. The outcome of the scoring is as follows.

Description	2023	2022
Strategic and Transformation	Balanced (9/12)	Balanced (8/12)
Operational	Balanced (8/12)	Balanced (8/12)
Financial	Balanced (7/12)	Cautious (6/12)
Regulatory	Cautious (4/12)	Cautious (4/12)
IT, Systems, and Data Security	Cautious (5/12)	Cautious (5/12)
People and culture	Balanced (8/12)	Balanced (8/12)

Risk identification and reporting

Divisional management conducts an ongoing process of identification and assessment of key risks (both financial and non-financial) faced by their division. This includes the identification of emerging risks, whether from structural changes in their markets or transformation activity within the business.

Risks are collated on a risk register along with mitigating actions that reduce the residual risk to an acceptable level, with reference to the Board's appetite. Residual risks are assessed according to their likelihood of occurrence and potential impact on the profitability and cash flow of the Group.

Divisional risk registers are reviewed quarterly by the Executive Directors and risks are prioritised across the Group. The highest rated risks are denoted principal risks and are reported by the Executive Directors to the Audit and Risk Committee and the Board.

Figure 1 – Risk management framework

The principal risks identified are detailed below:

Description	Category	Risk Appetite	Mitigation
Credit exposure The Group has a number of ongoing arrangements with law firm customers and joint venture partners, some of which include extended credit terms, which create a credit risk in the event of their insolvency or a dispute.	Financial	Balanced (7/12)	The Group has processes to approve credit limits and monitor exposures to law firm customers and partners that are consistent with its balanced appetite for risk. In Consumer Legal Services, extended credit terms have not been offered to new customers since 2020 and contractual provisions, such as set- off clauses and parental guarantees, are in place to mitigate the risk for material debts with joint venture partners. In Critical Care, the business offers extended credit terms on certain services and the risk is diluted by having a diverse range of customers. Material debts are monitored more closely by the credit control team and reported on the risk register.
Accuracy of business model assumptions The Group's business model relies on several key assumptions which, if not delivered, could have a material impact on financial performance. These key assumptions include: • Enquiry generation costs and volumes • Placement of personal injury enquiries to panel firms • Claim processing performance • Volume of instructions in Critical Care • Average revenues for services in Critical Care	Financial	Balanced (7/12)	Model assumptions are determined by management with oversight from the Executive Directors and the Board, and sensitivities are then performed on the key assumptions. The model assumptions are scrutinised and regularly compared to actual results and updated where necessary. The 2024 budget factored in prudent assumptions relating to personal injury enquiry generation with no market growth assumed. Additional measures have been taken to de-risk certain assumptions by securing contractual guarantees from key partners. Assumptions relating to the expected value of open cases and the average value of future cases within NAL were uplifted in the year following a review of older case performance which has out-performed original expectations.

Description	Category	Risk Appetite	Mitigation
Regulatory Breaches The Consumer Legal Services division operates in a highly regulated environment and handles high volumes of sensitive customer data, including credit card information and medical data, as well as client money. The Group's law firms are regulated by the Solicitors Regulation Authority. Breaches of regulations could result in regulatory action against those businesses, directors, and compliance officers. Critical care is audited by the Care Quality Commission (CQC), and any failings could create reputational damage and loss of customers.	Regulatory	Cautious (4/12)	Both divisions employ dedicated compliance resources responsible for managing regulatory issues and reporting directly to the Board. External legal advice is taken, including from leading counsel, where appropriate, in particular when faced with changes to the law and regulation, internal processes, or structure. In Critical Care, the divisional management have created a Clinical Governance Board to report to Executive Directors on risks arising from clinical decisions and regulation. This group comprises senior management and a Chief Medical Officer who is a consultant surgeon, at the Royal National Orthopaedic Hospital, Stanmore. The CQC carried out an audit of the Critical Care business in December 2023 with a 'good' status received and no negative comments.
Critical Care self-employed associate model IR35 legislation requires careful interpretation to ensure arrangements do not breach tax laws, resulting in unexpected tax charges and fines.	Financial	Balanced (7/12)	To comply with IR35 rules, the Board has taken external advice from a leading accountancy and tax firm and made the necessary status determinations for each associate. These determinations are supported by contractual terms, operational processes and working practices currently in place. Bush & Co regularly monitors compliance with these processes and has controls in place to ensure the risk of a breach of the legislation is low.

Description	Category	Risk Appetite	Mitigation
Key Person Dependency and Recruitment Unavailability or loss of key individuals could have a detrimental impact on business performance. Significant intellectual property, relationships and experience is held by certain members of management. If they became unavailable there could be a short-term impact on operational performance and the progress of key projects.	People and Culture	Balanced (8/12)	There is a succession plan in place covering all key individuals and no one person is responsible for any key relationship. Bonus schemes and share options are put in place to support retention of key employees and are regularly reviewed by the Remuneration Committee. Remote and hybrid working has continued to be a significant enabler in attracting and training new people, particularly experienced legal staff.
Working capital management and funding The Group is managing its levels of working capital whilst it builds its book of personal injury claims in National Accident Law. These claims can take a number of years to process and it is at the point of settlement of each successful claim that cash is received. The Group's working capital is funded through its £15m revolving credit facility (RCF), which runs to December 2025. This facility includes several financial covenants, which have been aligned with the Group's strategy and medium-term forecasts. If performance falls outside of expectations, the Group could be required to depart from its growth strategy in order to meet covenant requirements (e.g. by reducing investment in NAL).	Financial	Balanced (7/12)	The Board closely monitors the use of capital and uses short and medium-term forecasts to plan future requirements. Compliance with the debt covenants is reviewed on a monthly basis by the Executive Directors and reported to the Board. After the balance sheet date, the Group extended the term of its RCF by 12 months to December 2025, and reduced the maximum drawn balance to £15m. The Board determined that this facility was adequate for its funding needs for the foreseeable future.

Description	Category	Risk Appetite	Mitigation
IT infrastructure and security Many of the Group's interactions with its customers are online and systems are increasingly automated, creating an increased exposure to systems error. Both divisions are reliant on their IT systems to capture and protect valuable customer data obtained in the normal course of business. Theft, loss, and misappropriation of digital assets and data could result in reputational damage and/or regulatory fines. The Group relies on a number of key IT suppliers and its systems are increasingly automated, creating an increased exposure to systems error.	IT Systems & Data Security	Cautious (5/12)	The Group takes data security very seriously and has robust policies and procedures to ensure it is compliant with the Data Protection Act 2018 and the General Data Protection Regulations (GDPR). Business Continuity plans are in place and have been tested, the Group's employees are provided with regular training, and the cyber security controls are regularly stress tested. External suppliers are used to conduct regular penetration and phishing testing and the Consumer Legal Services division has secured the Cyber Essentials accreditation. A Cyber security steering group meets quarterly to assess risk.
Interest rate risk The Group is exposed to interest rate risk through its £15m RCF, of which £11.8m was drawn at the year end. Interest accrues at 2.25% above the Sterling Overnight Index Average (SONIA), which closely tracks the Bank of England (BoE) base rate. Given the elevated levels of inflation in the UK, and the higher base rate set by the BoE in response, this risk is likely to remain elevated this year leading to higher borrowing costs for the Group.	Financial	Balanced (7/12)	The Group will continue to leverage its flexible placement model to drive short-term cash flow in addition to increasing levels of cash generated from NAL which is now approaching maturity. This, along with strong cash generation from the Critical Care division helped reduce net debt by £3.6m in 2023 and will underpin free cash flow in 2024, leading to a further reduction in drawn debt.

Our Culture

Our sustainable culture

At NAHL, we aim to build a sustainable business for the long-term gain of all our stakeholders. For us, this means being a great company to work for, delivering to the best of our abilities for our customers, adopting a partnership approach with our key suppliers, creating long-term value for our shareholders and also making a positive contribution to our communities and the environment.

The Group strives to create a culture of trust and openness underpinned by our four Values:

Passionate

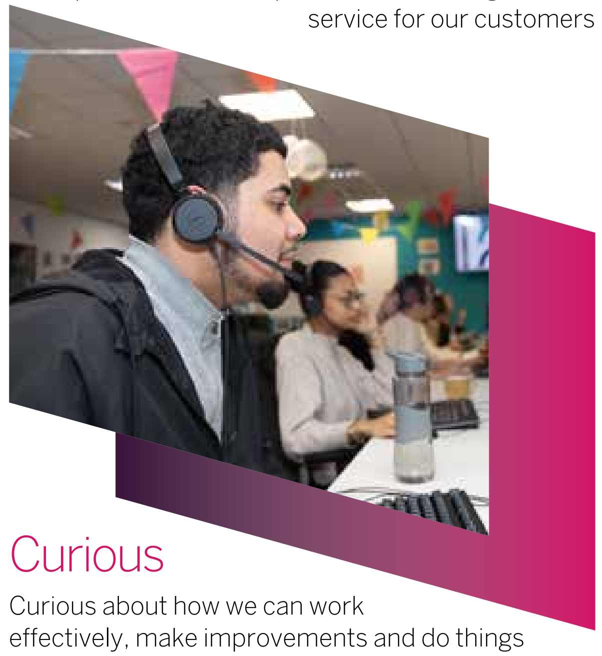
Passionate about the business, what we do and why we do it and each employee's own role within this

Driven

Driven to deliver operational and financial performance and provide outstanding levels of service for our customers

Unified

Unified to work together to do the best job possible and engage with our partners and suppliers



Curious

Curious about how we can work effectively, make improvements and do things differently to create the best environment for our people and the best experience for our customers

The Group is aware that its activities have a far-reaching impact across a number of different stakeholders. The Group has identified its key stakeholders as:

Our People

As a service-based business, our people are at the heart of our day-to-day operations and embody our passion for helping our customers in their time of need. We understand that to deliver results, it takes a unified effort and we pride ourselves on the training, support and engagement we provide to our people to help us provide an exceptional service and to achieve our goals.

Engagement and wellbeing

Once again, the Group recorded exceptional results in its annual staff survey, 'OwnIt!', achieving our highest ever score of 81% vs. a 'Gallups Exceptional Award[1]' winners global average top score of 72%.

OwnIt! provides our colleagues with the opportunity to provide feedback in a number of different areas and have their say on the way things are done. The survey covers topics such as management and leadership, training and development, work/life balance and diversity. The data is captured by our dedicated People Team and the results shared with teams across the business. Teams are then given the opportunity to discuss the results and feedback any further comments as well as setting actions for both leadership and themselves. The findings are presented by the Group People Director to the Group Executive Team and the Board of directors.

Some of our top scoring questions included 'Everyone in our business is treated fairly' (93%) and 'My manager cares about me' (90%).
One of the key outcomes from the 2023 survey was the launch of our 'Fit for Work' programme which was aimed at improving relationships, productivity and transparency of our workforce which is over 60% hybrid/remote as well as encouraging more face-to-face interaction to aid wellbeing. Some of the benefits we have seen from the programme are better control of workloads, increased support for new employees, retaining our values-based culture and ensuring our employees are clear about our vision and achieving company objectives.

Communication and connection events saw the introduction of 1–18 month check-ins between our senior leaders and all employees to build connections and provide communication channels between those responsible for leading our strategy and those responsible for implementing it.

1. Gallup 'State of the Global Workforce 2023 Report'.

Training and development

To effectively implement our strategy and to provide the best service possible for our customers, we need to ensure that we have a diverse network of experienced people that are curious to challenge the status quo and driven to develop their own skills and strengths.

Consumer Legal Services has a dedicated Learning & Development team who are responsible for ensuring the continual development and improvement of our legal operational teams. These teams are key to our strategy of becoming a fully integrated law firm and therefore retention and development of talent within these teams is crucial to our goals. Over the year, our helpline and legal teams undertook a combined 8,700 hours of training. This included new employee inductions, coaching/feedback, procedural training and systems training. We also supported 3 of our colleagues with the completion of their legal apprenticeship programmes and for the first time, offered one colleague a training contract to become a qualified solicitor.

The Group People Team also offer a range of training and development opportunities for our wider teams.

The continuation of our Pathway to Leadership (P2L) programme proved popular once again with 14 trainees devoting a combined 406 hours to their professional development. This programme provides opportunities for our fledging leaders to get together and develop their leadership skills through workshops with dedicated trainers and 121 mentors from across the business.

One of the highlights of 2023 was the launch of the Group's Commercial Leadership Academy. This new development programme aims to support our middle managers to take on responsibilities towards a director level position. Topics covered in the year included developing and executing strategy, business finance, operations, performance and building strong teams.

> Attending P2L was really a transformational journey for me. It has completely bolstered my self-confidence, fuelled my career progression and honed my management skills. This leap led to a promotion for me, where I now utilise my learnings on a daily basis not only to support my new team but also to champion my own success. The skills that I learned through P2L will stay with me forever and have greatly supported my emotional development as well.

> My Pathway to Leadership journey was an incredible experience. I was a newly promoted manager when I started P2L. It is designed to give people the tools to become the future leaders of the business. But for me, it was so much more than this. Not only did I learn the necessary skills to lead my team, but I became a more confident, empathetic and supportive manager. P2L has been the best experience in my career and I am honoured to have been given the opportunity to develop my leadership skills.

Case Study

Ryan's story

Ryan began his career with NAL in 2019 as a Helpline Advisor and has since progressed to the position of Small Claims Handler, an integral part of NAL's 'Most Driven Team 2023'.

Motivation and Expectations:

I had been working within National Accident Law for some time when the apprenticeship was presented. Having transferred from a completely different sector I had found a passion for the law and wanted to further my understanding and start my legal career.

The experience was really great, I had felt myself becoming more competent as each week progressed. It had also helped greatly that there were multiple apprentices within NAL who were also doing the apprenticeship at the same time as me. We built a really close relationship throughout the 2 year period. Whether that was discussing the recent webinars we had attended or helping each other to get through the stresses of the exams. The apprenticeship really assisted in my career by helping me achieve a promotion into the Small Claims department because of having a further understanding of the law. I had applied for the same position in the past but did not have enough experience or knowledge at the time.

Hands-On Experience:

The apprenticeship has served me a lot of times when coming across novel cases in which there can be arguments made for each side of the claim. Through learning more about the legal structure and past case law it has improved my instincts around handling claims. More specifically it has assisted in carrying on cases and being able to support my arguments with supportive case law.

Company Culture and Support:

Whilst I was on the apprenticeship, there was a group of apprentices with me who supported me throughout the journey. There have also been multiple apprentices who had completed their course throughout the business, at any point in time I could approach these people for advice and further assistance.

I feel the company's culture of having unified employees really helped as on multiple occasions, I needed the assistance of other teams such as Litigation, Settlement and Finance to help with my assignments and further my understanding. Not once, did any person who I approached have any qualms about helping me, in fact most people were extremely happy to assist and often volunteered themselves and their time.

Pride and Accomplishments:

I would say that I am extremely proud of achieving a distinction on some of my assessments. I had put a lot of effort into studying for the exams, and to have the result come back stating that my hard work has paid off, was a great relief. I feel genuinely proud of completing the apprenticeship program and feel I would have been much further behind on my goals had I not had the apprenticeship to aid and assist me in my legal journey.

Equal Opportunities and Diversity

We want our people to feel comfortable in being their true selves and strive to create an environment where everyone feels respected and heard. We were especially pleased with our OwnIt! scores this year with 84% of our people agreeing with the statement 'Based on who I am, I feel valued and respected'. Some of the initiatives we have taken in the year include:

- To celebrate International Women's Day, our March Biscuit Briefing was taken over by a team of talented women leaders from across our business who gave updates from across their areas of expertise. This was very well received across the business and showcased the talent and experience that our women leaders bring to the Group;
- Also as part of International Women's day, Bush & Co. launched their 'This is Me' campaign across LinkedIn which aimed to give a greater insight into the lives and challenges facing the women of Bush & Co. This also included Bush's first women's only networking event, 'I am woman', which was attended by partners, solicitors, associates and staff and focused on strength, identity and what women bring to the table.
- A celebration of Pride month through various office events throughout the month. This included saying goodbye to the dress code for a day and inviting staff to dress in an outfit of their choice that made them feel joyous and best represented themselves. We also shared educational articles on Totem, our staff engagement platform, and invited employees to update their pro-nouns on their email signature.
- We continued to tailor our recruitment processes to appeal to a wider range of candidates and made sure that every role was internally advertised on Totem ensuring that all employees are given the opportunity to apply.

The Group is committed to providing equal opportunities for all and has an equal opportunities policy which employees are able to access.

Our customers

Delivering fantastic outcomes for our customers is why our people come to work, whether that be helping someone who has suffered a no-fault personal injury accident to 'make it right' or supporting individuals who have suffered a catastrophic injury with a first class service to support their rehabilitation, we are passionate about providing the best possible service.

Our customers fall into two distinct categories covering both business-to-business (B2B) and business-to-consumer (B2C).

Our B2B customers across both Consumer Legal Services and Critical Care are primarily law firms and are supported by dedicated partnership and business development teams who work to ensure that all parties are satisfied with the management of the relationship and its results. In Personal Injury, our panel law firms are an important and valued part of our strategy and regular review meetings are held with our panel firms throughout the year. These meetings typically cover areas such as feedback, risk, growth, market changes and exchange of business updates.

In Consumer Legal Services, our B2C customers benefit from the expertise of our dedicated legal support teams. National Accident Helpline remains one of the most trusted brands in our market reflecting the ethos of our customer-first approach. We are constantly seeking ways to improve the service we offer and during the year we undertook the following initiatives:

- 2023 saw the creation of National Accident Law's dedicated Client Resolution Team which was created to effectively handle client concerns with two roles dedicated to supporting clients;
- The introduction of weekly meetings with key stakeholders to ensure any client complaints are actioned as quickly as possible;
- Building a closer working relationship between the Client Resolution Team and Marketing Team to create client focused videos to foster a greater understanding for clients and set expectations of the process at the outset;
- Daily reviews of comments raised on our customer claim platform MyAccount to ensure concerns are identified and acted upon quickly; and
- Updated the complaints policy to ensure that formal complaint responses appropriately address client-specific concerns.

In Critical Care, we invested in the training and development of our associates with the aim of improving our service provision, client outcomes and customer satisfaction for both our consumer and law firm customers. This included:

- Growing our case management mentorship programme which aims to build new standards in best practice;
- Focusing on broadening our recruitment across a range of specialisms to ensure we are fully able to provide the type of support our clients need; and
- Focusing on the Continual Professional Development (CPD) of our Expert Witness associates with a programme designed to provide a deeper understanding of a number of significant areas and evolving our training throughout the year to respond to any changes in case law.

In terms of maintaining our relationships with the law firms we work with, we continued to focus on our 'Happy Post' campaign for key customers and new referrers, sharing key service messages to expand our reach within firms and support enquiry conversion. We also hosted a number of meet and greets and case study sessions to give solicitors the opportunity to get to know our case managers, improve relationships and demonstrate the wealth of skills and knowledge that Bush & Co. has to offer.

Our suppliers

The Group works with a number of key suppliers, primarily providers of marketing support services, technology providers, self-employed associates, property search agents and surveyors. Each business has dedicated marketing and operations teams who work in partnership with these suppliers, to ensure the successful delivery of these services for both parties. In Critical Care, we operate a number of initiatives for our case manager and expert witness associates including hosting regional and national meetings to provide peer support and networking.

Our investors

The Group aims to maintain an ongoing dialogue with shareholders and potential investors throughout the year, to update them on business performance, receive feedback and understand shareholder voting decisions. Our Investors section of our website (www.nahlgroupplc.co.uk/investors) explains how we have sought to do this, including:

- Engaging with investors through our Annual General Meeting where all investors are invited to attend in person and are given opportunities to either ask questions in advance or on the day;
- Meeting larger shareholders during our twice-yearly roadshows, following the announcement of the full year and interim results;
- Meeting with retail shareholders using the InvestorMeetCompany platform enabling us to review the results of the Group, host live Q&A sessions, and engage with a wider audience; and
- The Chair of the Board has made himself available to meet investors, as required.

The Board seeks to manage investor expectations whilst striving to make the right decisions as it navigates the ever-changing markets in which it operates; aiming to strike a balance between long-term shareholder value and short-term business needs.

The Environment

NAHL Group plc is conscious of its environmental impact and the need for all businesses to play their part in minimising their impact on the environment and creating sustainable business practices. With this in mind, the following directives were undertaken during the year:

- The idea of the 'Triple Bottom Line' was further embedded into our company culture through our Biscuit Briefings and One Team conferences. This was done through briefings with a particular emphasis on environmental matters as well as all One Team days covering the topic of the environment as well as general business updates.
- Our workforce is now 60% hybrid/remote and 2023 saw the introduction of our Northern One Team conferences where we sought to reduce the travel impact of our Northern-based colleagues having to travel long distances to Kettering by hosting the conference at a more local site and encouraging car-share/use of public transport.

We continued with our mission to grow our forest through our continued partnership with a company to plant trees in Madagascar. In 2023, the Group funded the planting of 750 new trees and now has 1,213 trees in our forest which should result in c. 364 tonnes of CO_2 being sequestered over their lifetime. We combined the planting of new trees over the summer with a range of inspiring initiatives including a tree for every 5 star Trust Pilot review, for every claim settled, and for every 'Planet Proud' photo submitted as part of a photo competition we ran in August as well as continuing to plant a tree for each new employee joining our business during the year.

Our Communities

The Group offers all employees one community day per year and in 2023, to support this initiative the Group once again partnered with 'The Green Patch', a large community garden project, based in Kettering. Overall, around 60 members of staff took their community day during the year donating c. 450 hours of their time to projects they hold a particular passion for. The Consumer Legal Services and Group finance teams took the opportunity to use their community days together and build their team relationships by undertaking a day with the Green Patch over the summer. During the day the teams spent their time litter picking, watering the garden, preparing the orchard for Autumn and making jam from fruit grown on the site.

Our 2023 P2L intake were also tasked with a charity fund raising challenge whereby they were split into teams with each team being tasked with raising money for a charity of their choice. Activities included bake sales, car washing and a charity sky dive with the teams raising £2,500 between them which was then matched by the Group.

We also continued to run our 'Future Legal Minds' competition which aims to support young people at the start of their legal careers. Prizes are awarded to 1 finalist and 2 runners up and include monetary prize funds, features in publications crowned as 'The Future Legal Mind of 2023' and mentoring sessions in with our in-house lawyers.

> The charity fundraiser challenge as part of the P2L course was a really brilliant bonding and team building experience with some of my fellow P2Lers. We had so much fun raising money for a great cause, and felt so honoured that our colleagues across the company wanted to join in with us and donate money for the activities we put on.

Section 172 statement

Section 172 Statement and Stakeholder Engagement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing this, Section 172 requires a Director to have regard, among other matters, to:

- the likely consequences of any decision in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly with members of the company.

The Directors give careful consideration to the factors set out above in discharging their duties under Section 172.

The likely consequences of any decision in the long-term

The key decisions made by the Board during the year were:

- The disposal of Homeward Legal in April 2023. This decision allows the Group to focus on the development of its two core businesses, Consumer Legal Services and Critical Care. The sale represented the culmination of over 2 years' work to find a suitable buyer for the business and resulted in the removal of a loss-making division from the Group, in order to create a more sustainable, profitable business with enhanced shareholder returns in the future.
- To reduce net debt below £10m. Management of cash and debt requires a careful balance between re-investment in initiatives to grow the business for the future and strengthening the Group's financial position by repaying debt. The Group generated Free Cash Flow of £3.6m during the year and repaid £4.25m of the Revolving Credit Facility (RCF) as well as investing in 8,518 new enquiries placed into National Accident Law during the year.

The Board also continued to focus on the Group's long-term strategies for each division. Further detail on the long- term strategy and the Board's decision-making driving this can be found in the CEO's Report on pages 7–12.

The interests of the company's employees

The Group's employees are at the heart of its culture and its operations and as a service provider, the Group recognises the importance of its people to drive its strategy. Employee engagement remains a primary focus for the leadership teams and a number of engagement initiatives were undertaken during the year (see page 42). The Board engages with employees through a dedicated People Team, led by the People Director and supported by the CEO and CFO. The People Director attends the monthly operations meetings with the senior leadership team and attends Board meetings by invitation on a regular basis to feedback to the Board on all employee issues including pay, engagement, training and recruitment.

The Group seeks to understand the needs of its employees primarily through its annual staff survey which covers areas such as development, relationships with management and the senior leaders, work-life balance and views on the business overall. The results of this survey are presented to both the workforce as a whole through small group meetings where results and actions can be discussed in more detail and through presentation and feedback to the Board and senior leadership team where issues can be addressed. See page 42 for more details. Employees are also encouraged to talk to their managers about any issues and the introduction of regular check ins with the senior leadership team in 2023 aims to ensure that employees feel comfortable sharing ideas with the leadership team.

The Group undertakes an annual pay review, taking into account market benchmarks. A 3% increase in pay was awarded to our employees in March 2023. Pay increases above this 3% are considered on an individual basis and take into account personal performance, training and responsibility advances and skill/knowledge. The Group also undertakes a gender pay gap analysis annually.

Employees were also invited to take part in our Save as you Earn (SAYE) Sharesave scheme in October 2023. The scheme was open to all employees of the

Group who had been employed for 3 months prior to the enrolment window. The SAYE scheme aims to give employees a share in the success of the Group and ensure that employees and the Group are aligned in a common goal.

The need to foster the company's business relationships with suppliers, customers and others

The Board acknowledges that in order to deliver on its strategy, it needs to ensure effective collaboration with its key stakeholders. These include its suppliers, customers, bankers and investors. Details on how the Board seeks to foster relationships with suppliers, customers and investors is given on pages 45–46. The Board ensures it keeps in regular contact with its bankers and the CEO and CFO have regular communication the relationship manager for Clydesdale Bank/Virgin Money.

The impact of the company's operations on the community and the environment

The Board are aware that the activities of the Group and the impact of these activities has a far-reaching impact and are mindful to take actions to limit the Group's impact on the environment and to make a positive impact on its communities. Details on how it does this can be found on pages 46–47.

The desirability of the company maintaining a reputation for high standards of business conduct

The Board believes that its success lies with its people and ensuring we have a strong leadership team that provides exceptional oversight and governance that aligns to our values is key to this. Details of the Board and Senior Leadership team can be found on pages 52–54 and details of how the Board has complied with the QCA Corporate Governance Code (its chosen corporate governance framework) can be found on page 60.

The Group is subject to regulation from a number of sources and has a duty to operate within these regulatory guidelines. In order to ensure the Group adheres to these guidelines, the Group has a dedicated legal and compliance team that ensures business is conducted in line with these requirements. Further details can be found in the principal risks and uncertainties report on page 37. Our Trustpilot scores and focus on continuous process improvement (Consumer Legal Services strategic priorities, page 27) and our customer satisfaction scores and CQC scores (Our Business, Critical Care, page 23–24) are all testament to how the business strives to maintain its reputation for high standards of business conduct.

The need to act fairly with members of the company

The Board seeks to balance its long-term strategy with shareholder needs. The Board continues to explore the options for the Group and consideration is given as to how best to generate value for shareholders. The Board considers that its chosen strategy of growing its personal injury self-processing operations remains the most appropriate to drive long-term, sustainable value. The increased number of settlements during the year, increase in cash generated in National Accident Law and increased value of the book of ongoing claims are all testament to the progress that is being made against this strategy. The Board seeks to maintain regular dialogue with shareholders throughout the year as detailed on page 46.

The strategic report on pages 5 to 50 was approved by the Board on 1 May 2024 and is signed on its behalf by

Tim Aspinall
Chair

Leadership and Governance

Board of Directors

Tim Aspinall

Non-Executive Chair

Tim Aspinall became Chair in October 2020, having been a Non-Executive Director since June 2016. He sits on the Group's Remuneration and Nomination Committees and attends the Audit and Risk Committee by invitation.

Tim runs Aspinall Consultants Limited, a management consultancy business advising professional services firms on strategy, performance management and mergers and acquisitions.

Tim is also a Non-Executive Director of Kuro Health Limited which is one of the leading providers of medical reports in the UK. Tim is a qualified solicitor and his senior leadership career in the legal sector includes Managing Partner of DMH Stallard LLP where he led its transformation into an award winning and highly respected mid-market law firm.

James Saralis

Chief Executive Officer

James Saralis is Chief Executive Officer of the Group, which he joined in January 2018.

As Chief Executive Officer, James' responsibilities include managing the day-to-day operations of the business, developing and implementing the Group's strategy, ensuring delivery of budgeted financial performance and promoting the values of the Group.

Between 1 January 2018 and 16 August 2021, James served in the role of Group Chief Financial Officer and was instrumental in the strategic and operational development of NAHL, playing a key role in navigating the challenges presented by the coronavirus pandemic and in transforming the Personal Injury business into a modern, technologically-enabled law firm.

James has a wealth of experience both operationally and of the AIM market. Previously, he spent over 10 years in the general insurance industry, including as CFO of the Direct & Partnerships and Employee Benefits divisions of Jelf, part of Marsh & McLennan Companies. James has also held various finance roles in Clearspeed Technology plc, HBOS plc and RAC plc. He is a Chartered Accountant and fellow of the ICAEW, having been a member since 2003. He holds a Bachelor of Science from the University of Bristol.

Chris Higham

Chief Financial Officer

Chris Higham is Chief Financial Officer of the Group, which he joined in 2006. As Group Chief Financial Officer, Chris' responsibilities include management of the finance function and liaising with the Group's investors and the banks. Chris has an in-depth understanding of the Group's operations, having helped implement the Personal Injury business' transformation and developed the finance function during a period of significant change.

Chris joined the Group in 2006 as the Financial Controller of National Accident Helpline Limited. He has worked in numerous roles at NAHL, including CFO of the Personal Injury business, Commercial Director at Homeward Legal Limited and most recently Group Finance Director.

Chris is a fellow of the Association of Chartered Certified Accountants (ACCA) and prior to joining NAHL he spent 5 years at Thomson Reuters.

Sally Tilleray

Non-Executive Director

Sally joined the board on 19 July 2019 and is Chair of the Group's Audit and Risk Committee, as well as sitting on the Remuneration and Nominations Committees.

Sally is Senior Independent Non-Executive Director of Mind Gym plc, the AIM quoted behavioural science training and business improvement group, Non-Executive Director of AIM quoted Skillcast plc, the leading provider of corporate compliance e-learning in the UK and Senior Independent Non-Executive of Fadel plc the AIM – listed brand compliance, rights management and royalty billing software provider. She is Chair of UNRVLD, a digital experience agency and Senior Independent Non-Executive Director of Nominet the official registry for all .UK domain names.

In her executive career, Sally was previously Group Chief Operating Officer and Group Chief Financial Officer at Huntsworth plc, the fully listed international healthcare and communications firm, where she was responsible for the Group's worldwide financial functions and day to day operations. Prior to this, she served as CFO Europe for Predictive Inc., a technology consulting business which listed on Nasdaq in 2000. She is a member of the Chartered Institute of Management Accountants.

Brian Phillips

Non-Executive Director

Brian joined the Board on 25 June 2020 as a Non-Executive Director.

He has had a long and distinguished career in private equity and in 2014 stepped back from full time employment to build a portfolio of investments using his own capital. He later used this experience and extensive contacts in the field to start Ethos Partners LLP in 2017, which is a private investment office operating in the UK small cap and private equity market.

During his executive career, Brian was previously the Chief Investment Officer for Greenhill Capital Partners in London where he was recruited to set up a new private equity business for Greenhill & Co., a listed US investment bank. Previous to this he was Managing Director for L&G Ventures and a Director at various firms including Bridgepoint and Gartmore Private Capital.

Brian is a Chartered Accountant and member of the Institute of Chartered Accountants of Scotland.

Group Executive Team

Will Herbertson

Managing Director, Consumer Legal Services

Will joined the Group as Managing Director of the Group's Residential Property division in September 2018 before moving into the role of Director of Marketing and Strategy, Consumer Legal Services following the merger of the Residential Property Division with the Personal Injury Division in 2020.

In the current role of Managing Director – Consumer Legal Services, Will is responsible for the executive leadership and operations of the Consumer Legal Services Division which includes National Accident Law, National Accident Helpline (marketing business), Searches UK, Your Law and Law Together.

Will brings extensive commercial, marketing and digital experience to the Group. Prior to joining the Group, Will was a Commercial Director at MoneySupermarket and held UK and international sales and marketing positions with Proctor & Gamble, where he started his career.

Helen Jackson

Managing Director – Critical Care

Helen was appointed as Managing Director at Bush & Company in July 2016 having spent four years as Group HR Director.

Responsible for overall strategy and leadership within the division as well as business development, quality and clinical independence, Helen has driven a number of business improvements.

More recently of note, Helen led Bush in launching two industry leading ventures with the Spinal Injuries Association and Child Brain Injury Trust, both prominent charities in the sector, reinforcing the Company's market positioning as the leader in catastrophic injury in case management, building on Bush's 30 years of success within the Critical Care sector.

Previously, Helen held HR leadership roles at Everest, BUPA and Tesco.

Marcus Lamont

Group People Director

Marcus joined the Group in 2016 as HR director and since then, Marcus has embarked on delivering improvements to talent development, embedding the Group's culture and values and enhancing recruitment processes, with significant focus on an aligned approach across all divisions.

Passionate about staff engagement and recognition, Marcus recently delivered Gold Standard Investors in People status for the Personal Injury division as well as ensured its inclusion for the first time in the Sunday Times Top 100 Best Small Companies to work for.

Marcus joined from Everest where he was HR Director, taking the lead on talent management, leadership development, employee engagement and change management. Prior to that, Marcus held senior positions at UPS plc, across the globe.

Leadership and governance

Chair's Introduction to Governance

Dear Shareholder,

On behalf of the Board of Directors of NAHL Group plc (the 'Board'), I am pleased to introduce our Corporate Governance statement for the year ended 31 December 2023. The purpose of this section of the annual report is to set out our commitment to good corporate governance, which should be read in conjunction with our website which provides further detail.

The Board is committed to a high level of corporate governance, which is the way in which companies are directed and controlled. It believes that good corporate governance is vital to support long-term growth in shareholder value. To achieve this, companies require an efficient, effective and dynamic management framework that is accompanied by clear communication, promoting confidence and trust.

Compliance with the QCA Corporate Governance Code

Companies listed on AIM are required to adopt a recognised corporate governance code. The Board has adopted the Quoted Companies Alliance (QCA) Corporate Governance Code. We believe that the QCA code is a pragmatic, principles-based tool that enhances the Group's ability to explain its approach to corporate governance. It is appropriate for the needs and circumstances of small and mid-sized quoted companies on a public market and the Board consider it still to be appropriate for NAHL Group.

The code is based around a set of ten principles to which the Group must either comply or explain why it has chosen not to. The ten principles of the code are set out in the table on page 60 and I can confirm that we are in compliance with the requirements of the code and the table provides signposts to the relevant disclosures and explanations.

Throughout 2024 we plan to undertake an exercise to review and update our policies in light of the updates made in the QCA Corporate Governance Code 2023. The Group will be required to apply these principals for the year beginning 1 January 2025 and will report on the expected changes in the 2024 Governance Statement.

Shareholder engagement

An important part of the QCA code concerns engagement and communication with our shareholders. We welcome open and regular dialogue with our shareholders and the 'Our Investors' section of our website explains how we have sought to do this.

In 2023 we were once again pleased to be able to invite shareholders to attend our Annual General Meeting in person as well as seeking to maintain engagement and dialogue with a wider base of shareholders by encouraging shareholders to listen to the meeting via a remote platform, InvestorMeetCompany, and submit questions prior to the meeting, which were subsequently answered by the Directors during the meeting.

It is our intention that this year we will adopt the same approach giving shareholders the opportunity to attend the AGM face-to-face or to follow proceedings via our remote platform and I would like to extend an invitation to all shareholders to attend our AGM and to engage with the Board and other members of our senior leadership team who will be in attendance.

Tim Aspinall

Chair

Governance Statement

Governance Structure

An important element of corporate governance is the governance structure that is in place to manage and control the activities of the Group and this is set out below. Details of the composition of the Board and their roles are set out on pages 57–59.

Board
Comprises the Non-Executive Chair, two Non-Executive Directors (NEDs) and two Executive Directors, the Group CEO and Group CFO.

Led by the Chair, the Board is collectively responsible for promoting the long-term success of the Group for the benefit of its shareholders and wider stakeholders. It provides oversight, sets the Group's strategy and risk appetite, and scrutinises investment cases. It makes decisions on matters reserved for the Board.

Group CEO
Leads the management team in the day- to-day running of the business, develops and executes the strategy agreed with the Board, actively engages with shareholders on the performance of the Group, and maintains an inclusive, progressive culture, for the benefit of the Group's people, communities and the environment.

Audit & Risk Committee
Comprises the NEDs. The Chair, Group CEO and Group CFO attend by invitation.

Oversees the integrity of the financial statements, monitor risk and internal controls, reviews accounting policies, appoints external auditor and approves their remuneration.

Remuneration Committee
Comprises the Chair and NEDs. The Group CEO attends by invitation.

Determines the remuneration policy of the Board and Group Executive.

Nominations Committee
Comprises the Chair and NEDs.

Reviews structure, size and composition of the Board, succession planning and makes recommendations on Board appointments.

Group Executive
Chaired by the Group CEO, also comprises the Group CFO, Group People Director and Managing Director of each of the Group's divisions.

Supports the Group CEO in leading the business and managing risk, implementing the strategy and developing investment cases.

As Company Secretary, Kirstie Cove supports the Board with compliance and governance matters. The Board will continue to review this structure as part of its Board effectiveness reviews.

Board composition and roles

There were no changes to the composition of the Board during the year.

The Board comprises the Non-Executive Chair, two independent Non-Executive Directors and two Executive Directors. Their biographies can be found on pages 52–53. The Board believes that the current Board composition provides the skills and experience necessary to meet the Group's needs, given its size and nature.

There is a clear separation of the roles of Non-Executive Chair and Executive Directors.

Role of the Chair

The Chair, Tim Aspinall, is responsible for leading the Board, ensuring it is focusing on strategic matters and setting high governance standards. The Chair adopts a leading role in determining the composition and structure of the board and promotes and oversees the highest standards of corporate governance within the Board and the Group. He plays a pivotal role in fostering the effectiveness of the Board and individual Directors, both inside and outside the board room, encouraging an open, inclusive discussion which challenges executives, where appropriate. The Chair promotes constructive relations between the Non-Executive Directors and Executive Directors, facilitating open debate, active engagement and effective contribution by all members of the Board. He sets an agenda for the Board which is forward looking and focuses on strategic matters. He is also responsible for ensuring effective communication with shareholders and representing the Group with external parties.

Role of the CEO

The Group CEO, James Saralis, is accountable, and reports to, the Board and is responsible for leading the management team in the day-to-day running of the Group's business, implementing its long and short-term plans, and executing the strategy and commercial objectives agreed by the Board. The Group CEO chairs the Group Executive, leading them to maximise the performance of the business and acts as liaison between the Executive and the Board, communicating its decisions and recommendations to the Board as well as reporting progress to the Board in the execution and delivery of strategic objectives. The CEO supports the Chair with stakeholder and shareholder management, ensuring the Board is made aware of the views of these stakeholders on business issues. He also supports the Chair in ensuring that appropriate standards of governance apply through all parts of the Group, providing clear leadership on responsible business conduct and maintaining a positive and inclusive company culture; setting an example to the Group's people and other key stakeholders.

Role of the CFO

The Group CFO, Chris Higham, is responsible for managing the financial and risk actions of the Group and supporting the Group CEO in ensuring the development and execution of strategies to grow shareholder value. He provides strong, functional leadership to the Group's finance department, including in matters of financial reporting, tax, treasury, pensions and investor relations and supports the CEO with his responsibilities for senior manager appointments and development and fostering good working relationships with the Executive team. He supports the Group CEO in ensuring that management fulfils its obligation to provide the Board with accurate, timely, balanced and clear financial information and other relevant KPIs in a form and of a quality that will enable it to discharge its duties effectively. The Group CFO also supports the Group CEO in representing the Group to its shareholders and providing regular updates on business performance and strategic developments.

Non-Executive Directors

The Non-Executive Directors, Sally Tilleray and Brian Phillips, provide positive challenge as an essential aspect of good governance and, using their wider experience outside of the Group, give constructive feedback on policies and proposals put forward by the Executive Directors. They Chair the Board Committees to provide independent oversight of these important areas of governance.

Board meetings

Board meetings were attended both virtually and in person throughout the year.

The Board met seven times during 2023 and the meetings last for approximately half a day. In addition to this, all Directors attend the Group's Annual General Meeting. Additional meetings or conference calls are convened as required. Members of the Board also chair and sit on the Board committees and these each have their own time commitments.

The following table shows the Directors' attendance at Board and Committee meetings during the year:

	Board	Audit	Remuneration	Nomination
Tim Aspinall	7/7	N/A	3/3	1/1
James Saralis	7/7	N/A	N/A	N/A
Chris Higham	7/7	N/A	N/A	N/A
Sally Tilleray	7/7	4/4	3/3	1/1
Brian Phillips	6/7	4/4	3/3	1/1

Board effectiveness

Members of the Board maintain membership of a number of professional bodies and ensure their skill sets are constantly developed. As part of our ongoing commitment to staff development, Executive Directors and senior leaders have personal development programmes which include mentoring and attendance at high level leadership programmes. In addition, they receive individual support for specific and identified development needs to ensure they are kept up to date on relevant legal developments or changes in best practice.

The Nominations Committee is responsible for considering the make-up of the Board and identifies any succession planning requirements.

No individual or group dominates the Board's decision-making processes.

The Chair annually reviews the contributions of Board members, with a focus on ensuring effectiveness and relevance. The Board periodically reviews its effectiveness and performance as a unit to ensure that it is operating collectively in an efficient, informed, productive and open manner.

As stated in the 2022 Governance Statement, the Board undertook an evaluation of its effectiveness in 2023 which was supervised by the Company Secretary and concluded that the Board operates effectively and its structures and procedures are appropriate for the current situation of the Group.

Internal control

The Group has implemented policies on internal control and corporate governance. These have been prepared in order to ensure that:

- proper business records are maintained and reported on, which might reasonably affect the conduct of the business;
- monitoring procedures for the performance of the Group are presented to the Board at regular intervals;
- budget proposals are submitted to the Board no later than one month before the start of each financial year;
- accounting policies and practices suitable for the Group's activities are followed in preparing the financial statements;
- the Group is provided with general accounting, administrative and secretarial services as may reasonably be required; and
- interim and annual accounts are prepared and submitted in time to enable the Group to meet statutory filing deadlines.

The Group continues to review its system of internal control to ensure compliance with best practice, whilst also having regard to its size and the resources available. The Board considers that the introduction of an internal audit function is not appropriate at this juncture, although the Group finance team continues to undertake a series of internal control reviews and reports the outcomes of these to the Audit and Risk Committee.

Board committees

To assist in carrying out its duties the Board has set up a number of committees, including the Audit and Risk Committee, the Remuneration Committee and the Nominations Committee. Each committee has formally delegated duties and responsibilities with written terms of reference. From time-to-time separate committees may be set up by the Board to consider specific issues when the need arises. An explanation of the responsibilities and composition of the committees is set out below and the terms of reference can be downloaded from our website.

Audit and Risk Committee

The Audit and Risk Committee consists of:

Sally Tilleray (Chair)

Brian Phillips

The Audit and Risk Committee is expected to meet formally at least three times a year and otherwise as required. It has responsibility for ensuring that the financial performance of the Group is properly reported on and reviewed, and its role includes monitoring the integrity of the financial statements of the Group (including annual and interim accounts and results announcements), reviewing internal control and risk management systems, reviewing any changes to accounting policies, reviewing and monitoring the extent of the non-audit services undertaken by external auditors and advising on the appointment of external auditors.

Remuneration Committee

The Remuneration Committee consists of:

Brian Phillips (Chair)

Tim Aspinall

Sally Tilleray

The Remuneration Committee is expected to meet not less than twice a year and at such other times as required. The Remuneration Committee has responsibility for determining, within the agreed terms of reference, the Group's policy on the remuneration packages of the Company's Chair, the Executive and Non- Executive Directors, the Company Secretary and other senior executives. The Remuneration Committee also has responsibility for:

- determining the total individual remuneration package of the Chair and each Executive Director (including bonuses, incentive payments and share options or other share awards); and
- determining the total individual remuneration package of the Company Secretary and all other senior executives (including bonuses, incentive payments and share options or other share awards), in each case within the terms of the Group's policy and in consultation with the Chair of the Board and/or the Executive Directors.

No director or manager may be involved in any discussions as to their own remuneration.

Nominations Committee

The Nominations Committee consists of:

Tim Aspinall (Chair)

Sally Tilleray

Brian Phillips

The Nominations Committee is expected to meet not less than once a year and at such other times as required. It has responsibility for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board, and giving full consideration to succession planning. It also has responsibility for recommending new appointments to the Board.

Accountability and stakeholders

The Board considers that the 2023 Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. Details of how we do this are also explained in the Audit and Risk Committee report.

How we have complied with the QCA Corporate Governance Code

Deliver Growth	
Governance principles	**Reference**
1. Establish a strategy and business model which promote long-term value for shareholders	See Our Business, pages 20–24 and CEO's report (pages 7–10)
2. Seek to understand and meet shareholder needs and expectations	See Chair's Introduction to Governance (page 55)
3. Take into account wider stakeholder and social responsibilities and their implications for long-term success	See Our Culture (pages 41–47) and Section 172 Statement (pages 49–50)
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation	See Principal Risks and Uncertainties (pages 34–39)
Maintain a dynamic management framework	
Governance principles	**Reference**
5. Maintain the Board as a well-functioning, balanced team led by the Chair	See Governance Statement (pages 56–59)
6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities	See Governance Statement (pages 56–59)
7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	See Governance Statement (page 56–59)
8. Promote a corporate culture that is based on ethical values and behaviours	See Our Culture (pages 41–47)
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	See Governance Statement (pages 56–59)
Build Trust	
Governance principles	**Reference**
10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	See Chair's Introduction to Governance (page 55) and Section 172 Statement (pages 49–50)

Audit and Risk Committee Report

Dear Shareholder,

I am pleased to present my report of the Audit and Risk Committee for the year ended 31 December 2023.

The composition and responsibilities of the Committee are set out on page 58. The Chair, Chief Executive Officer, Chief Financial Officer, Group Financial Controller and external auditors attend the Committee by invitation, if required.

The main items of business considered by the Committee during the year included:

Re-appointment of external auditor

The Committee considers a number of areas when reviewing the external auditor appointment, namely their performance in discharging the audit, the scope of the audit and terms of engagement, their independence and objectivity, and remuneration. Mazars LLP (Mazars) were first appointed as the Group's external auditor in 2020 and conducted the audit of the Group's financial statements for the financial year to 31 December 2020. At the Annual General Meeting in June 2023 Mazars were re-appointed for 2024. The Committee monitors the provision of non-audit services by the external auditor. The breakdown of fees between audit and non-audit services is provided in note 3 to the financial statements. The non-audit fees relate to a regulatory audit of compliance with the Solicitors Accounting Rules in National Accident Law and ad-hoc reviews of interim statements and subsidiary company accounts.

Following the completion of this year's audit, the Committee has confirmed it is satisfied with the independence, objectivity and effectiveness of Mazars and has recommended to the Board that the auditors be reappointed, and there will be a resolution to this effect at the forthcoming Annual General Meeting.

External audit process

On completion of the annual audit, the Committee reviews the overall audit process and engages with both management and Mazars to determine any areas of improvement for the coming year. The Committee determined that overall, the audit process is considered to be effective for both parties.

The external auditor prepared a plan for its audit of the full year financial statements, which, this year, was presented to the Committee in November 2023.

The audit plan set out the scope of the audit, areas of significant risk for the external auditor to focus their work on and audit timetable. This plan was reviewed and agreed in advance by the Audit and Risk Committee. The Key Audit Matters identified by Mazars were the carrying value of goodwill and investment valuation. The committee agreed with these being significant areas of focus given the materiality of the balances and the judgements and estimates that are necessary to perform the review.

Following its review of the 2023 financial statements, the external auditor presented its findings to the Audit and Risk Committee for discussion. No major areas of concern were highlighted by the external auditor during the year however areas of significant risk and other matters of audit relevance were discussed.

Critical accounting judgements and key sources of estimation uncertainty

The critical accounting judgements considered by the Committee during the year are set out in note 1 to the financial statements on page 97. In consideration of these judgements, the Committee reviewed the recommendations of the finance function and received reports from the external auditors on their findings.

The only area of judgement deemed to warrant disclosure under IAS 1 is the decision to consolidate the results and net assets of two Limited Liability Partnership (LLP) law firms in the financial statements. There have been no changes to this judgement since the prior year and further details are given in note 1 to the financial statements.

The Committee has also considered the key sources of estimation uncertainty set out in note 1 to the financial statements on pages 97–98, which comprises:

- Estimates in relation to the revenue recognition on provision of legal services.
- Estimates concerning recoverability of trade receivables.
- Estimates concerning the assumptions used in the annual impairment review of goodwill and parent company investment.

There have been no changes to the methodology used for estimates in relation to revenue recognition or recoverability of trade receivables and no changes in circumstances that would indicate these assumptions are no longer appropriate. Further details are given in note 1 to the financial statements.

The Committee asked management to obtain external advice with regards to the impairment reviews during the year to ensure that its methodology met best practice and to gain a third party insight into the significant variables it uses for the weighted average cost of capital (WACC) rate. This was a helpful exercise that allowed the management team to critically review its methodology and developed an improved and robust method to use going forwards.

The Audit and Risk Committee reviewed the assumptions used in the preparation of the goodwill and parent company investment impairment reviews in detail. In particular, it reviewed the following key changes in the calculations compared to the prior year:

- The introduction of a long-term growth rate of 2% in the calculation of terminal cash flows. Previously, given the relatively flat interest and inflation rates in the market, management did not deem it appropriate to include a long-term growth rate. Given the increase seen in both of these measures over the past 12 months, management now deem it to be an appropriate time to include this assumption in the calculations.

The Audit Committee considered this change and concurred with management's approach.

The Committee also reviewed the two key inputs being the WACC rate and the underlying divisional forecasts/growth rates.

WACC rate – the WACC rate has been based on inputs using external sources to verify the risk free rate, Beta and market risk premium. Company specific risks have then been applied to take into account the specific risks of each division as well as using industry benchmarks to ensure the rate used is aligned to the wider market. The Audit Committee have discussed and challenged these inputs to ensure they are suitable and have concluded that these inputs are appropriate.

Forecasts and growth rates – the Personal Injury market remains relatively flat and the key assumption underpinning the growth of the division is an increase in placement of enquiries into National Accident Law rather than with the panel. This is in line with the overall Group strategy and the division has made solid progress on its strategy during the year. The Audit Committee consider these forecasts to be an appropriate base.

Sensitivities have been considered on the impairment calculations that indicate the calculations are most sensitive to changes in the WACC rate. A 29.4% increase to the WACC rate from 10.9% to 14.1% would reduce the available headroom to zero. At present, the Board considers the current WACC rate to be appropriate as it is based on reasonable and supportable assumptions but note that given the current economic climate, the WACC rate could increase or decrease in future years which in turn could lead to a decrease or increase in the available headroom.

Management have also considered the level of headroom in the forecast profits and cash flows and note that these could withstand a 28% decrease in each year of the forecast period before the available headroom would reduce to zero.

In summary, the Committee is satisfied that the judgements and estimates made by management are appropriate.

Going Concern

The Audit and Risk Committee has reviewed the Going Concern assessment prepared by management. The assessment includes detailed financial forecasts covering the Group's adopted strategy and considers a range of sensitivities. The period considered for the going concern review is to the end of June 2025, being approximately 12 months from the date of signing of the 2023 Annual Report and financial statements. The going concern assessment focuses on two key areas, being the ability of the Group to meet its debts as they fall due and being able to operate within its banking facility.

The Group refinanced its banking facilities in February 2024 and has access to a £15.0m revolving credit facility (RCF) with its bankers which is due to mature on 31 December 2025. The forecasts indicate that the Group will have sufficient liquidity within the RCF to meet its liabilities as they fall due and would not need to access additional funding. The Group's RCF is subject to quarterly covenant testing and all of the scenarios modelled suggest that the Group will continue to operate within its covenants for the foreseeable future.

The forecast sensitivities consider a scenario in line with the impairment sensitivities in which Personal Injury profit is 30% lower than planned and also a cash scenario which assumes debt collection is slower than planned . Under both of these scenarios, the Group is still able to operate within the banking facility and meet its covenants.

Further details of the going concern review are given on page 96. Based on this review, the Committee has a reasonable expectation that the Company and Group has adequate resources to continue in existence for the foreseeable future and has concluded it is appropriate to adopt the going concern basis of accounting in the preparation of the financial statements.

New and forthcoming accounting standards

There were no new accounting standards during the year that had a material impact on the amounts reported and disclosures included in the financial statements.

Disclosures

The Audit Committee has reviewed the disclosures in the financial statements and notes that the only significant change from 2022 is regarding the disposal of Homeward Legal. The results of Homeward Legal have been included in the consolidated financial statements up to the date of disposal and are included as discontinued operations. Further details of these can be found in note 27 to the financial statements.

Risk Management Framework and controls

The Audit and Risk Committee provides support to the Board in its oversight of the Group's risk management framework, as set out on page 35 and monitors the effectiveness of risk management through reporting and assurance. Each year, the committee commissions a review into the risk management framework and risk appetite to ensure the appetite of the senior management team is in alignment with that of the Board. This review was conducted by the Chief Financial Officer and concluded that no changes to the risk management framework were needed and that the appetite of the senior management team and Board was consistent.

Other items considered during the year

The Group finance function conducts an annual programme of review of the financial controls operating within each of the businesses, identifying areas to be improved and reporting the outcomes to the Committee. The Committee believes that in view of the current size and nature of the Group's businesses, this approach is still sufficient to enable the Committee to derive sufficient assurance as to the adequacy and effectiveness of internal controls and risk management procedures without a formal internal audit function. The internal review program for 2023 focused on the following areas:

Divisional reviews

The review built on the findings from 2022 which identified a number of areas where improvement could be made in the Critical Care division and noted that these were due to be addressed through further improvements to the systems in 2023. The bulk of the system changes were fully implemented and running as intended by Q3 2023, resulting in improvements to the day-to-day operational processing as well as improvements to the quality and timeliness of financial reporting.

Review of the SAR review report

Management present the findings of the annual SAR review to the Committee. Pleasingly, there were no reportable breaches and no minor management points raised.

Review of the financial policies and procedures

The Committee undertook its annual review of the Group policies and procedures. Changes made during the year included ensuring that these had been updated following the departure of the Legal and Compliance Director in September 2023 and ensuring that there were no gaps in responsibilities and ownership.

Sally Tilleray

Chair of the Audit and Risk Committee

Directors Remuneration Report 2023

Dear Shareholder,

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the financial year ended 31 December 2023.

The composition and responsibilities of the Committee are set out on page 59.

The Committee has reviewed the current Directors' Remuneration Policy in light of the recent changes outlined in the 2023 QCA Code. Whilst the new recommendations relating to the 2023 QCA Code are not due to be implemented by the Company until January 2025, the Committee intends to adopt a number of amendments from the AGM in June 2024.

The annual Directors' Remuneration Report provides details of the amounts earned in respect of the year ended 31 December 2023 and how the Directors' Remuneration Policy will be operated for the year ending 31 December 2024.

Review of the 2023 financial year

2023 saw the Group achieve its financial goals and return to growth. Group revenue increased by 2% to £42.2m and operating profit decreased from £4.8m to £4.1m. The Group also made progress on reducing its net debt from £13.3m at 31 December 2022 to £9.7m at 31 December 2023. Both of our divisions made good progress on their strategic plans.

The above context informed and shaped the decisions of the Committee during the year.

Alignment with vision and strategy

Our ongoing vision is to continue to be a leader in the personal injury and catastrophic injury markets. In Critical Care, this requires us to broaden our customer base, extend our competencies and specialisms and be more efficient at what we do. In Consumer Legal Services, we are growing our integrated law firm, National Accident Law, by leveraging our agile and scalable placement model to create a more sustainable and profitable business. The Remuneration Policy and framework support this vision and strategy directly.

Shareholder engagement

We are committed to engaging with our major shareholders on all key matters. The results of the voting on the 2022 remuneration report which included the Remuneration Policy are set out on page 70 of the report.

New 2024 Remuneration Policy

Our previous Directors' Remuneration Policy was presented in the 2020 Directors' Remuneration Report, which was approved through an advisory vote at the 2021 Annual General Meeting and became effective for three years from the close of that meeting. The Committee has taken the opportunity to review the executive remuneration framework to ensure that it:

- retains and motivates our Executive Directors and wider management in order to provide the Group with continuity and stability at the leadership level
- is simple and transparent; and
- takes into account market practice, shareholder expectations and best practice governance developments for AIM companies

The full 2024 remuneration policy can be found on pages 71–77.

Remuneration decisions in respect of 2023

Board changes

There were no Board changes in the year ended 31 December 2023.

Salary and Fees
The CEO and CFO were awarded a 3% increase in salary with effect from 1 March 2023 in line with the percentage increase awarded to the wider workforce. Fees for Non-Executive Directors have remained unchanged since 2019.

Annual bonus outcomes
The 2023 annual bonus required the Group to achieve stretching underlying operating profit targets in order to pay out. The Company's target operating profit for 2023 exceeded the threshold target set, resulting in bonus payments of £129,950 and £44,419 for the CEO and CFO respectively. Further details on this target are given on page 68.

Long-term incentives
The first tranche of Awards made to the CEO and CFO under the Company's Share Option Plan, granted on 23 April 2021, vested on 23 April 2023.

Awards were subject to continued employment and a business performance underpin, which the Committee determined had been satisfied. As a result, the CEO was allotted 194,656 shares in the Company with a face value of £84,189 and the CFO was allotted 46,000 shares in the Company with a face value of £19,895 on exercise on 19 May 2023.

The second tranche of the same Awards, which are subject to the same performance conditions, are due to vest on 23 April 2024.

On 28 April 2023, restricted share awards, made in line with the Company's Directors' Remuneration Policy, were granted to James Saralis and Chris Higham as follows:

- For James Saralis, an Award over 310,000 shares which will vest on the third anniversary of the grant date, subject to continued employment and a business performance underpin.
- For Chris Higham, an Award over 210,000 shares which will vest on the third anniversary of the grant date, subject to continued employment and a business performance underpin.

Implementation of Directors' Remuneration Policy for 2024

Salary/Fees
The Executive Directors were awarded a 3% increase in salary with effect from 1 March 2024, in line with the average salary increase awarded to the wider workforce. Salaries for the CEO and CFO increased to £232,800 and £159,000 respectively.

Non-Executive Directors and the Board Chair were awarded a basic fee increase of 3% with effect from 1 March 2024, in line with the average salary increase awarded to Executive Directors. There was no increase applied to the additional fees paid to Committee Chairs. This was the first increase of Non-Executive Director fees since 2019.

Annual bonus plan
The CEO's annual bonus opportunity for 2024 will remain at a maximum of 100% of salary and the CFO's will remain at 50% of salary. The bonuses are subject to stretching operating profit targets for 2024. The performance targets are considered commercially sensitive and will be disclosed in next years' Directors' Remuneration Report.

Long-term incentives
It is anticipated that Executive Directors will be granted a restricted share award equal to 50% of salary at grant. The award will vest on the third anniversary of the grant date subject to continued employment and a business performance underpin.

Conclusion
We are committed to a responsible and transparent approach in respect of executive pay. The Committee believes that the advisory vote provides accountability and gives shareholders a say on this important area of corporate governance.

I trust that you will find this report helpful and informative and agree that the determinations made by the committee are appropriate and in the long-term interests of both the Company and our shareholders. I would also like to take this opportunity to thank our shareholders for their ongoing support and hope that you support the Directors' remuneration report for the year at the Company's Annual General Meeting to be held in 2024. I will be available at the meeting to answer any questions that you may have regarding the work of the Committee.

Brian Phillips

Chair of the Remuneration Committee
1 May 2024

Single figure of remuneration (audited)
The table below details the elements of remuneration receivable by each Director for the financial year ended 31 December 2023 and the total remuneration receivable by each Director for that financial year and for the financial year ended 31 December 2022.

	Salary and fees £000	Benefits[1] £000	Annual Bonus £000	Pension £000	LTIP £000	**Total Remuneration 2023 £000**	Total Remuneration 2022 £000
J D Saralis	225	18	130	2	84	**459**	239
C Higham[2]	154	16	44	4	20	**238**	50
Non-Executive Directors							
T J M Aspinall	80	–	–	–	–	**80**	80
S A Tilleray	50	–	–	–	–	**50**	50
B Phillips[3]	50	–	–	–	–	**50**	46

1. Taxable benefits received during the financial year ended 31 December 2023 are principally car allowance and private medical insurance.
2. C Higham was appointed to the Board as CFO from 15 September 2022. Previously he was not a member of the Board. The salary, benefits and pension figures in respect of 2022 above represent his pro-rated remuneration from the date of his appointment to the Board to 31 December 2022.
3. B Phillips was appointed to Chair of the Remuneration Committee from 30 September 2022 and his fee was increased accordingly.

Individual elements of remuneration (audited)
Base salary and fees
The base salaries for 2023 and 2024 are as set out below:

	2024 base salary £000	2023 base salary £000	% increase
J D Saralis	233	226	3%
C Higham	159	155	3%

Details of Non-Executive Directors' fees for 2023 and 2024 are as set out below:

	2024 fee £000	2023 fee £000	% increase
Chair's fee	82	80	3%
Non-Executive Director's fee	46	45	3%
Chair of the Audit and Risk Committee	5	5	0%
Chair of the Remuneration Committee	5	5	0%

Annual bonus plan (audited)

The maximum annual bonus opportunity for the CEO was capped at 100% of salary and for the CFO 50% of salary in respect of the year ended 31 December 2023. 100% of the annual bonus was assessed against underlying operating profit performance with a proportion of the total bonus opportunity being awarded at 90% of target achievement. No bonus was payable at under 90% of target achievement.

The underlying operating profit target for 100% bonus payout was set at £5.0m based on an underlying operating profit before bonus provisions.

The Company delivered an actual underlying operating profit before bonus provisions of £4.6m for the year ended 31 December 2023. The 90% threshold operating profit target was therefore achieved, resulting in bonus payments being made to the CEO and CFO.

The following table sets out the bonus criteria for the CEO and CFO.

Director	Performance measure	Proportion of bonus determined by measure	Performance target	Bonus earned £000
James Saralis	Operating profit	100%	Operating profit threshold of 90% of £5.0m was achieved	130
Chris Higham	Operating profit	100%	Operating profit threshold of 90% of £5.0m was achieved	44

Long-term incentives (audited)

Awards vested during the year

The first tranche of Awards made to the CEO and CFO under the Company's Share Option Plan on 23 April 2021 vested on 19 May 2023.

Awards were subject to continued employment and a business performance underpin, which the Committee determined had been satisfied. As a result, the CEO was allotted 194,656 shares in the Company with a face value of £84,189 and the CFO was allotted 46,000 shares in the Company with a face value of £19,895.

The second tranche of the same Awards, which are subject to the same performance conditions, are due to vest on 23 April 2024.

Awards granted during the year

On 28 April 2023, restricted share awards were granted to James Saralis and Chris Higham as follows:

	Number of shares	Face value at grant (% salary)[1]	Face value at grant (£000)[2]	Vesting period
James Saralis	310,000	50% of April 2023 salary	113	3 years
Chris Higham	210,000	50% of April 2023 salary	78	3 years

1. The Committee determined that share Awards should be rounded to the nearest 10 shares.

2. The 5-day average mid-market closing share price between 22 March 2023 to 28 March 2023 (£0.368) was used to determine the face value of the awards.

Awards will vest on the third anniversary of the grant date subject to continued employment and a business performance underpin.

Statement of Directors' shareholding and share interests

The interests of the Directors and their immediate families in the Company's Ordinary Shares as at 31 December 2023 and as at 31 December 2022 were as follows:

	31 December 2023	31 December 2022
Executive Directors		
J D Saralis	0.29%	0.10%
C Higham[1]	0.43%	0.34%
Non-Executive Directors		
T J M Aspinall	0.02%	0.02%
B Phillips	0.00%	0.00%
S A Tilleray	0.00%	0.00%

1. Chris Higham was appointed to the Board on 15 September 2022.

The interests of the CEO and CFO as at 31 December 2023 in the Company's share schemes were as follows:

Director	Plan	Total as at 31 December 2022	Exercised during the year	Vested but unexercised during the year	Unvested and subject to performance measures	Unvested and subject to performance measures[1]	Total as at 31 December 2023
J D Saralis	Restricted share award	689,313	194,656	–	804,657	41,222	845,879
C Higham	EMI[2]	124,999	–	124,999	–	–	124,999
	Restricted share award	177,000	46,000	–	341,000	41,222	382,222

1. Includes shares held in the Company's SAYE plan.

2. C Higham's EMI awards relate to share options granted in 2014. These vested in 2017 and are exercisable until 31 December 2024 at an exercise price of £2.00.

Consideration by the Directors of matters relating to Directors' remuneration

During the year ended 31 December 2023, the Committee was composed of the Company's independent Non-Executive Directors, Brian Phillips, Tim Aspinall and Sally Tilleray.

Executive Directors only attend meetings by invitation.
The Committee's key responsibilities are:

- reviewing the ongoing appropriateness and relevance of remuneration policy and its application to the business;
- reviewing and approving the remuneration packages of the Executive Directors;
- the grant of 2023 restricted share awards for Executive Directors and senior management and the outturn of prior long-term incentive awards;
- monitoring the level and structure of remuneration of the senior management; and
- production of the Annual Report on the Directors' Remuneration.

Advisors

During the year ended 31 December 2023, the Committee received independent advice from Deloitte LLP. Deloitte is a founder member of the Remuneration Consultants Group and voluntarily operates under its code of conduct in its dealings with the Committee. Fees for this service were £3,750.

Director Remuneration Report voting at the 2023 AGM

The table below sets out the voting outcome at the Group's AGM held on 25 May 2023 in respect of the resolution to approve the 2022 Directors' Remuneration Report.

	Votes for	% for	Votes against	% against	Totals votes cast	Votes witheld (abstentions)
Approval of Directors' Remuneration Report	24,495,664	99.9	22,443	0.1	24,518,107	0

Directors Remuneration Policy

This section sets out the Company's Directors' Remuneration Policy (the "Remuneration Policy"), which will apply from the date of the 2024 Annual General Meeting. The Remuneration Policy is determined by the Remuneration Committee of the Company was developed taking into account the principles of the 2023 Quoted Companies Alliance Code (the "QCA Code") and relevant UK institutional investor guidance.

It is noted that new recommendations set out in the QCA Code apply for accounting periods beginning on or after 1 April 2024, but where appropriate, these have been incorporated into the Remuneration Policy for 2024.

Key principles of the Remuneration Policy

The Company is committed to ensuring that its remuneration practices enable it to appropriately compensate employees for the services they provide to the Company, attract, and retain employees with skills required to effectively manage the operations and growth of the business and motivate employees to perform in the best interests of the Company.

The Company's remuneration principles ensure that:

- It offers a suitable package to attract, retain and motivate people with the skills and attributes needed to deliver the Company's business goals.
- Its policy and practices aim to drive behaviours that support the Company strategy and business objectives.
- Incentive plans are linked to company and individual performance to encourage high performance from employees both at an individual and collective level.

These policy objectives will be achieved by ensuring remuneration is reflective of applicable market conditions, statutory obligations and who should be incentivised by variable remuneration. Our aim is to deliver outstanding performance, whilst providing organisational flexibility and operational efficiency.

In addition, the Remuneration Policy is designed taking into account the following key principles of the QCA Code:

- Clarity – the Remuneration Policy is well understood by the management team and is clearly articulated to shareholders.
- Simplicity – the committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. Therefore, one of the committee's objectives is to ensure that the executive remuneration policies and practices are as simple to communicate and operate as possible, while also supporting strategy.
- Risk – the Remuneration Policy is designed to ensure that inappropriate risk-taking is not encouraged and will not be rewarded. This is done via (i) the balanced use of both short- and long-term incentive plans which employ a blend of financial, non-financial and shareholder return targets, (ii) the significant role played by equity in the incentive plans (together with shareholding guidelines) and (iii) recovery provisions.
- Predictability – the incentive plans have clearly defined performance conditions setting out the metrics and targets required to be met to achieve defined levels of pay.
- Proportionality – there is a clear link between individual awards, delivery of strategy and long-term performance. In addition, the significant role played by incentive/'at-risk' pay, together with the structure of the Executive Directors' service contracts, ensure that poor performance is not rewarded.
- Alignment to shareholder interests – the Remuneration Policy is aligned with the long-term interests of shareholders of the company.
- Alignment to culture – the executive pay policies are fully aligned to the Company's culture.

Policy Table for Executive Directors

Component	Purpose and link to strategy	Operation	Maximum Opportunity	Performance metrics
Base Salary	Core element of fixed remuneration to provide competitive base salary for the market in which the Company operates to attract and retain Executive Directors with the necessary experience and expertise to deliver the Company's strategy.	Salaries are reviewed annually taking into account: • underlying Group performance; • role, experience and individual performance; • competitive salary levels and market forces; • pay and conditions elsewhere in the Group; • salary level prior to appointment; and • the economic environment	Although there is no overall maximum, salary increases are normally reviewed in the context of the salary increase across the wider Group. The Committee may award salary increases above this level to take account of individual circumstances such as: • increase in scope and responsibility; • increase to reflect the Executive Director's development and performance in the role; and • Alignment to market level.	None, although individual and corporate performance is considered during any annual salary review.
Benefits	To provide a market competitive benefits package as part of total remuneration, to support recruitment and retention of Executive Directors with the necessary experience and expertise to deliver the Company's strategy.	Executive Directors receive benefits in line with market practice. These include principally life insurance, private medical insurance, and car allowance. Other benefits may be provided based on individual circumstances. Any reasonable business-related expenses can be reimbursed in accordance with the Company's expenses policy, including the tax thereon if determined to be a taxable benefit.	Whilst there is no absolute maximum on the level of benefits Executive Directors receive, the value of the benefit is at a level which the Committee considers appropriate against the market and provides sufficient level of benefit based on individual circumstances.	Not applicable.

Leadership and governance

Component	Purpose and link to strategy	Operation	Maximum Opportunity	Performance metrics
Retirement benefits	To provide an appropriate level of retirement benefit to support recruitment and retention of Executive Directors with the necessary experience and expertise to deliver the Company's strategy.	Executive Directors are eligible to participate in the Company's defined contribution pension plan (or receive a cash allowance equivalent).	The maximum employer pension contribution (or cash allowance equivalent) is aligned with the level available to the majority of the wider workforce (currently 3% of qualifying earnings).	Not applicable.
Annual bonus	To reward performance against annual targets which support the strategic direction of the Company and the creation of value for shareholders.	Awards are based on annual performance against key financial targets and/ or the delivery of strategic / personal objectives. The Committee has the discretion to amend the pay-out upwards or downwards (including to zero) should any formulaic output not reflect the Committee's assessment of overall business performance. For up to two years following the determination of a bonus pay-out the Committee has the right to recover some or all of the bonus pay-out in the event of a material misstatement of the Group's financial results or if the participant has been guilty of gross misconduct.	The normal maximum annual bonus opportunity is up to 100% of base salary in respect of a financial year. An additional bonus opportunity of up to 100% of base salary may be awarded in the event of a transformational transaction. Such bonus will be determined at the discretion of the Committee taking into account the value generated for shareholders and the Executive Directors' contribution to delivering the transaction.	Targets are set annually reflecting the Company's strategy and aligned with key financial, strategic and/ or individual targets. At least 50% of the bonus is assessed against financial performance metrics of the business and the balance is based on strategic/ personal objectives. Stretching targets are required for maximum pay-out. The targets and performance against them will be disclosed in the relevant Annual Report and Accounts following the end of the performance period.

Component	Purpose and link to strategy	Operation	Maximum Opportunity	Performance metrics
Save As You Earn (SAYE) plan	To promote share ownership and provide alignment with shareholder interests.	Executive Directors are entitled to participate in an HMRC tax qualifying all employee SAYE plan.	Participation limits are those set by and amended by HMRC from time to time.	Not subject to performance metrics in line with HMRC practice.

Component	Purpose and link to strategy	Operation	Maximum Opportunity	Performance metrics
Restricted share awards	To support retention, promote share ownership and provide alignment with shareholder interests by successfully delivering the Company's objectives over the long-term.	The Group operates a nominal cost LTIP and Enterprise Management Incentive (EMI) Plan, collectively the "LTIP schemes." Awards may be granted annually to Executive Directors. Under the nominal cost LTIP, awards may be granted in the form of nil or nominal cost share options, or contingent rights to receive shares. Under the EMI Plan, awards may be granted in the form of tax qualifying share options or non-tax qualifying share options. Awards will be granted with vesting subject, ordinarily, to continued employment, normally at least over at least a three-year period. In respect of nominal cost LTIP awards which have no performance conditions, the Committee may reduce an unvested award in the event of a material misstatement of the Group's financial results or if the participant has been guilty of gross misconduct. In respect of any awards which are subject to performance conditions, the committee retains overriding discretion to adjust the outcome upwards or downwards, where the formulaic outcome is, in the view of the committee, not a fair and accurate reflection of business performance. For up to two years following the determination of the vesting outcome of an award, the Committee has the right to cancel the award if it has not been exercised, or require repayment of some or all of the award in the event of a material misstatement of the Group's financial results or if the participant has been guilty of gross misconduct.	The normal maximum restricted share award opportunity is up to 50% of base salary in respect of a financial year. Under the LTIP and EMI Plan rules, the overall maximum award that may be granted in respect of a financial year is 300% of base salary. Awards above 50% of base salary would only be granted in exceptional circumstances and would be subject to performance metrics.	Although no performance metrics will apply to restricted share awards, the Committee will have discretion to amend the vesting outcome should the amount vesting not reflect the Committee's assessment of overall business performance.

Chair and Non- Executive Directors

Purpose and link to strategy	Approach of the Company
To provide a competitive fee for undertaking the role which is sufficient to attract high calibre individuals to the role	Fees are normally reviewed annually. The Board Chair is paid an all-inclusive fee for all Board responsibilities. Fees paid to Non-Executive Directors for their services are approved by the Committee. Fees may include a basic fee and additional fees for further responsibilities (for example, chair of Board committees). Additional fees may be paid in exceptional circumstances to compensate for undertaking significant additional duties. Overall fees will not exceed the maximum in the Company's articles of association. Non-Executive Directors do not participate in any of the Company's share option schemes or annual bonus scheme, nor do they receive any pension contributions. Non-Executive Directors may be eligible to receive benefits such as the use of secretarial support, travel costs or other benefits that may be appropriate. Any reasonable business-related expenses can be reimbursed, including the tax thereon if deemed to be a taxable benefit. Actual fee levels are disclosed in the Directors' Remuneration Report for the relevant financial year.

Explanation of performance metrics chosen

The performance metrics under the annual bonus will be selected annually to reflect the Group's key financial and strategic priorities for the year. Stretching performance targets are set, taking into account a number of different reference points, which may include the Group's business plans and strategy. Full pay-out will only occur for what the Committee considers to be stretching performance.

Remuneration Committee discretion

The committee retains discretion to make any payments, notwithstanding that they are not in line with the policy set out above, where the terms of the payment were agreed (i) before the policy came into effect, or (ii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the committee, the payment was not in consideration of the individual becoming a Director of the Company.

The committee will operate the variable pay plans (i.e., Annual bonus plan, LTIP schemes & other incentive plans) according to their respective rules. The committee retains certain discretion in respect of the operation and administration of these arrangements.

In addition, the committee retains the ability to adjust the targets and/or set different measures if events occur (e.g. a material acquisition and/ or divestment of a Group business) which cause it to determine that the conditions are no longer appropriate, and the amendment is required so that the conditions achieve their original purpose and are not materially less difficult to satisfy.

Awards and options may be adjusted in the event of variation of share capital in accordance with the rules of the LTIP and EMI Plan.

Policy for the remuneration of employees more generally

Remuneration arrangements are determined throughout the Group based on the same principle that reward should be achieved for delivery of the business strategy and should be sufficient to attract, retain and motivate high-calibre employees. The Company operates an HMRC tax qualifying SAYE Plan and invites all employees to participate at the discretion of the Committee, therefore encouraging wider workforce share ownership.

There is no consultation with employees regarding Directors' remuneration.

Recruitment Policy

The remuneration arrangements for a new Executive Director would normally be in line with the terms of the Remuneration Policy and would be set considering the specific circumstances of the individual. In addition, the committee may offer additional remuneration to replace remuneration forfeited on leaving a previous employer.

Where a position is filled internally, the committee may honour any pre-existing remuneration obligations or outstanding variable pay arrangements in relation to the individual's previous role such that these shall be allowed to continue according to the original terms (adjusted as relevant to take account of the Board appointment).

For internal and external appointments, the committee may agree that the Company will meet certain relocation and/or incidental expenses as appropriate.

Service contracts

James Saralis and Chris Higham's service contracts are on a rolling basis and may be terminated by either the Company or the Executive Director with no more than 6 months' notice.

All Non-Executive Directors have initial fixed-term agreements with the Company of no more than three years.

Details of the Directors' service contracts a notice periods are set out below:

Name	Commencement	Normal notice period
J Saralis	4 January 2018	six months
C Higham	15 September 2022	six months
T J M Aspinall	1 June 2016	three months
B Phillips	25 June 2020	three months
S P Tillery	19 July 2019	three months

Payments for loss of office

The principles on which the determination of payments for loss of office will be approached are set out below:

Component	Policy
Payment in lieu of notice	In line with the provisions of the Executive Director's service contract.
Annual bonus	At the discretion of the Committee dependent upon the circumstances of departure and contribution to the business during the bonus period.
Share awards	The extent to which any unvested award will vest, will be determined in accordance with the rules of the LTIP and EMI Plan. Unvested awards will normally lapse on cessation of employment, other than when the individual is considered to be a "good leaver" in line with the rules of the plan.
Other payments	In appropriate circumstances, payments may also be made in respect of accrued holiday, outplacement, legal fees and under the terms of the SAYE Plan.

Statement of Consideration of shareholder views

The Committee considers shareholder feedback received on remuneration matters, including issues arising in relation to the AGM, as well as any additional comments received during any other meetings with shareholders. The Committee will seek to engage directly with major shareholders and their representative bodies should any material changes be made to the Director's Remuneration Policy.

Directors' Report

The Directors of NAHL Group plc present their Annual Report and audited consolidated financial statements for the year ended 31 December 2023.

Results and dividend

The Group's profit after tax for the year was £0.4m (2022: profit of £0.4m). The Directors do not propose a final dividend (2022: 0.0p per share).

A review of the business, including future developments, is included in the Strategic Report on pages 5–50.

Post balance sheet events

In April 2024 the Board announced that it was investigating the potential Sale of its Critical Care division, Bush & Co. Whilst an adviser has been appointed to support the Board in this matter, the process is at a very early stage and there can be no certainty that a sale of Bush & Co will occur, nor as to the terms or timing of such sale. No discussions have taken place with any potential purchaser and no approach for the business has been received.

There are no other significant events affecting the Company and the Group since the statement of financial position date.

Substantial shareholdings

The Group was notified of the following interests amounting to 10% or more of its issued share capital at the financial year end:

Harwood Capital 19.58%
Lombard Odier Asset Management 19.00%
Schroder Investment Management 16.45%

Directors' third-party indemnity provisions

The Company maintained during the year and to the date of approval of the financial statements, indemnity insurance for its Directors and Officers against liability in respect of proceedings brought by third parties, subject to the terms and conditions of the Companies Act 2006.

Capital structure

Details of the capital structure can be found in note 19 of the consolidated financial statements. The Group has employee share option plans in place, full details of which can be found in note 20 to the financial statements.

Financial instruments

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, interest-bearing loans and trade and other payables. Further details on financial instruments are given in note 22 to the financial statements.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

T J M Aspinall (Chair)
J D Saralis (Chief Executive Officer)
C Higham (Chief Financial Officer)
S P Tilleray (Independent Non-Executive)
B Phillips (Independent Non-Executive)

Biographies of the present Directors of the Company are listed on pages 52–53.

Details of the remuneration of the Directors is disclosed in the Remuneration Report on pages 66–70.

Political donations

No political donations were made during the year or the previous year.

Statement on engagement with employees

For information on how the Group has engaged with employees during the year, see Our Culture on pages 42–45.

Statement of relationships with suppliers, customers and others

For information on how the Group has maintained relationships with suppliers, customers and others, see Section 172 statement on page 50.

Group's policy concerning employment of disabled persons

NAHL Group plc is committed to providing equal opportunities for all and taking action on unlawful discrimination. We seek to recruit, train and promote based on experience, skills and performance and provide our employees with the necessary tools and equipment to allow them to perform their duties to the best of their abilities.

Auditor

Mazars LLP was appointed as Auditor during the year and have expressed their willingness to continue in office as Auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the year have been included in the Strategic Report on pages 5–50 along with information regarding employee matters. Information regarding the Group's financial risk management objectives and policies is included in note 22 to the financial statements on pages 122–126.

Going concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company and Group can continue in operational existence for the foreseeable future.

The Board have considered detailed financial forecasts of future trading, profits and cash flows covering the Group's adopted strategy and have considered separate scenarios as necessary. The going concern assessment focuses on two key areas, being the ability of the Group to meet its debts as they fall due and being able to operate within its banking facility.

The Group refinanced its banking facilities in February 2024 and has access to a £15.0m revolving credit facility (RCF) with its bankers which is due to mature on 31 December 2025. In all of the scenarios the Group has modelled, it would have sufficient liquidity within its current RCF to meet its liabilities as they fall due and would not need to access additional funding.

The Group's RCF is subject to quarterly covenant testing and all of the scenarios modelled suggest that the Group will continue to operate within its covenants for the foreseeable future.

Further details of the going concern review are given on page 96. Based on this review, the Board has a reasonable expectation that the Company and Group has adequate resources to continue in existence for the foreseeable future and has concluded it is appropriate to adopt the going concern basis of accounting in the preparation of the financial statements.

Energy and Carbon Reporting

The Group reports under the Streamline Energy and Carbon Reporting (SECR) legislation.

Methodology

The report follows the SECR guidance and the GHG Reporting Protocol – Corporate Standard as the accepted methodology to meet the mandatory requirements. No additional optional elements have been included. The UK Government's greenhouse gas conversion factors have been used to calculate the carbon emissions. The below table demonstrates the GHG Emissions and Energy Usage Data for the financial year ended 31 December 2023. Scope 2 usage from purchased electricity has been calculated using data from supplier energy bills and Scope 3 business travel has been estimated from employee fuel costs incurred during the year.

Energy consumption used to calculate emissions (electricity/mWh) 28.6 (2022: 61.9)

Energy consumption used to calculate emissions (gas/mWh) 0 (2022: 0)

Emissions from purchased gas tCO2e (scope 1) 0 (2022: 0)

Emissions from purchased electricity tCO2e (scope 2) 6.44 (2022: 13.13)

Emissions from business travel tCO2e (scope 3) 31.21 (2022: 19.35)

Intensity measurement (tonnes CO2e per employee) 0.13 (2022: 0.05)

All energy use is in the UK.

Intensity measurement

The Group has chosen tonnes of gross CO2e per employee as the reported SECR intensity metric. This is considered to be the most appropriate basis for an office-based operation that relies heavily on its workforce to provide services to its customers.

This is a relevant and common business metric and will serve as a consistent comparative for reporting purposes going forwards.

Energy efficiency actions taken

The Group operates from three locations around the UK and its workforce is largely office and home-based.

As an office-based operation, the Group considers its largest carbon footprint to come from the use of energy used in an office environment e.g. light, heat and computer usage and therefore it has continued to focus its efficiency actions around this area.

The Group switched to a green energy supplier for its Kettering head office in 2021 and continued to use this supplier throughout 2023 and made the switch to a green supplier for its Daventry office in July 2023 resulting in a reduction in the emissions from purchased electricity during the year.

Business mileage is incurred mostly in the Critical Care division and has increased year on year as a result of more employed case managers. The business aims to strike a balance between home-working and on-site visits but given the nature of the services provided, face to face contact and in-person meetings are a critical and necessary aspect of the role. This is an area the Group will monitor going forward.

Further details on how the Group has sought to limit its impact on the environment are given in Our Sustainable Culture on page 46.

Group response to Modern Slavery Act 2015

1. Organisational structure and recruitment processes

The Group's organisational structures include the Board, Senior Management teams across two divisions, a contact centre at one of the three locations and standard support functions across all sites. Recruitment processes include the monitoring of passport documentation, with all new recruits expected to show their passport as a proof of identity. The Group also reviews shared addresses. In addition, the Group monitors the ongoing wellbeing of its employees through line management relationships and operates an Employee Assistance Programme.

Where recruitment agencies are used to employ staff, the Group ensures these agencies also have an approved statement in support of the Modern Slavery Act 2015.

As these structures and recruitment processes apply to UK-based operations, the Group considers these to be very low risk.

2. Services

The services NAHL Group plc provides to its customers and consumers are UK office-based, with UK field based service providers in regular contact with their operational management teams. The Group's supply chain in relation to services consists on the whole of marketing and legal services in Personal Injury and specialist associates in Critical Care and Residential Property. The Group considers these to be very low risk in relation to slavery and human trafficking so takes no specific action in relation to these relationships.

3. Goods

In terms of goods supplied to the Group, the majority of goods will be goods for use in an office environment such as stationery and office equipment. The Group considers these to be very low risk in relation to slavery and human trafficking so takes no specific action in relation to these relationships.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation. Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with UK-adopted International Accounting Standards (IFRS) in conformity with the requirements of the Companies Act 2006 and Company financial statements in accordance with UK-adopted International Accounting Standards (IFRS) in conformity with the requirements of the Companies Act 2006. Under Company Law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the Directors are required to:

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

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

The Directors of the ultimate parent Company are responsible for the maintenance and integrity of the ultimate parent Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In the case of each director in office at the date the Directors' Report is approved:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

On behalf of the Board

James Saralis

Chief Executive Officer

1 May 2024

Independent auditor's report

Independent auditor's report to the members of NAHL Group Plc

Opinion

We have audited the financial statements of NAHL Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Cash Flow Statements, and notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2023 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to SME listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Our audit procedures to evaluate the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Obtaining management's formal going concern assessment along with the supporting budgets and forecasts for the period;
- Testing the accuracy and functionality of the model used to prepare management's forecasts;
- Challenging management on assumptions made in the going concern assessment;
- Critically assessing the refinanced facilities and associated key terms thereof and verifying they have been accurately reflected in management's going concern assessment;
- Reviewing headroom on net debt, identifying points of particular pressure on the business and assessing mitigating actions that management might take;
- Reviewing forecasts in conjunction with funding covenants in place to identify any potential breaches in the current year and in future forecasts;
- Assessing the historical accuracy of forecasts prepared by management;
- Applying sensitivity analysis to the forecasts to assess the potential impact of changes to assumptions to available working capital; and
- Reviewing the appropriateness of disclosures around going concern in the financial statements.

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 and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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) 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.

We summarise below the key audit matters in forming our opinion above, together with an overview of the principal audit procedures performed to address each matter and our key observations arising from those procedures.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Key Audit Matter	How our scope addressed this matter
Carrying Value of Goodwill (Group) The group's accounting policies in respect of goodwill and impairment are set out in the accounting policy notes on pages 101 and 103 respectively (of the Annual Report). The carrying value of goodwill is £55.5m (2022: £55.5m). In assessing the recoverability of goodwill, management prepare value in use calculations which involve forward looking assumptions. Due to the subjectivity involved in estimating future performance and the significance of the carrying value of goodwill, we identified this as a significant risk and key audit matter.	Audit procedures performed by the audit team included, but were not limited to: • Assessing the design and implementation of relevant controls; • Obtaining and assessing management's goodwill impairment assessment; • Challenging management's allocation of CGUs; • Assessing the appropriateness of the model methodology; • Assessing the appropriateness of the discount rate applied with involvement of our valuations experts; • Considering the results of sensitivity analyses performed; • Assessing the reasonableness of other key assumptions in the value in use calculation with reference to externally available data, historical accuracy of forecasting and post year-end performance to date; • Comparing forecasts used for the value in use calculations against those used for assessment of going concern for consistency; and • Assessing the completeness and accuracy of disclosures within the financial statements in relation to goodwill in accordance with UK-adopted International Accounting Standards. **Our observations** We challenged the Group to update the forecasts used to support the impairment assessment. Based on our testing performed on the final iteration of the forecasts, we are satisfied that the Group's assessment is not materially misstated and no impairment is deemed to be required.

Key Audit Matter	How our scope addressed this matter
Valuation of investments (Parent company) The group's accounting policies in respect of impairment of investments is set out in the accounting policy notes on page 133 (of the Annual Report). The carrying value of NAHL Group Plc's investments in subsidiaries is £52.7m (2022: £52.7m) and is the most significant balance in the parent company statement of financial position and involves forward looking information in assessing the value in use. Given this, we identified it as a significant risk and key audit matter.	Audit procedures performed by the audit team included, but were not limited to: • Assessing the design and implementation of relevant controls; • Challenging the company's impairment indicators assessment by reference to the net assets of the subsidiaries and market capitalisation of the Group; • Where the carrying value of the investment was not supported by the net assets of the subsidiary we assessed the reasonableness of the impairment review prepared by management, through reference to externally available data, historical accuracy of forecasting and post year end performance to date. • Evaluating the appropriateness of the discount rate applied with involvement of our valuations experts; • Comparing forecasts used for the value in use calculations against those used for assessment of going concern for consistency; • Considering the results of sensitivity analyses performed; and • Assessing the completeness and accuracy of disclosures within the financial statements in relation to goodwill in accordance with UK-adopted International Accounting Standards. **Our observations** We challenged the Group to update the forecasts used to support the impairment assessment. Based on our testing performed on the final iteration of the Group's forecast, we are satisfied that the Group's assessment is not materially misstated and no impairment is deemed to be required.

Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group and Parent materiality

Overall materiality	Group financial statements	£371k
	Parent financial statements	£850k
	Where items in the parent company financial statements were included in the group financial statements, materiality was restricted to that applied to the group.	
How we determined it	Group materiality has been calculated by reference to adjusted profit before tax, of which it represents 7%.	
	Parent company materiality has been calculated by reference to total assets, of which it represents 1%.	
Rationale for benchmark applied	Profit before tax (adjusted for net financing costs, share based payments, amortisation and other exceptional items) has been identified as the principal benchmark within the group financial statements due this being the primary focus of shareholders.	
	Total assets has been identified as the principal benchmark within the parent company financial statements as it is considered to be the focus of shareholders due to being a holding company with no trade.	
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.	
	We set performance materiality applied in our audit as:	
	Group financial statements	£278k
	Parent financial statement	£638k
	The above represents 75% of overall materiality.	
	Performance materiality for the parent company was also capped at Group Performance materiality for the purpose of the Group Audit.	
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above 3% of Financial Statement materiality (£11k for the group financial statements and £25k for the parent company financial statements), as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.	

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures in response to those risks. In particular, we looked at where the directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the group and the parent company, their environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

Our group audit scope included an audit of the group and the parent company financial statements of NAHL Group Plc. Based on our risk assessment, the parent company and four components of the group were subject to full scope audit and one component was subject to specific audit procedures on certain key balances. For the remaining components, in addition to desktop analytical review, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The parent company and those components of the group which were subject to full scope audit or specific audit procedures accounted for the following percentages of the group's results for the year ended 31 December 2023.

	Number of components	Total group revenue	Total profits and losses that make up group profit before tax	Total group assets
Full scope audits	5	81%	89%	99%
Specific scope audits	1	3%	9%	0%
Desktop procedures	9	16%	2%	1%
Total	15	100%	100%	100%

One full scope audit was performed by a component auditor. This component accounted for the following percentages of the group's results for the year ended 31 December 2023:

	Number of components	Total group revenue	Total profits and losses that make up group profit before tax	Total group assets
Performed by component auditor	1	5%	5%	2%

For that entity, the group engagement team issued group instructions to the component auditor to direct their work. Group reporting appendices were returned by the component auditor and we reviewed their working papers to assess whether sufficient and appropriate audit procedures had been performed. Meetings were held with the component auditor at the planning and completion stage, to ensure the work was sufficiently directed by the group engagement team and the group engagement team attended the clearance meeting between the component auditor and component management. The audit work for all other components was completed by the group engagement team.

At the parent company level, the group audit team also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

Other information

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

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 80 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.

Financial Statements

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the group and the parent company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: Anti-Bribery, Living Wage, AIM listing rules, QCA Corporate Governance Code, Employment laws, Regulation by the Claims Management Regulation Unit or Solicitors Regulation Authority, Enterprise Act 2002, Competition Act 1998, Modern Slavery Act, GDPR, Gender-pay gap and Environmental regulations.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the group and the parent company, the industry in which they operate, and the structure of the group, and considering the risk of acts by the group and the parent company which were contrary to the applicable laws and regulations, including fraud;
- Inquiring of the directors, management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence with relevant licensing or regulatory authorities including the Solicitors Regulation Authority (SRA);
- Reviewing minutes of directors' meetings in the year; and
- Discussing amongst the engagement team the laws and regulations listed above, and remaining alert to any indications of non-compliance.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as the Companies Act 2006 and UK tax legislation.

In addition, we evaluated the directors' and 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 related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, significant one-off or unusual transactions, and revenue recognition in relation to cut-off and occurrence.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Maintaining awareness and discussing amongst the engagement team throughout the audit over the risks of fraud;
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key audit matters" section of this report.

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

Use of the audit report

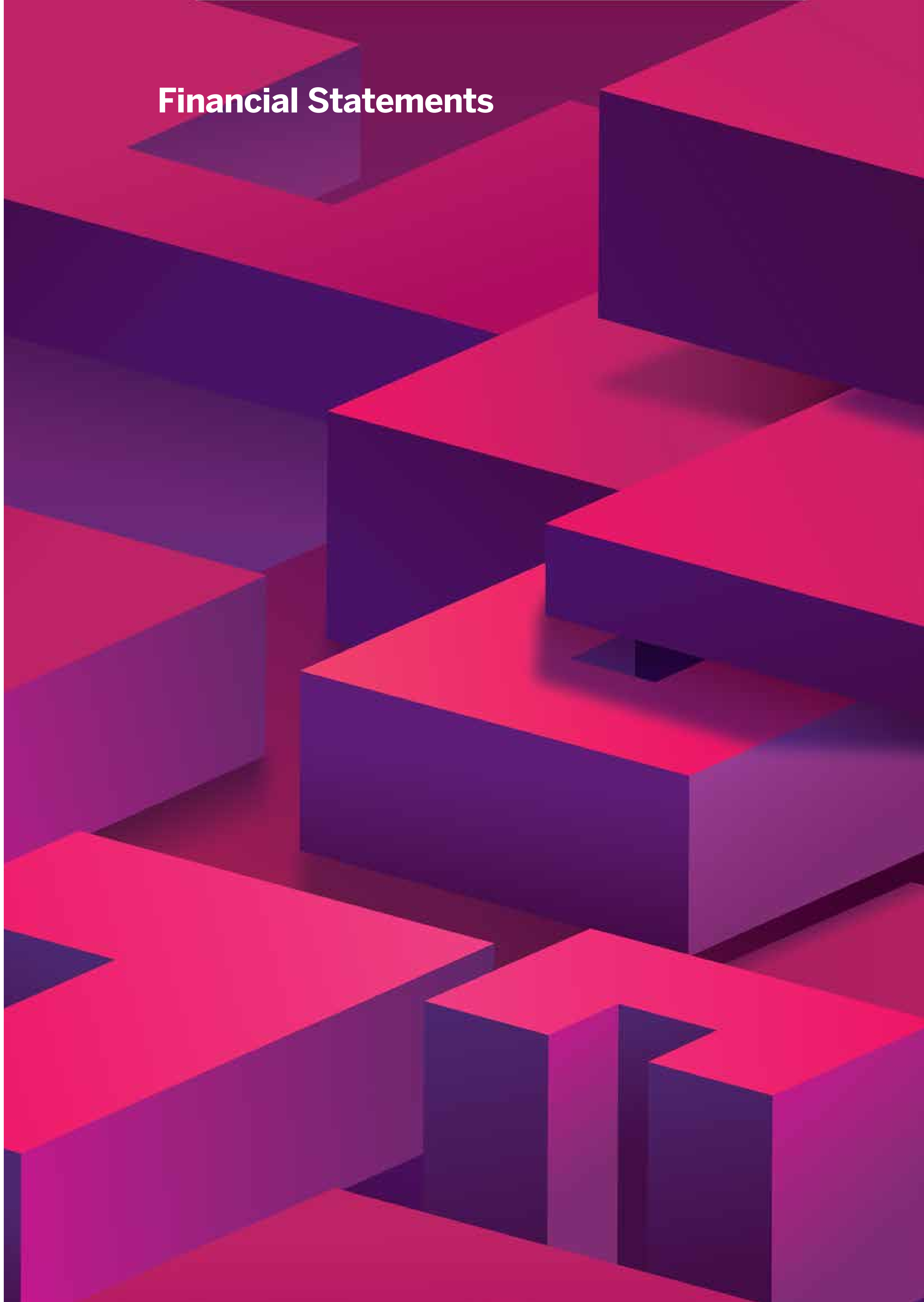
This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose.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

Stephen Brown (Senior Statutory Auditor)
for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

1 May 2024



Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £000	2022 £000
Revenue	1,2	**42,193**	41,421
Cost of sales		**(23,480)**	(23,586)
Gross profit		**18,713**	17,835
Administrative expenses	3	**(14,595)**	(13,079)
Operating profit	2	**4,118**	4,756
Profit attributable to members' non-controlling interests in LLPs		**(2,506)**	(3,554)
Financial income	6	**158**	80
Financial expense	7	**(1,121)**	(713)
Profit before tax		**649**	569
Taxation	8	**(265)**	(184)
Profit and total comprehensive income for the year		**384**	385
Profit from continuing operations for the period		**433**	372
Profit from discontinued operations for the period		**(49)**	13

	Note	2023 p	2022 p
Earnings per share (p) – Continuing operations			
Basic earnings per share	21	**0.9**	0.8
Diluted earnings per share	21	**0.9**	0.8

	Note	2023 p	2022 p
Earnings per share (p) – Discontinued operations			
Basic earnings per share	21	**(0.1)**	0.0
Diluted earnings per share	21	**(0.1)**	0.0

All profits and losses and total comprehensive income are attributable to the owners of the Company.

The notes on pages 96–129 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2023

	Note	2023 £000	2022 £000
Non-current assets			
Goodwill	11	**55,489**	55,489
Other intangible assets	13	**1,784**	2,714
Property, plant and equipment	14	**328**	392
Right of use assets	15	**1,751**	2,027
Deferred tax asset	9	**25**	50
		59,377	60,672
Current assets			
Trade and other receivables (including £5,312,000 (2022: £5,312,000) due in more than one year)	16	**30,526**	32,886
Cash and cash equivalents		**2,011**	2,654
		32,537	35,540
Total assets		**91,914**	96,212
Current liabilities			
Trade and other payables	18	**(16,246)**	(15,847)
Lease liabilities	15	**(244)**	(263)
Member capital and current accounts	12	**(3,692)**	(4,487)
Current tax liability		**(210)**	(162)
		(20,392)	(20,759)
Non-current liabilities			
Lease liabilities	15	**(1,478)**	(1,724)
Interest bearing loans and borrowings	17	**(11,719)**	(15,939)
Deferred tax liability	10	**(263)**	(470)
		(13,460)	(18,133)
Total liabilities		**(33,852)**	(38,892)
Net assets		**58,062**	57,320
Equity			
Share capital	19	**117**	116
Share option reserve		**4,985**	4,628
Share premium		**14,595**	14,595
Merger reserve		**(66,928)**	(66,928)
Retained earnings		**105,293**	104,909
Capital and reserves attributable to the owners of NAHL Group plc		**58,062**	57,320

The notes on pages 96–129 form part of these financial statements.

These financial statements on pages 92–129 were approved by the Board of Directors on 1 May 2024 and were signed on its behalf by:

J D Saralis

Director

Company registered number: 08996352

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Share Capital £000	Share option reserve £000	Share premium £000	Merger reserve £000	Retained earnings £000	Capital and reserves attributable to the owners of NAHL Group plc £000
Balance at 1 January 2022		116	4,312	14,595	(66,928)	104,524	56,619
Total comprehensive income for the year							
Profit for the year		–	–	–	–	385	385
Total comprehensive income		–	–	–	–	385	385
Transactions with owners, recorded directly in equity							
Share-based payments	20	–	316	–	–	–	316
Total transactions with owners, recorded directly in equity		–	316	–	–	–	316
Balance at 31 December 2022		116	4,628	14,595	(66,928)	104,909	57,320
Total comprehensive income for the year							
Profit for the year		**–**	**–**	**–**	**–**	**384**	**384**
Total comprehensive income		**–**	**–**	**–**	**–**	**384**	**384**
Transactions with owners, recorded directly in equity							
Share-based payments	20	**–**	**357**	**–**	**–**	**–**	**357**
Issue of share capital	19	**1**	**–**	**–**	**–**	**–**	**1**
Total transactions with owners, recorded directly in equity		**1**	**357**	**–**	**–**	**–**	**358**
Balance at 31 December 2023		**117**	**4,985**	**14,595**	**(66,928)**	**105,293**	**58,062**

The notes on pages 96–129 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 £000	2022 £000
Cash flows from operating activities			
Profit for the year		**384**	385
Adjustments for:			
Profit attributable to members' non-controlling interests in LLPs		**2,506**	3,554
Property, plant and equipment depreciation	14	**126**	168
Right of use asset depreciation	15	**276**	288
Amortisation of intangible assets	13	**1,177**	1,186
Financial income	6	**(158)**	(80)
Financial expense	7	**1,121**	713
Share-based payments		**357**	316
Taxation		**265**	184
		6,054	6,714
Decrease in trade and other receivables		**2,297**	448
Increase/(Decrease) in trade and other payables		**569**	(364)
Cash generated from operations		**8,920**	6,798
Interest paid		**(1,090)**	(627)
Interest received		**84**	13
Tax paid		**(402)**	(165)
Net cash generated from operating activities		**7,512**	6,019
Cash flows from investing activities			
Acquisition of property, plant and equipment	14	**(62)**	(83)
Acquisition of intangible assets	13	**(247)**	(199)
Disposal of subsidiary	27	**(30)**	–
Net cash used in investing activities		**(339)**	(282)
Cash flows from financing activities			
Repayment of borrowings		**(4,250)**	(2,000)
Issue of share capital	19	**1**	–
Lease payments		**(266)**	(264)
Drawings paid to LLP members	12	**(3,301)**	(3,277)
Net cash used in financing activities		**(7,816)**	(5,541)
Net (decrease)/increase in cash and cash equivalents		**(643)**	196
Cash and cash equivalents at 1 January		**2,654**	2,458
Cash and cash equivalents at 31 December		**2,011**	2,654

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

Basis of preparation

Consolidated Financial Statements

NAHL Group plc (the "Company") is a public company limited by shares registered, incorporated and domiciled in England and Wales. The registered number is 08996352 and the registered address is Bevan House, Kettering Parkway, Kettering, Northants, England, NN15 6XR. The financial statements are presented in Sterling (£) rounded to the nearest £'000.

The Consolidated Financial Statements for the year ended 31 December 2023 have been prepared in accordance with UK-adopted International Accounting Standards (IFRS) in conformity with the requirements of the Companies Act 2006.

The consolidated financial information has been prepared on a going concern basis and under the historical cost convention.

The following accounting policies have been applied consistently year on year except where new policies have been adopted as stated below.

Going concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company and Group can continue in operational existence for the foreseeable future.

The Audit and Risk Committee has reviewed the Going Concern assessment prepared by management. The assessment includes detailed financial forecasts covering the Group's adopted strategy and considers a range of scenarios as discussed below. These forecasts cover the period to the end of June 2025, being approximately 12 months from the date of signing of the 2023 Annual Report and Financial Statements. The going concern assessment focuses on two key areas, being the ability of the Group to meet its debts as they fall due and being able to operate within its banking facility.

The Group refinanced its banking facilities in February 2024 and has access to a £15.0m revolving credit facility (RCF) with its bankers which is due to mature on 31 December 2025. In the scenarios the Group has modelled it would have sufficient liquidity within its current RCF to meet its liabilities as they fall due and would not need to access additional funding.

The Group's RCF is subject to quarterly covenant testing and the scenarios modelled suggest that the Group will continue to operate within its covenants for the foreseeable future.

The key inputs to the forecasts that underpin the going concern assessment are the cashflows that are generated during the forecast period. These cash flows allow management to assess whether it can meet its debts as they fall due, can operate within the £15.0m facility and can meet the covenant tests in relation to this facility.

The forecasts assume that over the forecast period, a greater proportion of profit and cash is generated from National Accident Law as it now reaches maturity on its current level of enquiries and that Bush & Co. continues to operate at an operating cash conversion of over 100%.

Management have then considered scenarios in which Personal Injury profits, and therefore cashflows, are 30% lower than forecast and considers if Critical Care cash collection is 10% lower than forecast. Under both scenarios, there is still sufficient headroom in the covenant tests, and the Group is able to operate within its £15.0m facility.

Management have not considered any climate related factors in the assessment of Going Concern as these do not present a material business risk to the Group.

Considering the above, the Directors have a reasonable expectation that the Company and Group have adequate resources to continue in existence for the foreseeable future and have concluded it is appropriate to adopt the going concern basis of accounting in the preparation of the financial statements.

Basis of consolidation

The financial statements represent a consolidation of the Company and its subsidiary undertakings as at the Statement of Financial Position date and for the year then ended. In accordance with IFRS 10 the definition of control is such that an investor has control over an investee when: a) it has power over the investee, b) it is exposed, or has the rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. All subsidiary undertakings for which the Group meets these three criteria for control have been consolidated in the Group's results.

The consolidated financial information incorporates the results of business combinations using the purchase method. In the Group statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Group statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases. Acquisition costs are expensed as incurred.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with UK-adopted international accounting standards (IFRS) requires management to make judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates are based on past experience and other reasonable assessment criteria. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

In accordance with IAS 1 the Group is required to disclose critical accounting judgements and key sources of estimation uncertainty.

Critical accounting judgements

Within its Consumer Legal Services division, the Group has interests in two Limited Liability Partnerships (LLPs) in conjunction with third party law firms. The LLPs are called Your Law LLP and Law Together LLP.

The Group has exercised judgement by considering the criteria for consolidation in IFRS 10 and has determined that each LLP meets the definition of a subsidiary and is therefore required to be included within the Group's results.

Key to this determination is that each LLP is run by a management board, which is responsible for the day-to-day operations, decision making and strategic development of the LLPs. Through its 100% subsidiary, Project Jupiter Limited, the Group has determined that it exercises control over these LLPs as it is entitled to appoint the majority of members to each of the management Boards, with the remainder being appointed by the respective third-party law firm.

In accordance with IFRS 10 Consolidated Financial Statements and given that the Group has overall control, the results and net assets of the LLPs have been consolidated within these financial statements with a corresponding liability recognised for the other member firms' share of profit.

Key sources of estimation uncertainty

Revenue recognition – provision of legal services

There is a significant element of estimation in determining the transaction price for revenue in relation to the provision of legal services for personal injury claims. Due to the nature of personal injury claims, the revenue the Group earns from a case is variable and dependent upon a) the stage at which a claim settles as this will determine the fixed fee and b) the final damages awarded to the client, of which the Group recognises a percentage as revenue. The Group must therefore estimate the revenue it expects to earn from a case once the first milestone is achieved (admission of liability). This estimation is based on an expected value method and assumes that cases can be grouped into categories of a similar nature (e.g. RTA vs. Non-RTA) that have similar characteristics. This assumption is considered appropriate as ultimately all cases follow one of a number of routes in the claims process.

Management uses historical experience of the likelihood of claims settling at each stage and the average fee earned when a claim settles at each stage to estimate the transaction price. This estimate is revised as a claim moves through the process. No revenue is recognised until the first milestone is reached, being admission of liability, as it is at this point that it becomes highly probable that a case will succeed and therefore there is less risk of significant revenue write offs in the future. Profits and losses arising from the differences in the estimated fee and the final fee are recognised on settlement of a case.

These balances have been identified as a key source of estimation uncertainty due to the materiality of the overall balance. At the year end, the Group has contract asset balances of £6,052,000 (2022: £6,042,000) calculated using this estimation technique. This balance is however made up of a large number of smaller balances representing the estimated revenue due for each claim in progress where liability has been admitted. Due to the variety of claim types and stages within this population, any variances in final settlement values vs. the estimated settlement values tend to offset naturally within the population as a whole and so any reasonable movement in the estimated total damages input is not expected to have a material impact on revenue recognised in the year.

Recoverability of trade receivables

Trade receivables are reflected net of an estimated provision for impairment losses. In line with IFRS 9, the Group uses an expected credit loss model to determine the provision for doubtful debts and also specific provisions for balances for which it has specific concerns over recoverability. The expected credit loss model involves segmenting debtors into groups and applying specific percentages to each of these debtor groupings. The Group has considered the profile of its debtor balance and has determined that a grouping based on credit terms and aging is considered to be appropriate given the significant level of debt on extended credit terms.

These groupings are based on those debtors due on standard terms and deferred terms with higher percentages being applied the longer the term with the view that there is a greater risk of unforeseen circumstances arising the further away the settlement date. Standard debtors are also then reviewed for those past due and percentages applied to those that are current, between 30–60 days, 60–90 days and 90+ days overdue. See note 22 for further information. At the year end, the Group had provisions for receivables of £502,000 (2022: £612,000) calculated using this method.

The percentages applied to each grouping of debtors ranged from 0.3% to 100% (2022: 0.5% to 100%) with the final provision equating to 2.4% of the total gross trade receivables and accrued income balances. The assessment of these %s are based on a number of assumptions with the key ones being:

- For specific balances where management are aware that recoverability is unlikely (e.g. the customer is in administration), a provision of 100% is applied
- For groupings where there is a record of historical write offs available, the %s are based on the historic loss rates and adjusted for any known/current factors
- For groupings where there is no history of historical losses, the likelihood of loss is assessed by considering a number of factors e.g. the state of the current market, individual customer circumstances and time to settlement. Whether these factors indicate a high/low likelihood of future loss will determine whether a higher/lower % loss rate is applied.

If the %s applied to each banding were to double (other than where debts are already greater than 50% provided for), this would result in an additional provision of £0.2m.

Assessment of Goodwill Impairment for Personal Injury Cash Generating Unit

The Group uses value in use to determine the recoverable amount of each cash generating unit (CGU). The assessment of value in use is subject to a number of estimates with the two key ones being the weighted average cost of capital (WACC) and the enquiry generation assumption used in the underlying cashflow forecasts. Small changes in these estimates can lead to considerable changes to value in use.

WACC

The WACC rate is determined using a number of variables including the risk free rate, market risk premium, Group beta and cost of debt. Management use a number of external sources to determine the appropriate inputs to use and have also benchmarked these inputs against industry peers.

A 29% increase to the WACC rate from 10.9% to 14.1% would lead to reduction in headroom to zero.

Profit and Cash flow forecasts

The underlying forecasts assume a compound average growth rate across the forecast period from 2024 – 2028 of 39.2%.

Profits would need to decrease by 28% in each year across the forecast period before the available headroom is reduced to zero.

Further information on how these forecasts are prepared and monitored are given in Principal Risks and Uncertainties on Page 36.

The Board believes that based on current evidence and circumstances, both the WACC and forecasts have been prepared on a balanced and appropriate basis in order to conclude that no further impairment is necessary. See Note 11 for further details.

New standards and amendments adopted by the Group

The following new or amended standards are applicable to the Group for the current reporting period:

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements: Disclosure of Accounting Policies

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

IFRS 17 Insurance Contracts (issued May 2017) and Amendments to IFRS 17 Insurance Contracts (Issued June 2020)

Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Issued December 2021)

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Issued May 2021)

Amendments to IAS 12 Income Taxes: International Tax Reform–Pillar Two Model Rules (Issued May 2023)

None of the amendments above have had a material effect on the amounts reported or disclosures included in the 2023 financial statements.

New standards, interpretations and amendments not yet effective

New standards, interpretations and amendments that are issued but not yet effective are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Profit attributable to members' non-controlling interests in LLPs

Profit attributable to member's non-controlling interests in LLPs represents the operating profit for the year which is attributable to minority members in our LLP subsidiaries under the terms of the partnership agreements. It is presented as a separate expense outside of the operating profit of the Group for the year.

Revenue

Marketing services

Consumer Legal Services – Solicitor income (personal injury)

Marketing services resulting in the provision of enquiries to panel law firms. Management have determined that there is a single performance obligation being the provision of marketing services. These services include generating enquiries through web based channels, triaging of enquiries and provision of call centre support staff on a daily basis. As the Group undertakes this service on behalf of its customers, the service is considered to be simultaneously delivered and consumed by the customer and so it is considered to be satisfied over time. The transaction price is set for each customer based on a cost plus margin model, and is allocated to the performance obligation using the input method based on the costs incurred of providing the service. Invoices are raised monthly for the services provided in that month and the revenue for that month is recognised at this point. Payment is due in full based on contractual payment terms which is usually within 30 days of invoice. For a minority of customers, extended payment terms of 12 and 24 months have been agreed.

Consumer Legal Services – Conveyancing and surveyor instructions (residential property)

Homeward Legal utilises online marketing to target homebuyers and sellers in England and Wales to generate leads and instructions which it then passes to Panel Law Firms and surveyors in the conveyancing sector for a fixed cost.

Management consider there to be one performance obligation being the delivery of the instruction to the Panel Law Firms and surveyors. Revenue is recognised at a point in time being the transfer of instruction to the panel law firm or surveyor as it is at this point at which the Group has no further obligations in respect of the instruction and so control of the instruction passes to the customer. The full transaction price being the contractually agreed upon fixed fee per instruction is recognised as revenue at this point.

This revenue stream ceased in April 2023 on the disposal of Homeward Legal.

Service provision

Consumer Legal Services – Provision of legal services

Income from the provision of legal services for personal injury claims on a 'no win – no fee' arrangement. Management consider that this service comprises a single distinct performance obligation, being the provision of legal services to the customer and the transaction price is allocated to this single performance obligation. Revenue is recognised once control of the service is passed to the customer which is considered to be over time as the customer simultaneously receives and consumes the service provided.

The transaction price is variable in nature as on settlement of a successful case the Group will be entitled to a fee consisting of a) fixed recoverable costs recouped from the liable third party. These fees are set by the Ministry of Justice and the value of fees claimed are determined based on the stage at which the claim settles and the value of the claim damages; and b) a percentage of awarded damages. As these amounts are unknown at the outset of a case, management estimate the transaction price based on an expected value method. The expected value is based on prior and historical knowledge and experience of case settlement and is considered appropriate as all cases follow the same process.

Management consider that it is appropriate to recognise revenue on an output basis using milestones. Due to the nature of personal injury claims, the revenue receivable from progressing a case is not directly attributable to the hours worked as a case can still fail despite hours being worked on it. Due to the no win, no fee arrangement, no revenue would be receivable if the case fails despite the hours worked. An input method is therefore considered to be inappropriate. An output approach based on key milestones to progress a case is therefore considered to be appropriate as it best reflects the value of the service to the customer. These milestones are 1. Admission of liability and 2. Settlement of the case. No revenue is recognised up until the first milestone, admission of liability, has been achieved as it is at this point that it becomes highly probable that recognising revenue would not lead to a reversal in the future. A proportion of the total transaction price is recognised once the first milestone has been achieved. This proportion is determined based on a risk factor using historic performance across all cases of a similar nature.

Payment is due on a 'no win, no fee' basis. Once a case is won and settlement has been agreed, payment is due in full.

Critical Care – Case management services

Case management support within the medico-legal framework for multi-track cases. Management consider that the performance obligation is the provision of case management support and as the service is simultaneously delivered and consumed by the customer then revenue is measured over time based on an input approach being the hours worked by each consultant. The transaction price, being the contractually agreed upon hourly fee rate, is allocated on a per hour basis. Revenue is invoiced monthly based on the hours worked in that month and recognised at this point. Payment is due in full based on contractual payment terms which is usually within 30 days of invoice.

Expert Reports

Critical Care – Expert witness revenue

Provision of expert witness reports. In line with IFRS 15, revenue is measured on satisfaction of the performance obligation when control of the report is passed to the customer. Management consider there to be one performance obligation which is the provision of the expert witness report. Where the terms of the contract allow for an enforceable right to payment for work performed to date an adjustment is made at each month end to recognise an asset for the revenue on any such reports in progress. This is subsequently reversed and a trade receivable recognised for the full transaction price on provision of the final report.

Payment is due in full based on contractual payment terms which range from 30 days up to 36 months for those customers where deferred payment terms have been agreed.

Consumer Legal Services – Search reports

Provision of search reports. Management consider there to be one performance obligation being the delivery of the search report. Revenue is recognised at a point in time being the transfer of the report to the customer. The full transaction price being the contractually agreed upon fixed fee per report is recognised as revenue at this point.

Payment is due in full based on contractual payment terms which is usually within 30 days of invoice.

Product provision

Consumer Legal services – Product income

Commissions received from product providers for the sale of additional products to the panel law firms. Revenue is recognised at a point in time on satisfaction of the performance obligation being the sale of the product to a Panel Law Firm and the total transaction price is recognised at this point. Included in the terms of the contracts are provisions for clawbacks if cases should fail for reasons outside the control of the Group. The Group estimates a liability for these clawbacks based on historical clawback rates.

Payment is due in full based on contractual payment terms which is usually within 30 days of invoice.

Consumer Legal Services – Pre-LASPO ATE

Revenue from commissions received from the insurance provider for the use of after the event policies by Panel Law Firms. From 1 April 2013, this product was no longer available as a result of LASPO regulatory changes. Consequently, there is a remaining liability which is being unwound through revenue as historic cases are settled.

All revenue is stated net of Value Added Tax. The entire revenue arose in the United Kingdom.

Goodwill

Goodwill represents the excess of the fair value of the consideration given over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is not amortised but is tested for impairment annually and again whenever indicators of impairment are detected and is carried at cost less any provision for impairment. Any impairment is recognised in the statement of comprehensive income.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Software

Software assets are measured at the cost of bringing the asset into use. This may include externally incurred consultant costs or a proportion of internal time and salary where internal resources have been used to build the asset. Internally allocated time is based on hours spent bringing the asset into use multiplied by hourly salary rates.

Software costs are capitalised only when it is determined that it is probable that there will be future economic benefits from the asset and the cost of the asset can be measured reliably. Costs are only capitilised once they meet the definition of having entered the development stage as defined in IAS 38.

Technology related intangibles, contract related intangibles and brand names were acquired through business combinations. These were independently valued and determined to be separately identifiable from goodwill.

Amortisation

Intangible assets are amortised on a straight line basis over their estimated useful lives as follows:

Technology related intangible assets – 5 to 10 years

Contract related intangible assets – 3 to 10 years

Brand names – 3 to 10 years

Software – 3 to 5 years

No amortisation is charged on assets under construction until the point they are brought into use.

Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation.

Depreciation

Depreciation is calculated to write off the cost, less estimated residual value, of property, plant and equipment by equal instalments over their estimated useful economic lives as follows:

Fixtures and fittings (including computer equipment) – 3 to 10 years

Lease assets

The Group as a lessee

For any new contracts entered into, on or after 1 January 2020, the Group considers whether a contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in insubstance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Taxation

Tax in the statement of comprehensive income for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity (i.e. forming part of equity) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds are dealt with as appropriations in the reconciliation of movements in equity.

Financial assets and liabilities

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables and interest-bearing borrowings.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition, trade and other receivables are stated at amortised cost using the effective interest method, less any impairment losses calculated in line with IFRS 9.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances. Cash and cash equivalents are repayable on demand and are recognised at their carrying amount.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Recoverable disbursements and disbursements payable

Disbursement payables represent the balance owed to suppliers for disbursements incurred in the processing of personal injury claims.

Recoverable disbursements represents the balance of disbursements incurred that are still to be billed to customers. Given the no win, no fee contractual arrangements, where a case should fail but disbursements have been incurred, after-the-event insurance policies provide cover to ensure that these amounts are recovered.

Disbursement payables and receivables are recognised initially at fair value and subsequent to initial recognition, are stated at amortised cost using the effective interest method.

Member capital and current accounts

Member capital and current accounts represent the balances owed to non-controlling members' in the LLPs. These consist of any capital advances and unpaid allocated profits as at the year end. The capital accounts and drawings of profit by members of the partnerships is at their discretion, subject to a minimum level of working capital. This gives rise to an obligation on the group to deliver cash to the non-controlling parties.

Members capital and current accounts are classified as financial liabilities and are recognised initially at fair value. Subsequent to initial recognition, members capital and current accounts are stated at amortised cost using the effective interest method.

Employee share schemes

The share option plans allow employees of the Group to acquire shares of the Parent Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that are expected to vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Impairment

Financial assets

The carrying amount of the Group's financial assets are reviewed for impairment regularly:

Trade and other receivables

Trade and other receivables are reviewed for impairment by applying the simplified expected credit loss approach under IFRS 9 to measure any impairment losses.

Disbursements receivable

Recoverable disbursements are reviewed with reference to the stage of each case and whether or not insurance is in place to mitigate any future losses. These are written off when it becomes more likely than not that there is no chance of recoverability.

Non-financial assets

The carrying amounts of the Group's non- financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or Cash Generating Unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing

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

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the Cash Generating Unit or CGU). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs. For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of comprehensive income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Pensions

The Group operates a stakeholder defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Company. The annual contributions payable are charged to the statement of comprehensive income.

Dividends

Dividend distribution to the Company's shareholders is recognised in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or, in the case of interim dividends, when paid.

Member drawings

Drawings are made to members in line with the provisions as stated in the partnership agreements. Members may draw an amount not in excess of their profit share for the relevant accounting period and drawings may be limited depending on the cash requirements of the LLP. Drawings are recognised once paid.

Share premium account

The share premium account represents the excess of amounts paid per share above the nominal cost of each share.

Share option reserve

The share option reserve is the corresponding charge to equity in respect of the IFRS 2 share-based payment charge.

The share option reserve forms part of distributable reserves and should the Group need to make a distribution, the share option reserve will be transferred to retained earnings.

Merger reserve

The merger reserve represents the excess of the fair value of shares acquired through share for share exchange. In 2014 NAHL Group plc declared a bonus issue of a single deferred share of £0.0001 (a Deferred Share) with a share premium of £50,000,000. This transaction resulted in £50,000,000 of the merger reserve being transferred to the share premium account. In 2015 a further amount standing to the credit of the Company's merger reserve in the sum of £16,928,000 was capitalised by way of a bonus issue of newly created Capital Reduction Shares.

The Merger reserve is a restricted reserve and reduces the amount of reserves available for distribution.

Retained earnings

Retained earnings represents the cumulative historical profits of the Group less historical losses.

Financial income and expenses

Financial income consists of interest on cash balances which is recognised in the consolidated statement of comprehensive income as it accrues, using the effective interest method, and the unwinding of interest on deferred receivables. Financial expenses include bank interest payable, which is recognised in the consolidated statement of comprehensive income as it accrues, using the effective interest method, the unwinding of issue costs of borrowings and the unwinding of finance charges of leases.

Earnings Per Share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by adjusting basic EPS for the dilutive effect of all potential ordinary shares that could be issued upon conversion of instruments or exercise of rights outstanding during the period.

2 Operating segments

Year ended 31 December 2023	Consumer Legal Services £000	Critical Care £000	Shared Services £000	Other Items £000	Eliminations £000	Total £000
Revenue	27,582	14,611	–	–	–	42,193
Depreciation and amortisation	(251)	(154)	(348)	(826)	–	(1,579)
Operating profit/ (loss)	2,805	4,421	(1,924)	(1,184)	–	4,118
Profit attributable to non-controlling interest members in LLPs	(2,506)	–	–	–	–	(2,506)
Financial income	145	–	13	–	–	158
Financial expenses	–	(1)	(1,120)	–	–	(1,121)
Profit/(Loss) before tax	444	4,420	(3,031)	(1,184)	–	649
Trade receivables	2,446	5,728	–	–	–	8,174
Total assets[3]	25,935	7,262	76,223	–	(17,506)	91,914
Segment liabilities[3]	(17,021)	(1,479)	(3,160)	–	–	(21,660)
Capital expenditure (including intangibles)	77	232	–	–	–	309

Year ended 31 December 2022	Consumer Legal Services £000	Critical Care £000	Shared Services £000	Other Items £000	Eliminations £000	Total £000
Revenue	28,264	13,157	–	–	–	41,421
Depreciation and amortisation	(257)	(201)	(358)	(826)	–	(1,642)
Operating profit/ (loss)	4,179	3,434	(1,715)	(1,142)	–	4,756
Profit attributable to non-controlling interest members in LLPs	(3,554)	–	–	–	–	(3,554)
Financial income	77	–	3	–	–	80
Financial expenses	–	(5)	(708)	–	–	(713)
Profit/(Loss) before tax	702	3,429	(2,420)	(1,142)	–	569
Trade receivables	2,632	5,610	–	–	–	8,242
Total assets[3]	29,222	6,780	77,716	–	(17,506)	96,212
Segment liabilities[3]	(17,874)	(1,258)	(3,189)	–	–	(22,321)
Capital expenditure (including intangibles)	95	187	–	–	–	282

1. Shared services and Other items do not form part of the operating segments of the Group. They include expenses incurred that cannot be attributable to an operating segment.
2. Eliminations represents the difference between the cost of subsidiary investments included in the total assets figure for each segment and the value of goodwill arising on consolidation.
3. Total assets and segment liabilities exclude intercompany loan balances as these are not included in the segment results reviewed by the chief operating decision maker. Segment liabilities comprise trade and other payables (2023: 16,246,000, 2022: 15,847,000), current lease liabilities (2023: 244,000, 2022: 263,000), non–current lease liabilities (2023: 1,478,000, 2022: 1,724,000) and member capital accounts (2023: 3,692,000, 2022: £4,487,000).

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2 Operating segments continued

Significant customers

No customer accounted for 10.0% or more of the total Group revenue (2022: one customer accounted for 10.0% of the total Group revenue).

Geographic information

All revenue and assets of the Group are based in the UK.

Operating segments

The activities of the Group are managed by the Board, which is deemed to be the chief operating decision maker (CODM). The CODM has identified the following segments for the purpose of performance assessment and resource allocation decisions. These segments are split along product lines and are consistent with those reported last year.

Consumer Legal services – Revenue is derived from two divisions being Personal Injury and Residential Property.

Within Personal Injury, revenue is generated from:

a) Marketing services – revenue from the provision of marketing activities to generate enquiries which are panelled to our panel law firms, based on a cost plus margin model.

b) Product Provision – consisting of commissions received from product providers for the sale of additional products by them to the panel law firms.

c) Service provision (legal services) – in the case of our ABS law firms and self- processing operation, National Accident Law, revenue receivable from clients for the provision of legal services.

Within Residential Property, revenue is generated from:

a) Marketing services – up until April 2023, Homeward Legal provided marketing services to generate residential conveyancing and survey enquiries for solicitors and surveyors

b) Expert Reports – Searches UK provides search reports.

Critical Care – Revenue from the provision of expert witness reports and case management support within the medico-legal framework for multi-track cases.

Shared services – Costs that are incurred in managing Group activities or not specifically related to a product.

Other items – Other items represent share-based payment charges and amortisation charges on intangible assets recognised as part of business combinations.

Disaggregation of revenue

The CODM monitors revenue on a divisional basis. A breakdown of revenue by each division is as follows:

	2023 £000	2022 £000
Personal Injury	24,649	23,989
Residential Property	2,933	4,275
Critical Care	14,611	13,157
Total	**42,193**	41,421

3 Administrative expenses and auditor's remuneration

Included in the consolidated statement of comprehensive income are the following:

	2023 £000	2022 £000
Depreciation of property, plant and equipment	126	168
Depreciation of right of use assets	276	288
Amortisation of intangible assets (not relating to business combinations)	351	360
Amortisation of intangible assets relating to business combinations	826	826
IFRS 9 provision (credit)	(47)	(128)
Auditor's remuneration	176	158

The Group does not have any distribution costs as all revenues are generated from the provision of services.

The analysis of the auditor's remuneration is as follows:

	2023 £000	2022 £000
Fees payable to the Company's auditors for the audit of parent company and consolidated financial statements	**160**	150
Fees for other services – subsidiary and interim accounts reviews	**7**	–
Fees payable to the Company's auditors for other services: SAR review	**9**	8

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4 Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	Number of Employees 2023	2022
Personal Injury	**173**	155
Residential Property	**13**	25
Critical Care	**78**	73
Shared services	**21**	21
	285	274

The Group also has 3 Non-executive directors (2022: 4) who provided services to the Group under service contracts.

Shared services includes 2 Executive Directors. The costs of the shared services staff (excluding 2 Executive directors) are recharged between the trading divisions.

The aggregate payroll costs of these persons were as follows:

	2023 £000	2022 £000
Wages and salaries	**11,074**	9,648
Share based payments (see note 20)	**357**	316
Social security costs	**1,110**	960
Other pension costs	**269**	247
	12,810	11,171

5 Directors' emoluments

	2023 £000	2022 £000
Statutory Directors' emoluments	**877**	503

Statutory Directors' emoluments

Year ended 31 December 2023	Salary and fees £000	Benefits £000	Annual bonus £000	Pension £000	LTIP	Total £000
Executive Directors						
J D Saralis	**225**	**18**	**130**	**2**	**84**	**459**
C Higham	**154**	**16**	**44**	**4**	**20**	**238**
Non-Executive						
T J M Aspinall	**80**	**–**	**–**	**–**	**–**	**80**
S P Tilleray	**50**	**–**	**–**	**–**	**–**	**50**
B Phillips	**50**	**–**	**–**	**–**	**–**	**50**
	559	**34**	**174**	**6**	**104**	**877**

5 Directors' emoluments continued

Year ended 31 December 2022	Salary and fees £000	Benefits £000	Annual bonus £000	Pension £000	Total £000
Executive Directors					
J D Saralis	219	18	-	2	239
C Higham	44	5	-	1	50
Non-Executive					
T J M Aspinall	80	–	–	–	80
G D C Kent	38	–	–	–	38
S P Tilleray	50	–	–	–	50
B Phillips	46	–	–	–	46
	477	23	–	3	503

The Group contributed £6,000 to pension schemes in respect of Directors during the year (2022: £3,000). The emoluments of the highest paid Director were £459,000 (2022: £239,000). 2 Directors (2022: no directors) exercised share options during the year.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel include members of the leadership team who are not statutory directors in addition to the main Board. Disclosure of transactions with key management is detailed in note 25.

6 Financial income

	2023 £000	2022 £000
Bank interest income	**85**	13
Other income[1]	**73**	67
	158	80

1 Other income relates to financing income in respect of the time value of money adjustments required by IFRS 15 on receivables and accrued income expected to be settled within greater than 12 months.

7 Financial expense

	2023 £000	2022 £000
Interest on bank loans	**1,043**	628
Amortisation of facility arrangement fees	**31**	29
Interest on lease liabilities	**47**	56
	1,121	713

8 Taxation

Recognised in the consolidated statement of comprehensive income

	2023 £000	2022 £000
Current tax expense		
Current tax on income for the year	**462**	352
Adjustments in respect of prior years	**(14)**	14
Total current tax	**448**	366
Deferred tax credit		
Origination and reversal of timing differences	**(183)**	(182)
Total deferred tax	**(183)**	(182)
Tax expense in statement of comprehensive income	**265**	184
Total tax charge	**265**	184

Reconciliation of effective tax rate

	2023 £000	2022 £000
Profit for the year	**384**	385
Total tax expense	**265**	184
Profit before taxation	**649**	569
Tax using the UK corporation tax rate of 19%/25%[1] (2022: 19.00%)	**161**	108
Non-deductible expenses	**154**	68
Adjustments in respect of prior years	**(14)**	14
Share scheme deductions	**(56)**	–
De-recognition of deferred tax asset	**20**	–
Short-term timing differences	**–**	(6)
Total tax charge	**265**	184

1. A tax rate of 19% has been applied to profits apportioned to 31 March 2023 and a tax rate of 25% has been applied to profits apportioned from 1 April 2023.

Changes in tax rates and factors affecting the future tax charge

There are currently no factors that are expected to affect the future tax charge.

9 Deferred tax asset

The asset for deferred taxation consists of the tax effect of temporary differences in respect of:

	Property, plant & equipment £000
At 1 January 2022	23
Reclassified to deferred tax liability (see note 10)	5
Recognised in statement of comprehensive income	22
At 31 December 2022	50
Recognised in statement of comprehensive income	(24)
Disposal	(1)
At 31 December 2023	**25**

10 Deferred tax liability

The liability for deferred taxation consists of the tax effect of temporary differences in respect of:

	Property, plant & equipment	Intangible assets acquired on business combinations	Total
At 1 January 2022	78	547	625
Reclassified from deferred tax asset (see note 9)	5	–	5
Recognised in statement of comprehensive income	(3)	(157)	(160)
At 31 December 2022	80	390	470
Recognised in statement of comprehensive income	(13)	(194)	(207)
At 31 December 2023	**67**	**196**	**263**

11 Goodwill

	Personal Injury £000	Critical Care £000	Residential Property £000	Total £000
Cost				
At 1 January 2022	39,897	15,592	4,873	60,362
At 31 December 2022	39,897	15,592	4,873	60,362
Disposal			(3,749)	(3,749)
At 31 December 2023	**39,897**	**15,592**	**1,124**	**56,613**
Impairment				
At 1 January 2022	–	–	(4,873)	(4,873)
At 31 December 2022	–	–	(4,873)	(4,873)
Disposal	–	–	3,749	3,749
At 31 December 2023	**–**	**–**	**(1,124)**	**(1,124)**
Net book value				
At 31 December 2022	39,987	15,592	–	55,489
At 31 December 2023	**39,987**	**15,592**	**–**	**55,489**

Where goodwill arose as part of a business acquisition, it forms part of the CGU's asset carrying value which is tested for impairment annually. The Group has determined that for the purposes of impairment testing, there are three CGUs being Personal Injury, Critical Care and Residential Property. The goodwill in respect of Critical Care and Residential Property arose on separate acquisitions. Critical Care operates independently from the rest of the Group with very little overlap of shared resource and its cashflows can be easily separated.

In 2020 the Group undertook a review of its operations and merged the Personal Injury and Residential Property cash generating units (CGUs) into one segment, Consumer Legal Services (see note 2). For the purposes of allocating goodwill, the goodwill relating to Personal Injury and Residential Property was allocated prior to this merger when the two businesses operated as separate CGUs. The impairment of the residential property CGU took place in 2019, prior to the restructure.

The disposal of goodwill during the year relates to goodwill arising in respect of Homeward Legal. Homeward Legal was disposed of in April 2023. The goodwill relating to Homeward Legal was impaired in full in 2019 and the remaining goodwill balance is in relation to Searches UK Limited.

The recoverable amounts for the CGUs are based on value in use which is calculated on the operating cash flows expected to be generated by the division using forecasts for the next five years for both Critical Care and Personal Injury.

These cash flows are discounted at a weighted average cost of capital (WACC) of 10.9% for Critical Care (2022: 10.2%) and 10.9% (2022: 10.4%) for Personal Injury.

We include a terminal value within each forecast which represents the cash flows of the CGU into perpetuity. This year, a 2% terminal growth rate has been assumed, as permitted under IAS36 Impairment of Assets.

Management has determined that the value in use calculations are most sensitive to changes in the assumptions of the discount rates and growth rates.

11 Goodwill continued

The operating profit compound annual growth rate assumptions across the forecast period are as follows:

	2023	2022
Personal Injury	**39.2%**	80.2%
Critical Care	**8.4%**	14.5%

Key assumptions

Discount rate

Management consider the key variables to the WACC calculation (including the risk-free rate, market risk premium and beta) using a range of external sources. During the current year management commissioned an external review into the WACC rate in light of the narrower headroom noted in recent years and this indicated that management's internal calculations and inputs overall derived a very similar figure to that calculated by the external reviewer.

Given the current economic uncertainties in the wider markets, an increase to the WACC rate is not unexpected and there is inherent uncertainty as to whether this rate will continue to increase or decrease in the short to medium term. This could in turn lead to a higher or lower WACC for the Group and consequently an impairment for the Group should the rate rise significantly.

Personal Injury growth assumptions

The key growth assumption in the Personal Injury forecasts is the number of enquiries generated and where these are placed.

The forecasts assume that an increasing number of enquiries can be generated through market share gains and of these enquiries, an increasing number are to be self-processed through NAL. The Group retains a higher proportion of profits from NAL than it does from passing enquiries to its panel law firms or joint venture law firm partners and so the forecasts assume that from 2024–2028, an increasing number of enquiries are generated and of these enquiries, a greater proportion of these are processed through NAL for higher returns.

Operating cash flows are based on the operating profits of the CGU adjusted for changes in working capital movements.

Critical Care growth assumptions

The growth rate of Critical Care assumes top level growth across all services and takes into account the strategic plans for the division over the coming years.

Operating cash flows are based on the operating profits of the CGU adjusted for changes in working capital movements.

Value in use results

The amount by which each CGUs recoverable amount exceeds its carrying amount is as follows:

Personal Injury – £19.7m

Critical Care – £41.6m

Sensitivity analysis

Management have performed sensitivity analysis on the key assumptions (WACC and growth rate) and have determined that for Critical Care there is ample headroom under the value in use calculation to determine that no significant changes to key assumptions would affect the overall judgement as to whether the CGU is impaired.

For Personal Injury, the following sensitivities would reduce the available headroom to zero:

A 29% increase to the WACC rate to 14.1%.

A decrease in profits and cash across the forecast period of 28% in each year.

The Board therefore considers that the current assumptions are supportable, reasonable and based on the best evidence available at present and so conclude that no impairment is required. It will continue to monitor this assessment to ensure its conclusion remains appropriate.

12 Members' Non-controlling interests in LLPs

The Group has the following investments in non-wholly owned subsidiaries:

Name of subsidiary	Country of incorporation and principal place of business	Nature of interest	Principal activity	Ownership 2023	Ownership 2022
Your Law LLP	United Kingdom	LLP member	Personal injury lawyers	**75%**	75%
Law Together LLP	United Kingdom	LLP member	Personal injury lawyers	**50%**	50%

The ownership percentage is based on the proportion of capital contribution advanced by each of the corporate members. Profit share allocations and control are not determined by reference to this ownership percentage. The Group, through its 100% owned subsidiary Project Jupiter Limited, is entitled to appoint 60% of the members to the Management Board of each LLP. Profit and net assets are shared between members based on the provisions of the partnership agreements.

The balances owed to the non-controlling members' of these LLPs at the end of the year and movements during the year are as follows:

	2023 £000	2022 £000
Balance at start of the year	**4,487**	4,210
Profit allocation for the year	**2,506**	3,554
Drawings paid	**(3,301)**	(3,277)
Balance at the end of the year	**3,692**	4,487

13 Other Intangible assets

	Technology related £000	Contract related £000	Brand names £000	Software £000	Assets under construction £000	Total £000
Cost						
At 1 January 2023	167	8,466	885	2,952	258	12,728
Additions	–	–	–	94	153	247
Disposals	(167)	(185)	(174)	(577)	–	(1,103)
Reclassifications	–	–	–	83	(83)	–
At 31 December 2023	**–**	**8,281**	**711**	**2,552**	**328**	**11,872**
Amortisation and impairment						
At 1 January 2023	167	6,857	885	2,105	–	10,014
Amortisation charge for the year	–	826	–	351	–	1,177
Disposals	(167)	(185)	(174)	(577)	–	(1,103)
At 31 December 2023	**–**	**7,498**	**711**	**1,879**	**–**	**10,088**
Net book value						
At 31 December 2022	–	1,609	–	847	258	2,714
At 31 December 2023	**–**	**783**	**–**	**673**	**328**	**1,784**

13 Other Intangible assets continued

	Technology related £000	Contract related £000	Brand names £000	Software £000	Assets under construction £000	Total £000
Cost						
At 1 January 2022	167	8,466	885	2,734	277	12,529
Additions	–	–	–	34	165	199
Reclassifications	–	–	–	184	(184)	–
At 31 December 2022	**167**	**8,466**	**885**	**2,952**	**258**	**12,728**
Amortisation and impairment						
At 1 January 2022	167	6,031	885	1,745	–	8,828
Amortisation charge for the year	–	826	–	360	–	1,186
At 31 December 2022	**167**	**6,857**	**885**	**2,105**	**–**	**10,014**
Net book value						
At 31 December 2021	–	2,435	–	989	277	3,701
At 31 December 2022	**–**	**1,609**	**–**	**847**	**258**	**2,714**

In the statement of comprehensive income, the amortisation charge on business combinations and the amortisation charge for the year (on other assets) is included within 'administrative expenses'.

14 Property, plant and equipment

	Fixtures & fittings & total
Cost	
At 1 January 2023	**2,500**
Additions	**62**
Disposals	**(82)**
At 31 December 2023	**2,480**
Depreciation and impairment	
At 1 January 2023	**2,108**
Depreciation charge for the year	**126**
Disposals	**(82)**
At 31 December 2023	**2,152**
Net book value	
At 31 December 2022	**392**
At 31 December 2023	**328**

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14 Property, plant and equipment continued

	Fixtures & fittings & total
Cost	
At 1 January 2022	2,417
Additions	83
At 31 December 2022	2,500
Depreciation and impairment	
At 1 January 2022	1,940
Depreciation charge for the year	168
At 31 December 2022	2,108
Net book value	
At 31 December 2021	477
At 31 December 2022	392

15 Leases

This note provides information for leases where the Group is a lessee.

Amounts recognised in the balance sheet

	2023 £000	2022 £000
Right of use assets		
Buildings	**1,751**	2,015
Office equipment	**–**	12
	1,751	2,027

	2023 £000	2022 £000
Lease liabilities		
Current	**244**	263
Non-current	**1,478**	1,724

Right of use assets relate to the two head offices at Kettering and Daventry and printer leases. Additions to right of use assets of £nil (2022: £nil) were made during the year.

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

	2023 £000	2022 £000
Depreciation charge of right of use assets		
Buildings	**264**	264
Office equipment	**12**	24
	276	288
Interest expense	**47**	56
Expenses relating to leases of low value assets	**–**	–

The total cash outflow for leases in 2023 was £312,000 (2022: £264,000).

16 Trade and other receivables

	2023 £000	2022 £000
Trade receivables: receivable in less than one year	**6,546**	7,077
Trade receivables: receivable in more than one year	**1,628**	1,165
Contract assets: receivable in less than one year	**8,706**	11,137
Contract assets: receivable in more than one year	**3,684**	4,147
Other receivables	**134**	26
Prepayments	**798**	954
Recoverable disbursements	**9,030**	8,380
Total trade and other receivables	**30,526**	32,886

A provision against trade receivables and accrued income of £502,000 (2022: £612,000) is included in the figures above.

Trade receivables and contract assets receivable in greater than one year are classified as current assets as the Group's working capital cycle is considered to be up to 36 months as extended credit terms are offered as part of commercial agreements.

Contract assets consist of a) balances of £6,337,000 (2022: £9,322,000) in respect of amounts due under contracts with customers that have not yet been invoiced but where there is a contractual obligation to settle funds once they become due. These amounts are increased as performance obligations are satisfied being the provision of marketing services and generation of enquiries to panel law firms and reduced by the subsequent raising of invoices and payments when the balances are due for payment; and b) law firm contact assets. These consist of estimated balances due under 'no win, no fee' agreements where liability has been admitted. These balances increase as liability is admitted on more claims underway and decrease either due to amounts being invoiced and paid on claims that have settled during the year or, in a small number of cases, where claims are subsequently abandoned prior to settlement.

17 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate risk, see note 22.

	2023 £000	2022 £000
Non-current liabilities		
Revolving credit facility	11,750	16,000
Less facility arrangement fees	(31)	(61)
Total interest-bearing loans and borrowings	11,719	15,939

The revolving credit facility is secured by a fixed and floating charge over the assets of the Group.

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of rate maturity	Fair value 2023 £000	Carrying amount 2023 £000	Fair value 2022 £000	Carrying amount 2022 £000
Bank loan[1]	GBP	2.25% above SONIA	2025	**11,719**	**11,719**	15,939	15,939
				11,719	**11,719**	15,939	15,939

1. The company renewed its banking facilities in September 2017 by taking out a revolving credit facility of £25,000,000 and repaying the outstanding term loan at that date of £9,375,000. The facility was reduced to £15,000,000 in February 2024 and was extended with the facility now due to terminate on 31 December 2025. Interest is payable at 2.25% above SONIA per annum.

18 Trade and other payables

Amounts due within one year:

	2023 £000	2022 £000
Trade payables	**1,723**	1,689
Disbursements payable	**6,559**	6,620
Other taxation and social security	**1,376**	1,231
Other payables, accruals and contract liabilities	**6,131**	5,850
Customer deposits	**457**	457
Total trade and other payables	**16,246**	15,847

19 Share capital

	2023 £000	2022 £000
Number of shares		
Opening: 'A' Ordinary Shares of £0.0025 each	**46,325,222**	46,325,222
Issued during the year	**569,475**	–
Closing: 'A' Ordinary Shares of £0.0025 each	**46,894,697**	46,325,222
Allotted, called up and fully paid		
Opening: 46,325,222 (2022: 46,325,222) 'A' Ordinary Shares of £0.0025 each	**116**	116
Issued during the year: 569,475 'A' Ordinary shares of £0.0025 each	**1**	–
Closing: 46,894,697 (2022: 46,325,222) 'A' Ordinary Shares of £0.0025 each	**117**	116
Shares classified in equity		
Opening shares classified in equity	**116**	116
Issued during the year	**1**	–
Closing balance	**117**	116

The holders of 'A' Ordinary shares are entitled to one vote per share at the meetings of the Company and to dividends as declared in proportion to the amounts paid up on the ordinary shares.

20 Share based payments

The Group operates three employee share plans as follows:

SAYE plan

Options may be satisfied by newly issued Ordinary Shares, or by the transfer of Ordinary Shares held in treasury. The SAYE scheme is open to all employees of the Group. The scheme runs over three years with employees choosing to save between £0 – £500 per month, the proceeds of which can then be used to purchase the shares under option.

EMI Scheme

Options may be granted as tax-favoured enterprise management incentive options (EMI Options) or non-tax favoured Options. The EMI Plan provides for the grant, to selected employees of the Group, of rights to acquire (whether by subscription or market purchase) Ordinary Shares in the Company (Options).

Nominal Cost LTIP

The nominal cost LTIP will enable selected employees (including Executive Directors) to be granted awards in respect of Ordinary Shares. Awards may be granted in the form of nil or nominal cost options to acquire Ordinary Shares; or contingent rights to receive Ordinary Shares. Awards may be satisfied by newly issued Ordinary Shares, or by the transfer of Ordinary Shares held in treasury.

The terms and conditions of grants of share options to employees of the Group, in the shares of NAHL Group plc are as follows:

Grant date/employees entitled/nature of scheme	Number of instruments	Vesting conditions	Vesting period and maximum life of options
EMI equity-settled award to 6 employees granted by the parent company on 11 December 2014	583,331 ordinary shares	Performance-based	Third anniversary of Date of Grant
Restricted equity-settled award to 7 employees granted by the parent company on 23 April 2021	608,406 ordinary shares	Performance-based	Third anniversary of grant date
Restricted equity-settled award to 16 employees granted by the parent company on 27 April 2022	981,070 ordinary shares	Performance-based	Third anniversary of Date of Grant
Restricted equity-settled award to 11 employees granted by the parent company on 28 April 2023	1,083,000 ordinary shares	Performance-based	Third anniversary of Date of Grant
SAYE equity-settled award to 32 employees granted by the parent company on 26 October 2023	422,514 ordinary shares	Performance-based	To 1 December 2026

Vesting conditions

For all of the unvested share options above, awards are subject to each employee's continued employment with the group and a business performance underpin.

The number and weighted average exercise prices of share options are as follows

	2023		2022	
	Weighted average exercise price £	Number of options No.	Weighted average exercise price £	Number of options No.
Outstanding at the beginning of the year	**0.0025**	**2,329,951**	0.0025	1,315,881
Granted during the year	**0.1314**	**1,609,736**	0.0025	1,106,070
Vested during the year	**0.0025**	**(569,475)**	–	–
Forfeited during the year	**0.0693**	**(275,222)**	0.0025	(92,000)
Outstanding at the end of the year	**0.0634**	**3,094,990**	0.0025	2,329,951
Exercisable at the end of the year	**2.00**	**583,331**	2.00	583,331
Exercised during the year	**0.0025**	**569,475**	–	–

20 Share based payments continued

A charge of £357,000 (2022: £316,000) has been made through the statement of comprehensive income in the current year in relation to the IFRS 2 share option charge. 569,475 shares were exercised during the year (2022: nil) at a weighted average exercise price of £0.0025 per share. For shares outstanding at the year end, these are exercisable at a range of exercise prices from £0.0025–£0.45 per share with a weighted average exercise price of £0.0634 and have a weighted average remaining life of 618 days (2022: 565 days).

There were 1,609,736 share options issued in 2023 (2022: 1,106,070). The fair value of each employee share option has been measured using the Black-Scholes formula where an expected volatility of 65.0% has been used as well as a risk-free interest rate (based on government bonds) of 3.79%–6.0%. The weighted average share price used in the model is £0.48 and a dividend yield of 0.0% has been assumed. Service and non- market performance conditions attached to the arrangements were not taken into account in measuring fair value.

Expected volatility has been based on evaluation of historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

21 Earnings per share

The calculation of basic earnings per share at 31 December 2023 is based on profit attributable to ordinary shareholders of the parent company of £384,000 (2022: profit of £385,000) and a weighted average number of Ordinary Shares outstanding of 46,674,661 (2022: 46,325,222).

Profit attributable to ordinary shareholders

£000	2023	2022
Profit for the year from continuing operations	**433**	372
Profit for the year from discontinued operations	**(49)**	13
Profit for the year attributable to the shareholders	**384**	385

Weighted average number of ordinary shares

Number	Note	2023	2022
Issued Ordinary Shares at 1 January	19	**46,325,222**	46,325,222
Weighted average number of Ordinary Shares at 31 December		**46,674,661**	46,325,222

Basic Earnings per share (p)

	2023	2022
Group – continuing operations	**0.9**	0.8
Group – discontinued operations	**(0.1)**	0.0
Group – total	**0.8**	0.8

The Group has in place share-based payment schemes to reward employees. At 31 December 2023, there were potentially dilutive share options under the Group's share option schemes. The total number of options available for these schemes included in the diluted earnings per share calculation is 2,672,476 (2022: 2,329,951). There are no other diluting items.

Diluted Earnings per share (p)

	2023	2022
Group – continuing	**0.9**	0.8

22 Financial instruments

(a) Fair values of financial instruments

The Group's principal financial instruments comprise interest-bearing borrowings, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade and other receivables and trade and other payables that arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk (specifically interest rate risk). The Board reviews and agrees policies for managing each of these risks and they are summarised below. There have been no substantive changes in the Group's exposure to financial instrument risks or its objectives, policies and processes for managing and measuring those risks during the periods in this report unless otherwise stated.

The fair values of all financial assets and financial liabilities by class, which approximate to their carrying values, shown in the balance sheet are as follows:

	Carrying amount 2023 £000	Fair value 2023 £000	Carrying amount 2022 £000	Fair value 2022 £000
Financial assets measured at amortised cost				
Cash and cash equivalents	**2,011**	**2,011**	2,654	2,654
Trade and other receivables	**14,645**	**14,645**	17,590	17,590
Disbursements (note 16)	**9,030**	**9,030**	8,380	8,380
Total financial assets	**25,686**	**25,686**	28,624	28,624
Financial liabilities measured at amortised cost				
Other interest-bearing loans and borrowings (note 17)	**11,719**	**11,719**	15,939	15,939
Lease liabilities (note 15)	**1,722**	**1,722**	1,987	1,987
Trade payables (note 18)	**1,723**	**1,723**	1,689	1,689
Disbursements payable (note 18)	**6,559**	**6,559**	6,620	6,620
Other payables and accruals (note 18)	**6,130**	**6,130**	5,850	5,850
Total financial liabilities measured at amortised cost	**27,853**	**27,853**	32,085	32,085

(b) Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

A customer is considered to have defaulted on their debt if payment is not made within the agreed terms. Debts are written-off only when there are indicators that there is no reasonable expectation of recovery. Debts subject to enforcement activity are considered for impairment and the appropriate provisions are applied against them until there is no reasonable expectation of recovery at which point they are written off.

22 Financial instruments continued

Exposure to credit risk

The maximum exposure to credit risk at the balance sheet date by class of financial instrument was:

	2023 £000	2022 £000
Trade receivables	**8,174**	8,242
Contract assets	**6,337**	9,322
	14,511	17,564

Management consider the credit risk to be mitigated as a result of a) the holding of deposits for all significant panel law firm customers and b) only offering significant deferred terms to those panel law firms with whom we hold strategic partnerships and after satisfactory credit checks have been obtained. As at 31 December 2023 these deposits reflect 5.5% (2022: 5.5%) of the balance of trade receivables. At each balance sheet date, the amount of deposit held was:

	2023 £000	2022 £000
Customer deposits	**457**	457

Credit quality of financial assets and impairment losses

The aging of trade receivables at the balance sheet date was:

	Gross: Standard Terms 2023 £000	Gross: Deferred Terms 2023 £000	Impairment 2023 £000	Total 2023 £000	Gross: Standard Terms 2022 £000	Gross: Deferred Terms 2022 £000	Impairment 2022 £000	Total 2022 £000
Not past due	**2,336**	**2,208**	**(19)**	**4,525**	2,421	1,344	(29)	3,736
Past due (1–30 days)	**935**	**11**	**(4)**	**942**	880	–	(10)	870
Past due (30–120 days)	**1,329**	**28**	**(26)**	**1,331**	1,143	25	(18)	1,150
Past due (Over 120 days)	**1,737**	**45**	**(406)**	**1,376**	2,855	56	(425)	2,486
	6,337	**2,292**	**(455)**	**8,174**	7,299	1,425	(482)	8,242

The Group offers standard credit terms of between 30–60 days to the majority of its customers. Deferred terms of between 12–36 months are offered to those panel law firms or customers with whom we hold strategic partnerships. The impairment for trade receivables is calculated based on a lifetime expected credit loss.

27.4% of standard terms trade receivables are 120 days or more past due (2022: 39.1%). These receivables arise primarily in Critical Care and Your Law where our standard credit terms are 30 days. Increasing cost pressures on solicitors mean they often do not settle these balances until interim funds are available or a case has settled. This is often within 12 months and, therefore, formal deferred terms are not utilised. We monitor these debts closely through regular contact with these solicitors and do not consider there to be any significant risks regarding recoverability.

Contract asset balances of £6,337,000 (2022: £9,322,000) represent amounts due under contracts with customers that have not yet been invoiced but where there is a contractual obligation to settle funds once they become due. The majority of this balance is granted on extended credit terms of up to 24 months and none is yet due for payment.

The movement in the allowance for impairment in respect of trade receivables and accrued income during the year was as follows:

	2023 £000	2022 £000
Balance at 1 January	**612**	740
Additional allowance (note 3)	**47**	–
Allowance released (note 3)	**–**	(128)
De-recognised on disposal of subsidiary	**(157)**	–
Balance at 31 December	**502**	612

The allowance account for trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly.

The determination of the expected credit losses is detailed in the accounting policies under Critical accounting judgements and key sources of estimation uncertainty.

The Group determines whether its assets have a high level of credit risk or low level of credit risk on initial recognition by considering the past history of that customer (if known) or where assets relate to a new customer, credit checks are performed and the risk assessed based on the outcome of these reports. The Group determines whether the credit risk of its financial assets has increased since initial recognition by considering a) historical factors such as adherence to payment terms and length of time to settle payments and b) forward looking factors such as the anticipated condition of the market in which its customers operate. The Group has not identified any significant increases to the credit risk of any of its financial assets in 2023. This assessment applies to both trade receivables and accrued income.

Concentration of credit risk

A small number of Panel members, including joint venture partners, account for 40.1% of the total gross trade debtor and accrued income balance of £14,511,000 that is subject to credit risk. To mitigate the risk of credit loss arising from this concentration, the group has set- off clauses, parental guarantees and up-front deposits in place.

22 Financial instruments continued

(c) Liquidity risk

Financial risk management

Liquidity risk arises from the Group's management of working capital and the finance charges on its debt instruments and repayments of principal. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of its revolving credit facility to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effects of netting agreements:

2023	Secured bank loans £000	Lease liabilities £000	Trade and other payables £000	Total £000
Carrying amount	**(11,750)**	**(1,722)**	**(15,789)**	**(29,261)**
Contractual cash flows:				
1 year or less	**(881)**	**(284)**	**(9,230)**	**(10,395)**
1 to 2 years	**(12,631)**	**(286)**	**(6,559)**	**(19,476)**
2 to 5 years	**–**	**(872)**	**–**	**(872)**
5 years or more	**–**	**(434)**	**–**	**(434)**
	(13,512)	**(1,876)**	**(15,789)**	**(31,177)**

2022	Secured bank loans £000	Lease liabilities £000	Trade and other payables £000	Total £000
Carrying amount	(16,000)	(1,987)	(15,390)	(33,377)
Contractual cash flows: 1 year or less	(800)	(290)	(8,770)	(9,860)
1 to 2 years	(16,800)	(284)	(6,620)	(23,704)
2 to 5 years	–	(865)	–	(865)
5 years or more	–	(727)	–	(727)
	(17,600)	(2,166)	(15,390)	(35,156)

(d) Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

Market risk – foreign currency risk

The Group does not consider there to be any foreign currency risk as the majority of transactions are in Sterling with very small purchases made in foreign currencies.

Market risk – interest rate risk

Profile

The Group is exposed to interest rate risk from its use of interest-bearing financial instruments. This is a market risk that the future cash flows of a financial instrument will fluctuate because of changes in interest rates.

22 Financial instruments continued

At the balance sheet dates, the only interest-bearing financial asset is cash. Cash is held to meet liabilities as they fall due and is not held for investment purposes, therefore there is not considered to be an interest rate risk associated with cash.

	2023 £000	2022 £000
Variable rate instruments		
Financial liabilities	**11,750**	16,000
Total interest-bearing financial instruments	**11,750**	16,000

The Group manages the interest rate risk arising from its financial liabilities by monitoring its interest rates and the general market and consulting with its bankers to find the best way to mitigate any movements if it anticipates any significant changes to interest rates.

Sensitivity analysis

A change of 0.5% in interest rates at the balance sheet date would increase/(decrease) profit or loss in the following year by the amounts shown below. This sensitivity is based on the pre-tax profit. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables remain constant and considers the effect of financial instruments with variable interest rates. The analysis is performed on the same basis for the comparative periods.

	2023 £000	2022 £000
Profit for the year		
Increase in interest rates of 0.5%	**(59)**	(80)
Decrease in interest rates of 0.5%	**59**	80

Market risk – equity price risk

The Group does not have an exposure to equity price risk as it holds no investment in equity securities which are classified as fair value through profit or loss or other comprehensive income.

(e) Capital management

Group

The Group's objectives when maintaining capital are to safeguard the entity's ability to continue as a going concern and to provide an adequate return to shareholders. Capital comprises the Group's equity, i.e. share capital including preference shares, share premium, own shares and retained earnings, as well as bank loans. The Group's debt/equity ratio as at 31 December 2023 is 0.2:1.0 (2022: 0.3:1.0). The balance of the Group's capital as at 31 December 2023 was £69,812,000 comprising equity of £58,062,000 and bank loans of £11,750,000. The Group is subject to quarterly covenant testing against its bank loans. These covenants include minimum EBITDA and minimum free cash flow. The Group adhered to both these covenants in 2023 and is forecasting compliance for the foreseeable future.

23 Commitments

Capital commitments

At 31 December 2023 the Group had capital commitments of £nil (2022: £nil).

24 Dividends

No dividends were paid in 2023 or 2022.

25 Related parties

Transactions with key management personnel

Key management personnel in situ at the 31 December 2023 and their immediate relatives control 0.8% (2022: 0.5%) of the voting shares of the Company.

Key management personnel are considered to be the Directors of the Company as well as those of National Accident Law Limited and Bush & Company Rehabilitation Limited and any other management serving as part of the executive team. Detailed below is the total value of transactions with these individuals:

	2023 £000	2022 £000
Short-term employment benefits	**2,281**	1,749
	2,281	1,749

26 Changes in liabilities arising from financing activities

The tables below detail changes in the group's liabilities arising from financing activities, including both cash and non-cash changes:

Set out below is a reconciliation of movements in interest-bearing loans and borrowings arising from financing activities:

	2023 £000	2022 £000
Net inflow from decrease in debt and debt financing	**4,250**	2,000
Movement in net borrowings resulting from cash flows	**4,250**	2,000
Non-cash movements – net release of prepaid loan arrangement fees	**(30)**	(29)
Interest-bearing loans and borrowings at beginning of period	**(15,939)**	(17,910)
Interest bearing loans and borrowings at end of period	**(11,719)**	(15,939)

Set out below is a reconciliation of movements in lease liabilities arising from financing activities:

	2023 £000	2022 £000
Net outflow from decrease in lease liabilities	**312**	264
Movement in lease liabilities resulting from cash flows	**312**	264
Non-cash movements arising from initial recognition of new lease liabilities, revisions and interest charges	**(47)**	(56)
Lease liabilities at beginning of period	**(1,987)**	(2,195)
Lease liabilities at end of period	**(1,722)**	(1,987)

Set out below is a reconciliation of movements in member capital accounts arising from financing activities:

	2023 £000	2022 £000
Movement in member capital liabilities resulting from cash flows	**3,301**	3,277
Non-cash movements: allocation of profits for the year	**(2,506)**	(3,554)
Member capital liabilities at beginning of period	**(4,487)**	(4,210)
Member capital liabilities at end of period	**(3,692)**	(4,487)

27 Discontinued Operations

On 25 April 2023, the Group announced the sale of its wholly owned subsidiary Homeward Legal Limited. Homeward Legal utilises online marketing to target homebuyers and sellers in England and Wales to generate leads and instructions which it then passes to panel law firms and surveyors in the conveyancing sector for a fixed cost. The subsidiary is considered to be non-core to the Group's principal operations.

Consideration for the sale was finalised at £117,000 which was equivalent to the net asset value of Homeward Legal at the date of sale. The Group incurred legal and consultancy costs amounting to £55,000 in respect of the sale. The consideration is payable in two annual instalments in each of the two years following completion and additionally, the Group is entitled to receive contingent consideration, contingent upon Homeward Legal achieving certain performance milestones. The contingent consideration will be based on a share of profits and trade debtors recovered above certain amounts. The Board believes that the contingent consideration will not be material and has estimated the fair value as nil.

At the date of disposal, the carrying amounts of Homeward Legal's net assets were as follows:

	£000
Property, plant and equipment	–
Deferred tax asset	1
Trade and other receivables	255
Cash and cash equivalents	30
Total assets	286
Trade and other creditors	(169)
Total liabilities	(169)
Net assets	117

The gain on disposal is calculated as:

	£000
Consideration received or receivable:	
Cash	117
Fair value of contingent consideration	–
Total disposal consideration	117
Carrying amount of net assets sold	(117)
Gain on sale before income tax	–
Income tax expense on gain	–
Gain on sale after income tax	–

Financial Statements

The results of these discontinued operations are included in the 2023 results up to the date of disposal, and are presented as follows:

Consolidated statement of comprehensive income:

	31 December 2023 £000	31 December 2022 £000
Revenue	**269**	1,196
Expenses	**(318)**	(1,183)
(Loss)/profit before taxation	**(49)**	13
Taxation	**–**	–
(Loss)/profit after taxation attributable to owners of the parent company	**(49)**	13

Consolidated cash flow statement:

	31 December 2023 £000	31 December 2022 £000
Cash flows from operating activities	**23**	41
Cash flows from investing activities	**–**	–
Cash flows from financing activities	**–**	–
Net cash inflow	**23**	41

COMPANY STATEMENT OF FINANCIAL POSITION

at 31 December 2023

	Note	2023 £000	2022 £000
Non-current assets			
Investments	3	**52,700**	52,700
Current assets			
Trade and other receivables	4	**31,531**	32,650
Net assets		**84,231**	85,350
Equity			
Share capital	6	**117**	116
Share option reserve		**4,985**	4,628
Share premium		**14,595**	14,595
Retained earnings at end of year		**64,534**	66,011
Shareholders' funds		**84,231**	85,350

The Company loss for the year was £1,477,000 (2022: £nil).

The notes on pages 132–138 form part of these financial statements.

These financial statements were approved by the Board of Directors on 1 May 2024 and were signed on its behalf by:

J D Saralis
Director

Company registered number: 08996352

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

	Note	Share capital £000	Share option reserve £000	Share premium £000	Retained earnings £000	Total equity £000
Balance at 1 January 2022		116	4,312	14,595	66,011	85,034
Total comprehensive income for the year						
Profit for the year		–	–	–	–	–
Total comprehensive income		–	–	–	–	–
Transactions with owners, recorded directly in equity						
Share based payments		–	316	–	–	316
Issue of share capital	7	–	–	–	–	–
Balance at 31 December 2022		**116**	**4,628**	**14,595**	**66,011**	**85,350**
Total comprehensive income for the year						
Loss for the year		**–**	**–**	**–**	**(1,477)**	**(1,477)**
Total comprehensive income		**–**	**–**	**–**	**(1,477)**	**(1,477)**
Transactions with owners, recorded directly in equity						
Share based payments	**7**	**–**	**357**	**–**	**–**	**357**
Issue of Share capital		**1**	**–**	**–**	**–**	**1**
Balance at 31 December 2023		**117**	**4,985**	**14,595**	**64,534**	**84,231**

COMPANY CASH FLOW STATEMENT

for the year ended 31 December 2023

	2023 £000	2022 £000
Cash flows from operating activities		
Loss for the year	**(1,477)**	–
Adjustments for:		
Share based payments	**357**	316
Decrease/(increase) in trade and other receivables	**1,119**	(316)
Net cash generated from operating activities	**(1)**	–
Cash flows from financing activities		
New share issue	**1**	–
Net cash used in financing activities	**–**	–
Net increase in cash and cash equivalents	**–**	–
Cash and cash equivalents at 1 January	**–**	–
Cash and cash equivalents at 31 December	**–**	–

Financial Statements

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1 Accounting policies

Basis of preparation

Financial Statements

The Financial Statements for the year ended 31 December 2023 have been prepared in accordance with UK-adopted international accounting standards (IFRS) in conformity with the requirements of the Companies Act 2006.

The financial statements are presented in Sterling (£) rounded to the nearest £'000.

The financial information has been prepared on a going concern basis and under the historical cost convention. The company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not presented its own income statement in these financial statements. The Group profit includes a loss after tax for the parent company of £1,477,000 (2022: £nil).

Going concern

The Company had net assets of £84,231,000 (2022: £85,350,000) and net current assets of £31,531,000 (2022: £32,650,000) as at each year end.

Details of the Directors' going concern assessment for the Group and Company can be found under 'Going Concern' in note 1 to the Group financial statements on page 96.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with UK-adopted international accounting standards (IFRS) requires management to make judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates are based on past experience and other reasonable assessment criteria. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

In accordance with IAS 1 the Group is required to disclose critical accounting judgements and key sources of estimation uncertainty.

Judgements

In applying the Company's accounting policies, management have not made any judgements that have a significant impact on the amounts recognised in the financial statements.

Estimates

Assessment of investment impairment

The Company holds an investment of £52,700,000 in its only direct subsidiary, Consumer Champion Group Limited.

The Board has determined that the impairment calculations are most sensitive to assumptions regarding the growth of the business and the WACC rate. Details of how these have been calculated can be found in Note 11 to the Group financial statements.

A 23% increase to the WACC rate from 10.9% to 13.4% would reduce the available headroom to zero and if the Personal Injury profits were to reduce by 30% as per the goodwill impairment review, there would still be ample headroom under the value in use method to conclude that no impairment is necessary.

New standards and amendments adopted by the Group

The following new or amended standards are applicable to the Group for the current reporting period:

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements: Disclosure of Accounting Policies

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

IFRS 17 Insurance Contracts (issued May 2017) and Amendments to IFRS 17 Insurance Contracts (Issued June 2020)

Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Issued December 2021)

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Issued May 2021)

Amendments to IAS 12 Income Taxes: International Tax Reform–Pillar Two Model Rules (Issued May 2023)

None of the amendments above have had a material effect on the amounts reported or disclosures included in the 2023 financial statements.

New standards, interpretations and amendments not yet effective

New standards, interpretations and amendments that are issued but not yet effective are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Revenue

The Company acts as a holding company for the trading subsidiaries and therefore generates no revenue.

Taxation

Tax in the statement of comprehensive income for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Classification of financial instruments issued by the Company

Financial instruments issued by the Group are treated as equity (i.e. forming part of equity) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds are dealt with as appropriations in the reconciliation of movements in equity.

Financial assets and liabilities

The Company's principal financial instruments comprise trade and other receivables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition, trade and other receivables are stated at amortised cost using the effective interest method, less any impairment losses calculated in line with IFRS 9.

Employee share schemes

The share option plans allow employees of the Group to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting. The share- based payment charge represents the charge in respect of the employees of the Group.

Investments

Investments in subsidiary undertakings are initially measured at cost and reviewed for indicators of impairment annually. Where such indicators are identified, an impairment review is undertaken.

Impairment

Financial assets

The carrying amount of the Group's financial assets are reviewed for impairment regularly:

Trade and other receivables
Trade and other receivables are reviewed for impairment by applying the simplified expected credit loss approach under IFRS 9 to measure any impairment losses.

Non-financial assets
The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Dividends
Dividend distribution to the Company's shareholders is recognised in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or, in the case of interim dividends, when paid.

Share premium account
The share premium account represents the excess of amounts paid per share above the nominal cost of each share.

Share option reserve
The share option reserve is the corresponding charge to equity in respect of the IFRS 2 share-based payment charge.

The share option reserve forms part of distributable reserves and should the Group need to make a distribution, the share option reserve will be transferred to retained earnings.

Merger reserve
The merger reserve represents the excess of the fair value of shares acquired through share for share exchange. In 2014 NAHL Group plc declared a bonus issue of a single deferred share of £0.0001 (a Deferred Share) with a share premium of £50,000,000. This transaction resulted in £50,000,000 of the merger reserve being transferred to the share premium account. In 2015 a further amount standing to the credit of the Company's merger reserve in the sum of £16,928,000 was capitalised by way of a bonus issue of newly created Capital Reduction Shares.

Retained earnings
Retained earnings represents the cumulative historical profits of the Company less historical losses.

2 Operating loss
The Operating loss of £1,477,000 (2022: £nil) consists of recharges of costs associated with the Group being a plc. The recharges include salary costs and fees for the 5 Group directors as well as city consultancy and other compliance based costs. These were previously recognised in the Group's subsidiary, Consumer Champion Group Limited.

3 Investments
The Company has the following investments in subsidiaries:

Name of subsidiary	Country of incorporation and principal place of business	Class of shares held	Principal activity	Ownership 2023	Ownership 2022
Consumer Champion Group Limited[2]	United Kingdom	Ordinary	Holding company	**100%**	100%
Bush & Company Rehabilitation Limited[2]	United Kingdom	Ordinary	Critical care services	**100%**	100%
NAH Holdings Limited[2]	United Kingdom	Ordinary	Holding company	**100%**	100%
NAH Group Ltd[2]	United Kingdom	Ordinary	Holding company	**100%**	100%
NAHL Support Services Limited[2]	United Kingdom	Ordinary	Provision of shared services to the Group	**100%**	100%
Lawyers Agency Services Limited	United Kingdom	Ordinary	Dormant	**100%**	100%
Accident Helpline Limited	United Kingdom	Ordinary	Dormant	**100%**	100%
NAH Support Services Limited	United Kingdom	Ordinary	Dormant	**100%**	100%
Tiger Claims Limited	United Kingdom	Ordinary	Dormant	**100%**	100%
National Accident Helpline Limited	United Kingdom	Ordinary	Dormant	**100%**	100%
NAH Legal Services Limited	United Kingdom	Ordinary	Dormant	**100%**	100%
Searches UK Limited[2]	United Kingdom	Ordinary	Agency services for solicitors	**100%**	100%
Inside Eye Limited	United Kingdom	Ordinary	Dormant	**100%**	100%
Project Jupiter Limited[2]	United Kingdom	Ordinary	Holding company	**100%**	100%
Your Law LLP[1]	United Kingdom	n/a	Personal Injury lawyers	**75%**	75%
National Accident Law Limited[2]	United Kingdom	Ordinary	Personal Injury lawyers	**100%**	100%
Law Together LLP[1]	United Kingdom	n/a	Personal Injury lawyers	**50%**	50%
National Conveyancing Partners Ltd	United Kingdom	Ordinary	Dormant	**100%**	100%

1. Your Law LLP and Law Together LLP are Limited Liability Partnerships. The Group, through its 100% owned subsidiary Project Jupiter Limited, is entitled to appoint 60% of the members to the Management Board of each LLP. Profit and net assets are shared between members based on the provisions of the partnership agreements.
2. The above 100% subsidiaries have taken the exemption from audit under section 479a of the Companies Act 2006.

The registered office of all of the above 100% subsidiaries is Bevan House, Kettering Parkway, Kettering, Northamptonshire, NN15 6XR.

The registered office of Your Law LLP is Helmont House, Churchill Way, Cardiff, CF10 2HE.

The registered office of Law Together LLP is Suites 10S and 11S Trafford House, Chester Road, Stretford, Manchester, M32 0RS.

3 Investments continued

At 31 December 2023 the value of the investment in Consumer Champion Group Limited, its only directly owned subsidiary, was as follows:

Valuation	Total £000
At 1 January 2023 and 31 December 2023	52,700

The Directors have determined that due to the net assets of NAHL Group plc being in excess of the market capitalisation of the Group headed by NAHL Group plc as at 31 December 2023 then an indication of impairment exists.

The recoverable amount of the investment has been assessed on a value in use basis using the below assumptions behind each valuation technique. A value in use valuation is considered to be appropriate as the investment is being held for its long-term profit potential.

Value in use

On a value in use basis the future cash flows from the investment have been assessed. The future cash flows are considered to be the future dividends that could be generated by each subsidiary (i.e. future retained earnings generated by each of the trading subsidiaries) using the latest budget data for the coming year and forecasts for the next five years, discounted at a pre-tax WACC of 10.9% (2022: 10.3%). We include a terminal value within each forecast which represents the cash flows of the subsidiaries into perpetuity with 2% growth assumed, as permitted under IAS36 Impairment of Assets. The key assumptions under this basis are the WACC and operating profits of each subsidiary. More details on how these have been calculated are given in note 11, Goodwill, to the consolidated financial statements.

Under this basis the carrying value of assets is lower than the recoverable amount valued on a value in use basis and so no impairment has been identified.

Sensitivity analysis has been performed that indicates the value in use is most sensitive to changes in assumptions concerning the WACC rate and Personal Injury enquiry volume growth rate. Further details are given in significant estimates on page 98.

4 Trade and other receivables

	2023 £000	2022 £000
Amounts due from Group undertakings	**31,531**	32,650

Amounts due from Group undertakings are interest free and repayable upon demand.

5 Financial instruments

a. Amounts due from Group undertakings

Amounts due from Group undertakings are interest-free and have no credit terms attached.

The fair value of amounts owed by Group undertakings are estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Management believes the credit risk arising from these financial instruments is low on the grounds that management have undertaken a review of recoverability as part of their IFRS 9 impairment assessment. This assessment involves reviewing the expected future cashflows that the subsidiaries are expected to generate and comparing these to the balances due. This assessment indicates that the subsidiaries are expected to be able to generate sufficient future cash flows to repay the balances in full and so no impairment loss has been identified. There have been no substantive changes in the Company's exposure to financial instrument risks or its objectives, policies and processes for managing and measuring those risks during the periods in this report unless otherwise stated.

	Carrying amount 2023 £000	Fair value 2023 £000	Carrying amount 2022 £000	Fair value 2022 £000
Amounts due from Group undertakings	**31,531**	**31,531**	32,650	32,650
Total financial assets	**31,531**	**31,531**	32,650	32,650

b. Capital management

The Company's objectives when maintaining capital are to safeguard the entity's ability to continue as a going concern and to provide an adequate return to shareholders. Capital comprises the Company's equity, i.e. share capital including preference shares, share premium, own shares and retained earnings. The balance of the Company's capital as at 31 December 2023 was £84,231,000 (2022: 85,350,000).

6 Share capital

Number of shares	2023	2022
Opening: 'A' Ordinary Shares of £0.0025 each	**46,325,222**	46,325,222
Issued during the year	**569,475**	–
Closing: 'A' Ordinary Shares of £0.0025 each	**46,894,697**	46,325,222

	£000	£000
Allotted, called up and fully paid		
Opening: 46,325,222 (2022: 46,325,222) 'A'		
Ordinary Shares of £0.0025 each	**116**	116
Issued during the year: 569,475 (2022: nil) 'A' Ordinary shares of £0.0025 each	**1**	–
Closing: 46,894,697 (2022: 46,325,222) 'A' Ordinary Shares of £0.0025 each	**117**	116
Shares classified in equity		
Opening shares classified in equity	**116**	116
Issued during the year	**1**	–
Closing balance	**117**	116

The holders of 'A' Ordinary shares are entitled to one vote per share at the meetings of the Company and to dividends as declared in proportion to the amounts paid up on the ordinary shares.

7 Share based payments

The Company operates three employee share plans. Details of these can be found in note 20 to the Group accounts.

8 Staff costs and numbers

During the year the Company employed no members of staff and incurred no staff costs. All director costs were recharged from the company's subsidiary, Consumer Champion Group Limited.

9 Related parties

Details of transactions with key management personnel can be found in note 25 to the Group accounts.

ADVISERS

Company registration number
08996352

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