Annual Report & Audited Consolidated Financial Statements

For the year ended 31 December 2022

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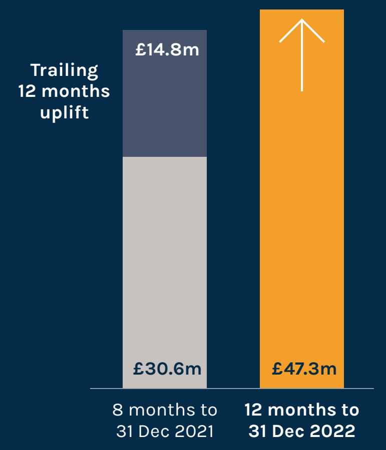
Contents

Business and Financial Highlights

The Group communicated its strategy to shareholders in the early part of the year, centred around the growth of private wealth and corporate services over a four-year period to the end of 2025. The Group has taken the first steps down this path and has shown improved revenue growth in 2022.

Revenue

4.2%
Growth



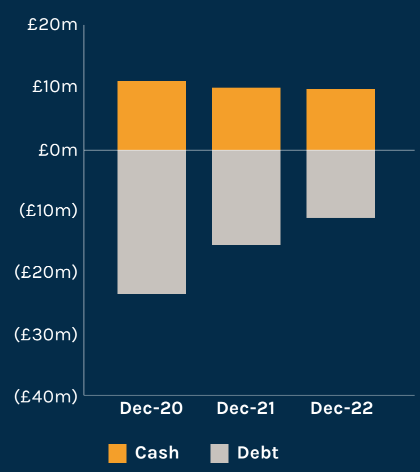
Gross Profit Margin

59.1%

Underlying EBITDA Margin

10.9%

Debt/Cash



Business and Financial Highlights continued

Revenue Last 12 Months £47.3m 2021 **£45.4m***	**Organic Growth** 4.2% -	**Gross Profit Margin** 59.1% 2021 **58.5%**
EBITDA £0.9m 2021 **(£0.1m)**	**Underlying EBITDA** £5.2m 2021 **£3.0m**	**Underlying EBITDA Margin** 10.9% 2021 **9.8%**
Operating Cash Flow (£1.0m) 2021 **£2.0m**	**Net Debt** £0.7m 2021 **£4.7m**	**Debtor Days Last 12 Months** 47 2021 **54***
Employees 410	**Staff Ownership of Group** 22%	**Management Shareholders** 49%

* Continuing operations unaudited last 12 month figure.

Notes

The Group completed the disposal of the Fund Services division to Sanne Holdings Limited on 3 December 2021 and also aligned the year end with the wider industry, moving to 31 December.

Comparatives for the prior period are for the 8 months to 31 December 2021, unless otherwise stated.

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

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

Chairman's Statement

2022 was a significant year for the Group as it refreshed its strategy, reached its 50th anniversary and returned to revenue growth. The occasion was marked with celebrations across the network attended by some 500 guests, and was a wonderful opportunity to thank our staff, clients, and intermediaries for their support.

Consolidation has been at the heart of the business over the last 12 months, as we refocus the strategy on private wealth and corporate services and move closer to the target operating model of Group services, unified operations, and technological enhancements that will deliver long-term value to our stakeholders.

In 2022, we took the opportunity to launch a refreshed brand identity and the 'Open Ideas' proposition – an invitation to embrace a forward-thinking and problem-solving approach. The new brand has been well received in our markets and reinforces our position as a dynamic and unified professional services firm.

As noted in our 2021 Annual Report, reaching the business' full potential is going to take time but at year end, I am pleased to report that the business has now returned to growth in each of its key markets, delivering 4.2% organic revenue growth. This foundation gives us a strong foothold on the journey to exit 2025 with an underlying EBITDA of £20m+, and while the Board acknowledges that 2023 is a pivotal year, we remain optimistic about the path ahead.

Our CEO Rob Fearis also celebrated a significant anniversary last year and on behalf of the Board, I would like to thank him for his invaluable contribution over the past 30 years. Rob has seen many changes during his three decades at Praxis and his dedication and expertise is very much recognised and appreciated.

New Regional Reporting Structure

In 2022, the Group introduced the regional reporting lines of Crown Dependencies and UK, Europe and UAE, and Rest of World. This enables a clear view of the offices based on their individual status and cross-border relationships and allows the implementation of strategies to leverage our reputation in our established markets and build brand awareness of the Group in our newer markets.

As outlined in the Chief Executive's Statement, we are seeing promising signs of growth across the Group, including in the UAE, which marked its first year of profitability.

A Client-Led Approach

The provision of excellent client service underpins our strategic vision and is centred around three growth areas: providing an expanded range of services to existing clients through cross selling and integrated solutions; providing existing services to new clients; and developing an enhanced corporate offering with value-add services.

Our aim is to be the provider of choice across the whole spectrum of private wealth and corporate services in our markets, capitalising on our leadership position in the former and expanding our offering and market share in the latter.

Protecting our client relationships, offering an increased range of solutions, and creating efficiencies is key to strengthening our connections and accelerating the Group's organic growth. As noted in the Chief Executive's Statement, a number of initiatives were completed in 2022 to support this imperative.

Capital Structure and Dividends

The Board recognises the need to balance the investment in growing the business with the provision of a regular dividend to shareholders. The disposal of the Funds Services division saw the return of £40m to shareholders in March 2022, which was followed in November 2022 with the Group's first interim dividend in three years. We have today announced a final dividend of 1.25p, which will be paid to shareholders in August 2023, as described further in the Chief Financial Officer's report. We expect to see future dividends grow in line with profits.

Community and the Environment

I am incredibly proud of the strong sense of social responsibility that exists across the Group, and the steps taken by our teams to bring our environmental, social and governance (ESG) agenda to life. This was clearly in evidence at the beginning of the year when employees donated a proportion of their March salaries to a humanitarian charity providing assistance in Ukraine. The funds generously given by staff were matched by the Group, with over £20,000 being donated to provide access to water, food, shelter, and healthcare facilities.

Chairman's Statement continued

As a business, we have integrated ESG considerations into our values, culture and business model and over the last 12 months have seen the ESG Committee roll-out a new staff volunteering policy, which is being used to support local charities, together with a global learning and development programme to drive employee engagement and inclusion. As discussed in more detail on page 15, we are focused on our environmental footprint and while the return to growth inevitably leads to increased travel, I am pleased with the progress the team has made in reducing the Group's net carbon emissions.

Ukraine Sanctions

As a Group, we have little exposure to either clients from or assets located in Russia and so, as things stand today, the direct impact on the business is limited.

We continue to carefully monitor the sanctions being imposed on Russia, and on the individuals and countries aligned with it, to ensure our ongoing compliance with these important obligations.

Looking Ahead

As I enter my second year as Chairman of the Group, I would like to thank our staff, the leadership team, our clients and shareholders for their continued support. The return to growth seen in 2022 is continuing and while the economic environment, with its associated inflationary pressures, presents some challenges, the Board is confident that the transformation plan can both accelerate organic growth and deliver a more efficient business model, focused on the breadth and quality of services demanded by our clients.

There is much to reflect on and celebrate as we look back on the previous 12 months, and a great deal to look forward to as we build on this success into 2023 and beyond.

Iain Torrens
Chairman
16 May 2023

> "Our ambition is to deliver an efficient, high-quality service to our clients by providing a unique mix of expertise and experience. Inspiring the brightest people to drive innovation, maintaining our position at the forefront of our industry."

Chief Executive's Statement

In the early part of 2022, we launched our new Group strategy and took decisive steps on the path to realising our vision for the business and achieving £20m+ underlying EBITDA by 2025. This programme of transformation will drive revenue growth and deliver the target operating model on which we will build our future success.

Our efforts are centred on four pillars of change:

1. Strategic Growth and Innovation
2. Organic Growth and Business Effectiveness
3. Reshaping and Efficiencies
4. Governance, Culture, and Behaviour

Through strategic growth and innovation, the Group will continue to review its global footprint and service lines, maximising the opportunities presented by private wealth and corporate services clients. We will continue to explore avenues to grow both organically and through targeted acquisitions and mutually beneficial partnerships. A key example of this in 2022 was our investment in the AllFunds platform (launching in 2023), which will deliver bespoke and digitally enabled wealth administration services to clients in the UAE.

Organic growth is key to creating long term value for stakeholders. The investment in a dedicated business development function is enabling us to identify and target fertile areas for revenue growth. Existing and prospective clients are at the centre of our strategy as we seek to meet their wider requirements, add value at every opportunity and foster lasting relationships. As we continue to enhance service delivery and create efficiencies, we enable our staff to focus on delivering value-add activities to meet our clients' increasingly complex requirements.

The reshaping and efficiencies pillar is focused on bringing further refinements and higher levels of automation to our processes, and delivering the target operating model with Group Services at the core and a resilient and sophisticated IT function that supports the business. Projects such as client onboarding (completed in 2022), a new system-integrated payments platform (launching 2023), and the move to a cloud-based infrastructure (completing in 2024) are examples of this workstream. In addition to the savings and improvements these projects provide, we are also formalising some specific centres of excellence to deliver client-facing services consistently and efficiently across the Group.

Standing alongside the other three pillars is our focus on governance, culture and behaviour, reflecting both the wider regulatory agenda seen across financial markets and our conviction that investment in these aspects is key to enabling growth and setting us apart. We are committed to ensuring that decisions are made with an appropriate level of governance and review, that they are aligned with our values, and that they reflect our aspirations and standards as a unified Group.

The Group reinforced its risk management practices in the year with the appointment of KPMG as internal auditor. Coupled with this, we undertook an advisory engagement with risk consulting firm Kroll focused on ensuring that our governance structure and risk management tools were appropriate for the size and complexity of the business. I am pleased to report that this has resulted in a more efficient and effective approach, and one that places the Group in a position of strength as it continues to implement its strategy.

Our Culture and People

Our employees are central to the Group's ongoing prosperity, and this year we prioritised defining our collective culture and vision. Following an in-depth consultation process, we agreed our four values and designed a programme to embed them into every touchpoint of the business. The true north of these is 'we succeed together' and it is the spirit in which we move forward in our relationships with staff, clients, referrers, shareholders, and the communities in which we operate.

The launch of new remuneration structures aimed at rewarding individual contributions to the Group's economic growth is already proving an effective tool for recognising performance attuned to our common goals. Our shared ownership model has also developed, with a performance share plan approved in September 2022 that aligns the long-term remuneration of our management team with shareholder rewards. As a result of the steps taken by the team in 2022, a total of 506,938 share options will vest in June 2023 across our top 66 managers.

Combined with our Buy As You Earn Scheme, these initiatives ensure that everyone in the Group can benefit from our success.

We are committed to investing in our people through development and training initiatives, and by attracting the brightest and best minds. This year saw the launch of our online training platform, which enables self-service learning from an extensive range of courses covering both personal and professional skills. Alongside the values project, we have also been shaping our employer brand to enable us to attract and retain staff in our more competitive markets, which is being rolled out in the first half of 2023.

Our vision to be a leader in the private wealth and corporate services space requires the recruitment of key individuals with specialist skills to support the wider team. 2022 has seen us welcome Dominic de Mariveles as Commercial Director, who is leading our business development team under Group Head of Private Wealth, John Medina; Charlotte Barnes, who is heading up our marketing and communications team with a focus on stakeholder communication and brand building; and Adam Kitching who picks up the mantle of Company Secretary.

Performance

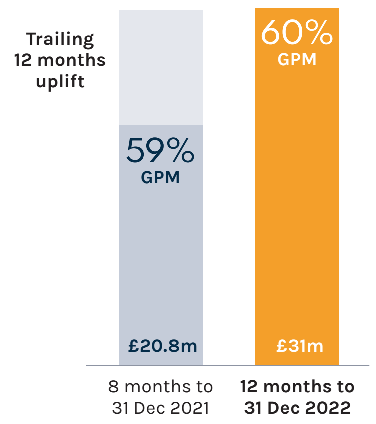
During the first half of the year, we reported that trailing 12-month revenue had grown by 2.4%, and we are pleased to report that this trajectory has continued with the full year delivering 4.2% organic growth. With the establishment of a London-based business development team, we expect to see this growth accelerate as we continue through 2023.

Gross profit margin improved by 0.6% in the period, as a result of the cost reductions initiated in 2021. These reductions, alongside a focus on operating expenses, delivered EBITDA of £919k, compared to an EBITDA loss of £60k for the eight-month period to 31 December 2021, and underlying EBITDA of £5.2m before inclusion of charges related to the performance share plan.

> "The true north of our values is 'we succeed together' and it is the spirit in which we move forward in our relationships with staff, clients, referrers, shareholders, and the communities in which we operate."

Significant drivers of the performance in each of the new jurisdictional reporting lines (Crown Dependencies and UK, Europe and UAE, and Rest of World) are explained below:

Crown Dependencies and UK

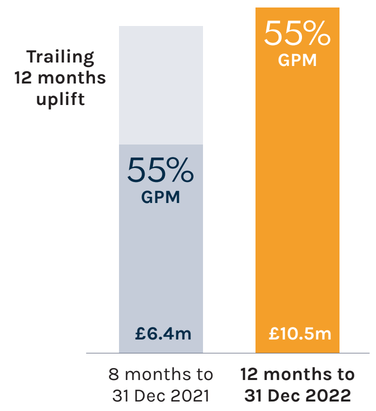


Our Channel Islands and London offices have an increased focus on building our intermediary profile in the UK market, and on expanding the depth and breadth of our UK intermediary relationships to secure long-term relationships and future growth. Our Channel Islands offices continue to support a significant number of UK resident non-domiciled and deemed domiciled clients.

Revenue showed gradual growth combined with improvement in gross profit margin, driven by:

- In Guernsey, both the private wealth and pensions businesses have returned to growth with the actions taken to restructure the organisation driving a significant improvement in gross profit margin;
- Jersey continuing the growth trajectory seen over the past three years;
- Isle of Man showing modest growth for its scale; and
- UK contracted modestly, with a revenue boost in the latter part of the year as part of becoming a centre of excellence for the register of overseas entities reporting requirements working with multiple jurisdictions across the Group.

Europe and UAE

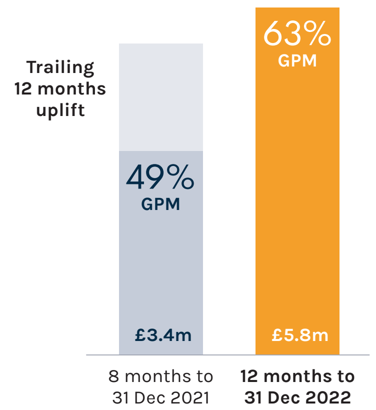


Our offices in Europe and the Middle East continue to build on the workflow opportunities that exist between Group offices (notably London, Dubai and Geneva) to drive revenues from existing and new clients with interests across multiple jurisdictions.

Revenue showed a modest increase with gross profit margin stable, driven by:

- The Netherlands where the previous trend of loss of acquired corporate services clients continued in H1 but stabilised in H2 (although the anticipated impact of Brexit on client appetite for Netherlands structures has yet to materialise);
- Geneva returning to growth in the latter part of the year and preparing for the pending regulation of the Swiss fiduciary market, which presents challenges and growth opportunities;
- Malta showing strong growth, driven by the private wealth team integrating the book of business acquired in 2021, and the Malta pensions business recovering from the changes made to US/Malta pensions treaties at the start of 2022, with the revenue growth trajectory recovering by year end; and
- UAE showing continued revenue growth, alongside delivery of cost savings implemented last year, resulting in an improved gross margin and profitability for the first time.

Rest of World



Our Hong Kong office is extending its business development team to help build new revenue streams from mainland China now that the region has started to re-open post-COVID-19; and in the BVI, the commercial focus is centred around extending our corporate services market share and building out our private wealth offering on the ground.

Revenue showed growth in latter part of year alongside improvement in gross profit margin, driven by:

- The BVI generating significant revenue growth, with system developments improving gross profit margin; and
- Hong Kong showing revenue attrition in the first half of the year as COVID-19 restrictions inhibited new business growth, but strong revenue growth in H2 and improved gross profit margin through the streamlining of its operations.

Chief Executive's Statement continued

2023 and Beyond

Businesses across the globe continue to navigate the economic uncertainty and geopolitical risks that defined 2022.

Alongside the ongoing humanitarian crisis in Ukraine that began in February last year, runs the global impact of the conflict which has created disruption to trade and supply chains, food insecurity, and commodity price increases in the energy and agricultural sectors.

The political and fiscal landscape in the UK remains turbulent, and in many of our jurisdictions we are experiencing inflationary pressures not seen in decades along with rising interest rates as central banks seek to stabilise prices, and the resulting strain on borrowing.

While March 2022 saw most of the COVID-19 restrictions in the UK lifted, our team in Hong Kong was still bound by isolation orders that only ended in January 2023. The pandemic has changed the world of commerce in fundamental ways, leading to dramatic shifts in the way businesses operate and in what is expected of them by their clients, investors, and employees. The willingness to learn, adapt and innovate has never been more important.

Against this backdrop, the Group has continued to evolve and grow with its renewed focus on private wealth and corporate services and the fertile ground where they meet. As announced this week, I am delighted to report that the Group has completed the acquisition of Sarnia Yachts Group Limited (subject to regulatory approvals).

Sarnia Yachts Group represents a significant enhancement to our current yacht registration and administration services, bringing the provision of ownership structures along with yacht and crew management to our clients.

"While 2022 was a year of consolidation, the year ahead is pivotal as we embed the four pillars of our strategy and deliver material improvements to our growth trajectory."

Sarnia Yachts Group was established in 1971 and has offices in Guernsey, Malta and the UK. The business has built a client base that has a strong synergy with the Group's, presenting significant opportunities for cross-selling of services.

While 2022 was a year of consolidation, the year ahead is pivotal as we embed the four pillars of our strategy and deliver material improvements to our growth trajectory. This will be set against the challenges and opportunities of rising global wealth, increasing regulatory requirements, and rising inflation in the jurisdictions in which we operate. The latter of course impacts our cost base (most notably staff overheads) and so we must balance the effect of passing any increases on to our clients by developing more efficient ways of working.

We will continue to focus on protecting our clients' interests, deepening relationships with our intermediaries, and rewarding our shareholders. We will also be dedicated to ensuring that our people continue to view Praxis as an employer who values them and their individual contributions.

I take this opportunity to thank our staff for their hard work and dedication, and our shareholders for their ongoing support.

Robert Fearis
Chief Executive Officer
16 May 2023

Chief Financial Officer's Report

The year ended 31 December 2022 has seen the Group return to revenue growth and continue to operate effectively during a period of global uncertainty, returning £40m of capital to shareholders, further reducing its debt, and paying out its first dividend since 2019.

This year also represents the Group's first full period with its new financial year end, and the 12-month period to 31 December 2022 is presented against the eight-month period to 31 December 2021, in line with the requirements of our reporting standards. To aid understanding of the current year performance, unaudited trailing 12-month comparatives are also presented, representing the 12-month period to 31 December 2021.

Continuing revenue for the period of £47.3m versus £30.6m for the prior period and £45.4m on a prior trailing 12-month basis. After adjusting for the shortened eight-month period in prior year, the Group showed organic revenue growth of 4.2%. Gross profit margin continued to improve, moving from 58.5% to 59.1%, driven by cost savings made in the early part of the current year.

EBITDA moved from a loss of £60k to a profit of £919k, with growth in revenue and improvement in gross profit margin being offset by non-underlying costs incurred in the year. These non-underlying costs represent actions taken in the transformation of the Group's operating model; cost overlaps from the disposal of the Fund Services division and acquisitions in prior periods; and one-off engagements linked to the implementation of the Group's strategy.

Underlying EBITDA was £5.2m versus £3.0m for the prior period, with margin increasing from 9.8% to 10.9%, with the increase in margin driven by improvements in gross profit margin and the initial impacts of changes to the Group's operating model.

Indirect Costs

Once adjusted for non-underlying items, the indirect cost base of the Group has remained flat when compared against a trailing 12-month period, however, there have been significant changes in the individual line items comprising indirect costs.

A consequence of Covid-19 was to delay hiring, which resulted in the business operating with an artificially high number of vacancies across the support functions. 2022 saw this position normalise with the business putting in place the key building blocks across governance and operations to enable the business to be in a position to transform. The process of moving to an efficient group operating model is now moving at pace following an in-depth review and planned reshaping of all support functions and is expected to deliver the right mixture of skills and expertise needed to support progress towards the Group's targets. Marketing and travel costs have also increased as the Group has ramped up its business development and brand building activities, and this was rewarded with 4.2% organic revenue growth in 2022.

Insurance costs have decreased now that all acquired businesses have moved onto the main Group policy, with run-off policies now in place for all acquired businesses. Property costs have decreased with the sub-letting of premises that came with acquisitions. Office expenses have also substantially decreased, due to a reduction in recruitment fees and a more structured approach to procurement that is expected to drive further efficiencies and reductions.

Chief Financial Officer's Report continued

Underlying EBITDA

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

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

- Strategic
- Transformation
- Restructuring
- Other

Strategic items include costs related to inorganic growth activity expensed in the period, alongside residual costs related to the disposal of the Fund Services division. Also included are the costs related to one-off advisory engagements that supported and validated the Group's strategy, and the costs for the performance-based remuneration.

Transformation items include costs related to the transition of the Group's operating model to support the strategic objectives. It also includes a one-off engagement with Kroll on the governance and risk framework, and the rebranding of the Group.

Restructuring items relate to the one-off costs and benefits of reshaping the staff base of the Group, alongside costs incurred up to the period of restructuring, with activities focused on removal of duplicated roles or functions.

Other items include costs of run-off insurance policies, an accrual for an onerous lease related to our disaster recovery suite in Guernsey, with the business continuity plans having now pivoted towards home working, goodwill impairment, and cost overlaps in other areas incurred by acquisitions and disposals made.

A reconciliation of the underlying EBITDA is presented below:

		12 months ended 31 December 2022 £'000		8 months ended 31 December 2021 £'000
Continuing operations loss for the year / period		**(5,325)**		**(5,209)**
Net Interest		531		501
Tax		762		666
Depreciation		1,034		726
Amortisation		3,750		3,256
Performance Share Plan		167		-
EBITDA as reported		**919**		**(60)**
Non-underlying items				
Strategic		418		526
Transformation		1,230		-
Restructuring		1,155		776
Run off insurance	534		-	
Onerous lease	406		138	
Other items	361		280	
Impairment of goodwill	157		1,339	
Other		1,458		1,757
Underlying EBITDA		**5,180**		**2,999**
Underlying EBITDA margin		**10.9%**		**9.8%**

Chief Financial Officer's Report continued

Cash Flows

Cash from operating activities was £(1.0)m versus £2.0m when comparing the reported prior period. This comparison of cash from operating activities is affected by differing period lengths and non-co-terminus period ends.

When calculated on a trailing 12-month basis, debtor days showed further improvement, sitting at 47 days on 31 December 2022 compared to 54 days at the prior period end, showing evidence of the strong debtor control environment implemented.

Investing cashflows were represented by our investment in the AllFunds platform, in enhanced measures to secure the Group network, and in implementing the first phase of our transition to a cloud-based infrastructure.

The Group also returned to paying dividends, with an interim dividend of 1.25p per share, with the ongoing support of our shareholders a critical component of delivering growth. The completion of the sale of the Fund Services division enabled the Group to return £40m to shareholders during the first quarter.

Cash and Net Debt Position

At the year end the Group held £10m in cash (prior period: £10m after excluding the £40m held for return of capital). The adjusted cash position of the Group is in line with the prior period end and is reflective of being at the furthest point from billing its annual fees in advance, with the level of cash held supporting our regulatory requirements as well as covering operating cashflows.

The Group's net debt position was £0.7m (prior period: £4.7m). During the year, £4.7m of borrowings were repaid from the proceeds of the Fund Services division disposal. At the year end the Group had £12.5m of uncommitted facilities, including its overdraft, of which £10.7m were drawn (prior period: £14.7m). Further details on the bank facilities and amortisation schedule can be found in note 19 of the financial statements.

After the year end, the Group issued an unsecured £15m bond, the proceeds of which were used to repay the drawn facilities held with Royal Bank of Scotland International, due to expire on 31 May 2023. The remainder of the proceeds will finance the acquisition of the Sarnia Yachts Limited (see page 8 and note 27), as well as supporting operational transformation projects which align with the strategic goals of the Group.

Goodwill

Goodwill at 31 December 2022 was £33.6m (PP: £37.1m). This represents the single largest balance on the Consolidated Statement of Financial Position and is made up of a number of subsidiaries acquired (see note 10 for a breakdown of the individually significant components of goodwill).

One impairment of goodwill was recognised in the period. This impairment was due to a reduction in revenue from a client book acquired in 2016. For further details on the processes around goodwill recognition and impairment, please refer to the accounting policy found in note 10.

Dividend Policy

As the business returns to growth, the Board remains committed to its intention to return to paying regular dividends. The Board has today declared a final dividend of 1.25p which will be payable in August 2023 to shareholders on record as at 16 May 2023. As growth continues, we would expect to see a full year dividend grow in line with underlying EBITDA.

Richard Morris
Chief Financial Officer
16 May 2023

Risk Statement

The Group has continued to review and enhance its company-wide Risk Management framework to ensure that it is consistent with its nature and size.

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

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

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

Key Risks

We have described below what we consider to be the key risks faced by the Group.

Information Security Risk

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

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

Core Systems and Processes Risk

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

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

Acquisition and Integration Risk

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

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

Corporate Governance Design Risk

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

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

Financial Performance Risk

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

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

Sanctions Risk

The management of sanctions risk is a key part of the Group's financial crime strategy. Sanctions risk is the risk that the Group breaches applicable sanctions or that its products or services are used in breach of applicable sanctions.

The Group is committed to ensuring that it complies with all applicable sanctions and conducts sanctions monitoring at onboarding and throughout the customer lifecycle. Due to international developments, the last 12 months have seen heightened political and regulatory focus on the issuing of sanctions against Russia. The Group has continued to closely monitor the situation and its own potential exposure. The Group has also continued to develop its sanction monitoring capability with investment in group-wide screening technology.

Risk Statement continued

Fraud Risk

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

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

Suitability Risk

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

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

Macro-Economic Environment Risk Factors

The macro-economic environment risk factors detailed below are addressed separately from the Key Risks as although they have the potential to adversely affect the Group's business, they are not considered likely to present the highest level of threat to the performance or reputation of the Group.

War in Ukraine and Geopolitical Uncertainty

The Group has responded to the sanctions imposed and requests issued by regulators to continuously check and monitor whether it maintains any accounts or otherwise has any kind of relationship with the persons referred to in sanctions notices. Daily screening checks are being performed by the risk and compliance team against sanctions imposed. The Group has ensured that its cybersecurity procedures and training are up-to-date and reinforced.

The Group undertakes horizon scanning to identify any potential threats that could directly or indirectly affect its operations.

Inflation

The Group is contractually able to vary its fee scales to align with changes in the economic environment and react to inflationary pressure on its cost base. It also seeks to engage in long-term arrangements that fix costs for a period of time and thereby mitigate the impact of short-term spikes in inflation.

Environment, Social and Governance (ESG)

The Group's ESG Committee, reports directly to the Executive Committee and is chaired by Executive Director Martyn Crespel. Staff from across the Group provide a diverse range of views on ESG issues.

The Committee selected the theme of Nature in 2022, which was adopted by Group offices as the focus of their local initiatives.

We are committed to long-term sustainability, and we seek to balance the needs of our business and our clients with the impact our actions have on the world around us. We do this by:

Creating
policies and commitments that align with appropriate international environmental standards;

Guiding
our teams through planning and implementation to reduce our environmental impact on Scope 1 (direct carbon emissions) and Scope 2 (indirect carbon emissions), while still maintaining contact with our clients;

Measuring
our carbon footprint to create quality benchmarking data; and

Minimising
our carbon emissions with practical steps on Scope 3 with relevant operations across our offices.

Collectively, we are working to ensure that we improve our ESG practices, finding ways to reduce our day-to-day operational carbon emissions, and making improvements to our emissions reporting.

Our external provider, ESI Monitor's FutureTrack, a guided sustainability solution, has given us the tools to collate accurate data on our carbon footprint. This framework is an international benchmark, which serves as an environmental management system to measure, manage and minimise our environmental impact, including emissions.

In advance of the development of a carbon emission policy, we retired 15 verified emission reductions (VERs) offsets, saving 15 tonnes of CO2 emissions from being released into the atmosphere. The emissions, which related to staff travel to two Group events in the UK, were calculated with the assistance of ESI Monitor and retirement certificates hosted on the Gold Standard Impact Registry.

Two projects benefited from the retirement – BaumInvest Mixed Reforestation in Costa Rica and the Nicaforest High Impact Reforestation Program.

Going forwards, data on our emissions will be published on our website.

Our Community

The Group has a proactive approach to contributing to and engaging with its communities. We have a long and proud history of supporting local charities and organisations, sports teams and voluntary groups and, as referenced in the Chairman's statement, the ESG Committee was delighted to see staff donating funds to those affected by the war in Ukraine, an initiative that was fund-matched by the business.

We also introduced a new volunteer time initiative at the end of 2021, which employees are able to use to support a charity as a team or individually. During the year colleagues played their part in making a positive contribution to our community by volunteering for some worthwhile charity initiatives.

Among other activities, employees in Guernsey played a hands-on role at Grow Limited, an occupational workshop for adults with learning disabilities, while in Jersey colleagues spent time working on the Spirit of Variety yacht, which is sponsored by Praxis and provides sailing opportunities to disadvantaged young people and children with special needs.

The ESG Committee also organised a series of staff webinars covering a diverse range of topics including:

- **International Women's Day:** a webinar with a panel of female staff from across the Group, discussing the theme of Break the Bias.
- **Movember:** an interview with a member of the Guernsey team who shared the story of his successful treatment for prostate cancer with colleagues to mark the global awareness campaign.
- **One Earth Day:** Fred Betley from ESI Monitor spoke to our global team about the interaction between individuals, business and government in the mission to live sustainably.
- **Mental Health Awareness Week:** speaker Jo Buchanan ran a Digital Detox session.

Environment, Social and Governance (ESG) continued

#PraxisPeople

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7


Environment, Social and Governance (ESG) continued

Grow Limited (1)

Staff in Guernsey chose Grow Limited as their Charity of the Year. The charity helps adults with learning disabilities through its rural workshop scheme. A total of £10,000 was donated to purchase equipment for the charity's newly refurbished premises, which are due to open in summer 2023. Staff also used their volunteering hours to help Grow with manual tasks in its greenhouse.

Nature Talk (2)

As part of the Group's 'nature' theme for 2022, the Guernsey ESG team sponsored a talk as part of the Guernsey Literary Festival. Dave Goulson's book 'Silent Earth – Averting the Insect Apocalypse', explores living as part of nature, and the decline of global insect populations.

Praxis Pumas (3)

The Praxis-sponsored women's basketball team won its first league title in 2022, ably coached by Managing Director of our Guernsey Private Wealth and Corporate Services, Robin Smith.

Macmillan Jersey (4)

Jersey's annual Rowathon sees teams row 30,000 meters (equivalent rowing distance of Jersey to Sark) to raise £20,000 for the island-based charity.

Praxis also sponsored the 2020 and 2022 Rowathons (the 2021 event was cancelled due to the pandemic). All money raised by supporters goes directly to funding the emotional, practical and wellbeing support provided to islanders affected by cancer.

Borrow a Bucket (5)

A great Jersey community initiative that reduces waste and makes the island's beaches more inclusive.

Driven by local environmentalist Louise Carson and project partner Tara Dolan, the Borrow a Bucket boxes host a variety of beach toys such as buckets and spades, fishing nets, footballs, cricket sets, and boules, which the public are invited to borrow during their trip to the beach and return to the box when they leave.

Every Child Our Future (6)

Praxis partnered with Every Child Our Future in Jersey to provide the gift of a book to local school children attending its Book Buddies Programme. Employees also regularly use their volunteer time to read to the children.

Members of the Praxis team in Guernsey volunteering at the Accidental Zoo.

BVI (7)

We purchased five computers for BVI Services, an adult day programme for people who are differently abled. The computers will help programme participants to develop their computer skills as they progress towards employment and independence.

Jersey Trees for Life

A team of seven colleagues assisted Jersey Trees for Life with a maintenance programme at Val de La Mare, where they worked in the Australasia area, weeding and clearing. Staff enjoyed using their volunteering time in the fresh air and sunshine.

Variety Sailing Trust

As main sponsor of this Jersey charity, we help provide sailing opportunities for disadvantaged young people and children with special needs. We also support the charity with its annual maintenance programme, with colleagues helping to clean and prepare the boat ready for summer.

Environment, Social and Governance (ESG) continued

Our Governance

Praxis is fully committed to the principles of good corporate governance, including effective management, reporting and transparency. As a TISE-listed company, we adhere to the Guernsey Financial Services Commission's Finance Sector Code of Corporate Governance.

Our approach is focused on ensuring that the process the Group follows in making key business decisions allows for careful consideration of the impact those decisions might have on the wider stakeholder group.

Praxis reinforced its governance practices in 2022 with a root and branch review of its governance structure and risk management tools undertaken by Kroll. This has ensured we have the appropriate framework and measures in place for a business of our complexity and scale.

This review also considered the membership of key committees to ensure that each was appropriately sized and contained the right blend of expertise while ensuring agile decision making, with scaling up and scaling back of membership implemented as required.

In February 2023, the Group welcomed Adam Kitching as Company Secretary. Adam has substantial experience in corporate governance having spent the past 15 years carrying out this role in the financial services sector.

A full report on our Corporate Governance can be found in the Corporate Governance Report on page 23.

People

Teamwork and collaboration are at the heart of our culture, and we strive to create an environment of openness and respect where everyone feels valued, listened to and challenged, and in turn delivers the best service to our clients.

Systems

2022 has been a pivotal year for the automation of operational HR and people-related processes as we embedded our online HR System 'The Hub'. Following implementation of the initial phases of the system in 2021, 2022 has seen the Hub become a core business system for the Group, allowing us to manage and report on our people-related data, centrally and securely. We have successfully rolled out fully paperless processes in relation to promotions, salary reviews and bonus management as well as the annual performance review and objective setting process.

Driving High Performance

Our updated performance review and objective-setting process was launched this year and ensures that staff have clear communication channels with their line manager to reflect on past performance and define future goals and development plans.

The new objective criteria ensures that our people have a clear line of sight between their own role and the overarching Group strategy, and that their performance links directly to the reward that is available to them. This will also provide clarity on the skill sets in place across the Group and ensure we have the right expertise to deliver on our strategic goals.

Reward and Recognition

Our approach to variable reward has been completely refreshed in 2022. A new cash bonus scheme, open to all permanent employees, has replaced annual discretionary bonuses. The new scheme comprises three parts: group performance (40%); performance of operating company (30%); and personal performance (30%). The new approach links our people to the delivery of the strategy and provides transparency between business performance, cultural alignment and bonus potential.

Separately, for those in roles that generate new business, a commission-based bonus scheme has been launched to support delivery of our growth ambitions.

Finally, a new long-term Performance Share Plan (PSP) has been introduced for senior employees to reward and retain key leaders in the business.

We also continue to offer all permanent staff the option to invest in the company's success through our Buy As You Earn ("BAYE") Scheme.

Values and Culture

To develop the work carried out on defining our culture in 2021, 2022 has seen us define a new set of core values and associated behaviours, thanks to engagement and feedback from a range of stakeholders across the Group.

To encourage and recognise alignment with our values, we have embedded them into our objective setting and appraisal processes. A proportion of an employee's bonus is now directly related to how well they have met their values-based goals.

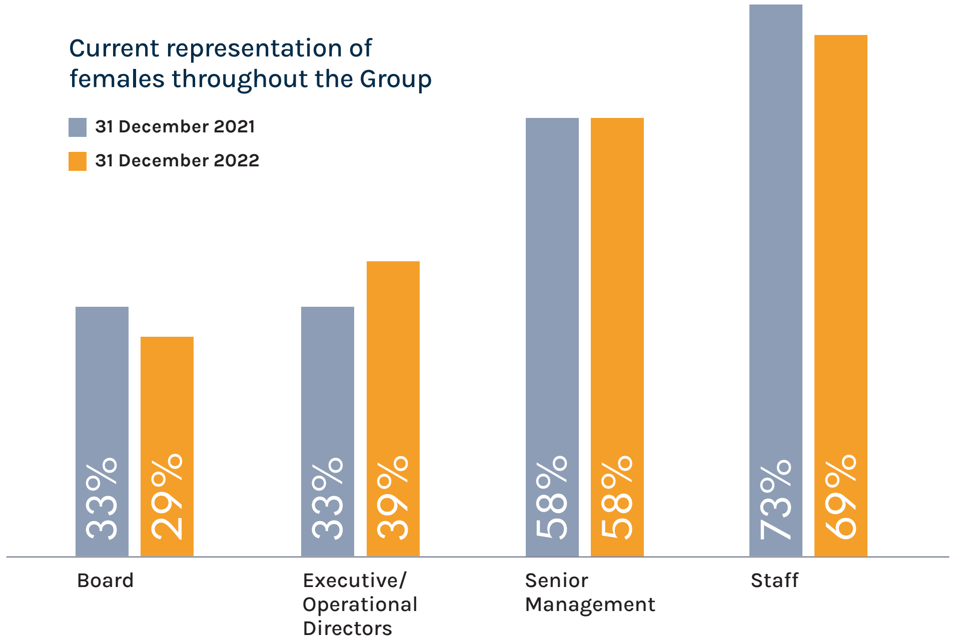
A related project also commenced this year to define a distinctive employer brand to help us raise the profile of the business externally to attract prospective candidates, and to enhance the sense of belonging, purpose and engagement within our existing team.

People continued

Diversity

The Group supports and promotes all aspects of diversity across all levels of its workforce and recognises the benefits this brings to the business. Recruitment and development of individuals is based on merit regardless of gender, age, race, religion or any other characteristic of the individual not related to their performance. The representation of females throughout the Group and the mean gender pay gap are presented below, with prior year comparatives adjusted to remove employees of the Funds division.

Current representation of females throughout the Group



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

The Group has also measured its mean gender pay gap at 31 December 2022. The gap is calculated as the difference between the average FTE pay of all females in the Group versus the average FTE pay of all males in the Group, regardless of what their role is within the organisation.

The results of this are shown in the table below. A negative figure represents a favour towards females, a positive figure represents a favour towards males.

The Group also has Equal Opportunities and Anti-bullying policies in place and in November 2021 introduced a new Diversity and Inclusion policy which was created by the ESG Committee.

Encouraging our employees to be as diverse in their thinking as possible, without fear of judgement, is not just the right thing to do, it is the commercially sensible thing to do. Research shows that diverse teams, in which different voices are heard and respected, lead businesses to make better decisions.

	31 December 2021			31 December 2022		
	No. of males	No. of females	Pay gap	No. of males	No. of females	Pay gap
Board	4	2	-75%	5	2	-77%
Executive / Operational Directors	39	19	16%	33	21	17%
Senior Management	44	61	-6%	49	67	-2%
Staff	63	167	-1%	72	161	-6%

People continued

Wellbeing

As all our locations have returned to office based working post-pandemic, flexible working has become a core part of our operating practice. This includes a working from home policy that allows up to two days a week to be undertaken remotely, core working hours to allow people to start early or finish later, and ad hoc initiatives such as 'Flex for Summer' which gives employees even greater flexibility over the European summer months.

Our approach reflects a culture of trust and empowerment that supports the wellbeing of our people and ensures an inclusive workplace that recognises the competing priorities and demands we have in our lives. It is also crucial to attract, engage and retain talent in the highly competitive labour markets in which we operate.

In 2022 we launched our first Group Periods and Menopause Policy to support any employee who is struggling with the impact of periods or menopause in the workplace - another step in recognising the value of a diverse workforce and an inclusive workplace.

Learning and Development

Offering opportunities for personal and professional development is a priority for Praxis, evidenced through the number of promotions in 2022 across the business.

To support this continuing development, this year we launched an online webinar platform providing access to over 1300 webinars covering technical CPD, management development, and a range of soft skills learning. This allows our people to choose topics that suit their own training needs and development planning, at a time that is convenient for them. It also complements the other mandatory online training that we provide to make sure everyone has a shared awareness of business risks and their personal responsibility in areas such as data protection and information security.

For the first time in recent years, we have been able to offer face-to-face management development programmes in our larger offices and we have also trialled a new programme of networking and communication skills training, designed to equip our client facing teams with the skills and confidence to engage with our clients.

> "Our approach reflects a culture of trust and empowerment that supports the wellbeing of our people and ensures an inclusive workplace that recognises the completing priorities and demands we have in our lives."

Group Board of Directors

Iain Torrens FCA
Chairman, Independent

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

Stephanie Coxon FCA
Non-Executive Director, Independent

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

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

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

Group Board of Directors continued

Peter Gillson ICSA
Non-Executive Director

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

Rob Fearis FCCA TEP
Chief Executive Officer

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

Richard Morris ACA PhD Meng
Chief Financial Officer

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

Martyn Crespel TEP
Executive Director

Martyn joined the Group in 2016 following the acquisition of his niche multi-family office business. His long tenure in the international finance industry, combined with his extensive experience in private client and Sharia structuring has enabled him to provide strategic guidance and direction in the development of the Group's private client and corporate and Middle Eastern businesses.

Corporate Governance Structure

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

The Board

The Board consists of four Non-Executive Directors (three of which are independent, and one represents the largest shareholder), and three Executive Directors as detailed on pages 23 and 24. The roles of the Chairman and the Chief Executive Officer are separated, ensuring a clear division of responsibilities. The combined skills and experience ensure independence and enable effective decision making and delivery of the Group's strategic objectives.

Changes to the Board during the period are detailed in the Directors' report on page 31.

Membership of the Board

The Board held three scheduled quarterly meetings and four ad-hoc meetings during the 12-month period. Attendance at meetings during the period is detailed in the Directors Report on page 32.

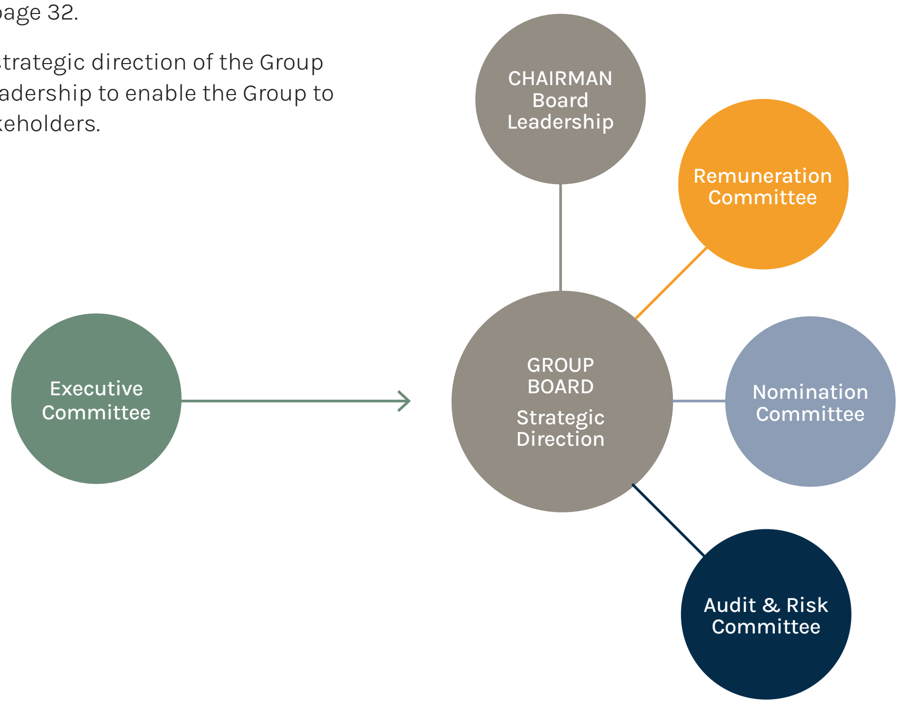
The Board oversees the strategic direction of the Group and provides effective leadership to enable the Group to enhance value to all stakeholders.

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

The Board is evaluated on an annual basis to ensure that it continues to be able to conduct its activities and discharge its responsibilities effectively. The latest evaluation was undertaken during April 2023 and the findings are summarised on page 29.

Board Committees

The Board has delegated certain responsibilities to enhance effective governance and focus. The Group's government structure is shown below, with the responsibilities detailed in the table on page 26.



Corporate Governance Structure continued

Committees of the Board

	Audit and Risk Committee	Remuneration Committee	Nomination Committee	Executive Committee
Responsibilities	> Oversee the Group's financial reporting and advise the Board on whether the annual and interim report is fair, balanced and understandable > Assess whether appropriate accounting policies have been adopted > Monitor and review the effectiveness of the Group's risk management and controls > Evaluate the appointment, performance, independence and remuneration of the external auditor > Appoint an Internal Auditor and evaluate their effectiveness > Review the adequacy and effectiveness of the Group's compliance function including the Group's anti-money laundering systems and controls	> Determine and agree with the Board the framework for remuneration of the Board and senior management including any pension rights, bonuses, incentive payments and share options / share awards > Review wider workforce remuneration and related policies to ensure incentives and awards are aligned to the culture and wider performance of the Group, as well as consistent with the Group's approach to risk > Ensure that contractual terms on termination are fair to the individual and the Company > Review the Group's gender pay report on an annual basis > Monitor remuneration trends > Approve the vesting criteria and performance metrics for any share based payment plans	> Regularly review and evaluate the structure, size and composition (including the balance of skills, knowledge, number of roles, experience and diversity) of the Group Board > Consider succession planning for directors and senior management > Review and monitor the leadership needs of the organisation > Before any appointment is made to the Group Board, evaluate the balance of skills, knowledge, experience and diversity on the board, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment > Recommend to the Board the re-appointment of any non-executive director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board, as well as the re-election by shareholders of directors having due regard to their contribution and the need for progressive refreshing of the Board	> Day to day management of the Group's operations and activities > Assists, advises and makes recommendations to the Board in relation to delivery of strategic objectives, compliance and risk management, financial and management reporting, performance and budgeting, systems and technology, human resources and marketing strategy > Negotiating terms with a target company to ensure the Group Board has sufficient information to authorise execution of contractual agreements
Membership	> **Stephanie Coxon** Chair > **Iain Torrens** > **Diane Seymour-Williams**	> **Diane Seymour-Williams** Chair > **Iain Torrens** > **Stephanie Coxon**	> **Iain Torrens** Chair > **Diane Seymour-Williams** > **Stephanie Coxon**	> **Rob Fearis** Chair > **Richard Morris** > **John Medina** > **Colin Vaudin**
Minimum Meeting Frequency	Quarterly	Annually	Annually	Monthly

Note: The ESG Committee, previously a committee of the Board, now reports into the Executive Committee in order to embed the ESG focus further into the business.

Corporate Governance Structure continued

Audit and Risk Committee

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

External Auditors

The Audit & Risk Committee has the primary responsibility for the appointment of the external auditor, including negotiating the fee and scope of the audit, initiating a tender process, influencing the appointment of an engagement partner and making formal recommendations to the Board on the appointment, reappointment and removal of the external auditor. The Audit & Risk Committee annually assesses, and reports to the Board on the qualifications, expertise, resources, and independence of the external auditor and the effectiveness of the audit process, with a recommendation as to whether to propose to the shareholders that the external auditor be reappointed.

Safeguarding Auditor Objectivity and Independence

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

This review included discussions with the External Auditor at various meetings, reliance on the External Auditor's own internal controls for compliance with independence rules and ensuring compliance with the Non-Audit Services Policy. When evaluating the independence of the External Auditor, the Audit & Risk Committee also took into consideration the quality of the audit produced, the constitution of the audit team being used by the External Auditor, communications between management and the External Audit team and generally how the team both interacts with and challenges management.

Financial Reporting

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

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

Internal Controls

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

Remuneration Committee

The remuneration committee is chaired by Diane Seymour-Williams and is comprised entirely of independent Non-Executive Directors. During the year, the committee undertook a review of the current variable compensation structures in place across the Group and those offered by its competitors. At the heart of the review was a desire to create a structure which recognises the success of the business overall; the contribution made by each member of the team; is fair and transparent; engenders loyalty and is aligned with creating value for our shareholder base.

The review resulted in the existing variable compensation being replaced by three schemes. The first two are cash-based awards: a cash bonus plan for those colleagues who are not directly client-facing; and a commission bonus plan that rewards client-facing staff for delivering growth. The third scheme is an equity-based scheme which rewards our management team for their contribution towards delivering the '£20m+ by 25' plan.

Cash Bonus Plan

During the year, the Group launched its cash bonus plan linked to the delivery of our strategy to position Praxis as a leader in the private wealth and corporate services markets.

The bonus pool is based upon revenue performance of the Group versus its target for the year. Allocation of the pool is based on performance during the year and reviewed by the Remuneration Committee.

During the first year of operation, a bonus pool of £1.1m was accrued based on the Group's performance for the year to 31 December 2022. This is due to be paid out in June 2023. The bonus payment in the prior period was £0.5m for eight months.

Commission Bonus Plan

During the year, the Group launched its commission bonus plan linked to the delivery of the strategy to grow the revenues of the Group.

The plan is designed to reward the engagement of new clients and services and drive the organic growth of the Group.

The plan was launched with effect from 1 July 2022 and during the first six months of operation commission bonuses of £0.1m were accrued based on organic growth delivered in the second half of 2022. The full benefit of the plan will be seen in June 2023.

Performance Share Plan

The performance share plan ("PSP") is designed to align the top managers across the Group with the interests of shareholders, based on the delivery of the '20+ by 25' plan.

The plan consists of two components (PSP1 and PSP2) with the participants graded across six tiers based on their seniority within the Group and their performance. Vesting of both PSP1 and PSP2 is linked to the delivery of underlying EBITDA and the beneficiary remaining with the Group for three years from the vesting date and continuing to hold the shares, net of any tax liability.

In considering the vesting criteria, the Committee considered a number of different metrics including TSR, EPS, net profit and underlying EBITDA and concluded that the combination of the transformation journey which the Group is embarking on, which is likely to give rise to underlying adjustments through the earlier part of the award period, requirements under FRS102 to amortise goodwill, the effect which market liquidity can have on the market capitalisation and benefit of having a single objective for the wider team favoured the use of adjusted EBITDA. The PSP was approved by shareholders at the Annual General Meeting on 28 September 2022.

PSP1 Vesting

For the period to 31 December 2022, a pool of up to 800,000 shares was made available to satisfy potential allocations under the award known as PSP1 with 100% of the pool being allocated if the underlying EBITDA, before taking account of the accounting charge related to the plan, for the period to 31 December 2022 met the target of £5.4m. In the event that the business delivered underlying EBITDA below the target level the available pool is scaled back pro-rata with the minimum target for 2022 being being £4.8m underlying EBITDA.

Following a review of the performance for the period and in line with the objectives of PSP1 to align the wider management team with other stakeholders, the remuneration committee applied its discretion to grant 506,938 shares under the plan to the 66 participants, representing 63% of the total available. The awards will be satisfied from shares which are currently held by the Group in treasury and are subject to a requirement for the beneficiary to remain employed by the Group on 30 June 2025 and in the case of those senior managers in the top two tiers, for the Group to have delivered positive net profit.

Directors' Fees

The table below discloses both Executive and Non-Executive Director fees paid for the year ended 31 December 2022, with prior year comparatives where applicable. The standard fee to a Non-Executive Director was £45,000 and an additional fee payable for the chairing of the Audit and Risk Committee and the Remuneration Committee. The fee for the Chair position is £75,000.

	Year ended 31 December 2022 £	Periods ended 31 December 2021 £
Executive Directors		
Rob Fearis	414,964	244,038
Richard Morris (from 1 February 2022)	223,045	-
Martyn Crespel	128,109	134,563
Non-Executive Directors		
Iain Torrens	75,000	25,000
Stephanie Coxon	60,000	33,287
Diane Seymour-Williams	52,500	29,958
Peter Gilson	45,000	29,958

Nomination Committee

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

Board Changes

The Committee dealt with the following appointment to the Board during the year and after the year end:

> Richard Morris was appointed as an Executive Director on 1 February 2022.

Board Effectiveness

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

The latest evaluation was undertaken on 27 April 2023. The key findings were as follows:

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

Directors' Report

The Directors present their report and the audited consolidated financial statements for the year ended 31 December 2022.

Incorporation
The Company was incorporated in Guernsey on 15 December 1995 and has been listed on The International Stock Exchange (TISE) since 12 April 2017.

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

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

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

> select suitable accounting policies and then apply them consistently;

> make judgements and estimates that are reasonable and prudent;

> state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

> prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The Directors confirm that:

> so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware;

> each Director has taken all the steps they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information; and

> the financial statements give a true and fair view and have been prepared in accordance with UK Accounting Standards and the Companies (Guernsey) Law, 2008.

Principal Activities
The Group's principal activities are Private Wealth and Corporate Services.

Directors' Report continued

Results
Earnings before interest, tax, depreciation, amortisation and performance share plan ('EBITDA') of continuing operations for the year was a profit of £919,676 (PY: loss of £59,353), the calculation for which is set out below:

	Year to 31 December 2022 £'000	Period to 31 December 2021 £'000
Loss for the year/period	**(5,325)**	**(5,209)**
Add back:		
Net Interest	531	501
Taxation	762	666
Depreciation	1,034	726
Amortisation	3,750	3,256
Performance Share Plan	167	-
EBITDA	**919**	**(60)**

The Group has a mixed client base which is well-diversified, with no single client comprising more than 1.6% of continuing revenue in the financial year ended 31 December 2022. Furthermore, the top 10 clients account for less than 11.9% of continuing revenue.

Dividends
During the year gross dividends of £1,074,263 (PY: nil) were paid to the Company's shareholders.

Directors
The Directors of the Company during the year are set out on page 23 and 24.

Richard Morris was appointed to the Board as an Executive Director on 1 February 2022.

At the AGM of the Company held on 28 September 2022, shareholders approved the appointment of Diane Seymour-Williams and Richard Morris.

Directors' Meetings and Attendance

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

Name	Board – Scheduled	Ad Hoc	Audit & Risk Committee	Nomination Committee	Remuneration Committee
Numbers of meetings held	4	3	10	3	4
Iain Torrens	4	3	10	3	4
Stephanie Coxon	4	3	10	3	3
Diane Seymour-Williams	4	3	9	2	4
Peter Gillson	4	3	N/A	N/A	N/A
Robert Fearis	4	3	N/A	N/A	N/A
Richard Morris	4	3	N/A	N/A	N/A
Martyn Crespel	4	2	N/A	N/A	N/A

Directors' Interests

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

	31 December 2022			31 December 2021		
	No. of shares	Percentage	Interest	No. of shares	Percentage	Interest
Iain Torrens	35,000	0.04%	Direct	35,000	0.03%	Direct
Stephanie Coxon	17,391	0.02%	Direct	17,391	0.02%	Direct
Diane Seymour-Williams	22,877	0.03%	Direct	30,434	0.03%	Direct
Peter Gillson[1]	105,000	0.12%	Direct	105,000	0.09%	Direct
Robert Fearis[2]	2,520,682	2.93%	Direct	3,537,500	3.15%	Direct
Richard Morris	26,407	0.03%	Direct	30,000	0.03%	Direct
Martyn Crespel	600,052	0.70%	Direct	774,574	0.69%	Direct

[1] Peter Gillson also holds an indirect holding of 0.16% of the Group via his holding in Financial Services Opportunities Investment Fund Limited.

[2] Total beneficial interest with spouse.

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

	31 December 2022				31 December 2021			
	No. of options	Exercise price	Grant date	Expiry date	No. of options	Exercise prices	Grant date	Expiry date
Iain Torrens	-	-	-	-	-	-	-	-
Stephanie Coxon	-	-	-	-	-	-	-	-
Diane Seymour-Williams	-	-	-	-	-	-	-	-
Peter Gillson	-	-	-	-	-	-	-	-
Robert Fearis	28,072	Nil	23/12/2022	30/06/2025	-	-	-	-
Richard Morris	19,906	Nil	23/12/2022	30/06/2025	-	-	-	-
Martyn Crespel	-	-	-	-	-	-	-	-

Shareholders

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

	As at 31 December 2022			As at 16 May 2023		
	No. of shares	Percentage	Interest	No. of shares	Percentage	Interest
Huntress (CI) Nominees Limited						
A/C KGCLT [1]	34,022,771	39.59%	Direct	35,027,439	40.76%	Direct
Brian Morris	3,232,120	3.76%	Direct	3,232,120	3.76%	Direct

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

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

Going Concern

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

Directors' and Officers' Liability Insurance

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

Anti-Bribery and Corruption

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

Diversity

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

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

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

A full report on our Diversity can be found in the People Report on page 20 to 22.

Human Rights

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

We have a responsibility to respect the human rights of our colleagues, customers, the communities we operate in and the people who work throughout our supply chain, and we have an opportunity to make a difference. We do not tolerate slavery, human trafficking, forced labour, child labour or child exploitation.

We have policies which allow us to manage human rights both within and outside of our business and are included in our Codes of Conduct. Furthermore, the PraxisIFM employee staff handbook makes it abundantly clear that employees are expected to behave ethically and operate with integrity at all times.

The Group also has Equal Opportunities and Anti-bullying policies.

Environmental Policy

While the Company has a limited carbon footprint in respect of its day-to-day activities, the Board also notes that the Group recognises that environmental responsibility is core to its longer-term business success, and actively integrates environmental, social and governance (ESG) issues into its business model. For more information regarding the Group's ESG approach and initiatives throughout the year see pages 15 to 19.

Company Secretary

The Company Secretary who held office for the period from 1 January 2022 to 20 July 2022 was Ms Shona Darling. From 20 July 2022 to 20 February 2023, no Company Secretary was formally appointed, and the position was covered by the Chief Financial Officer and other employees of the business. From 20 February 2023, Adam Kitching was Company Secretary.

Independent Auditor

BDO Limited has signified its willingness to continue in office. A resolution to reappoint BDO Limited as auditor for the year ended 31 December 2023 will be proposed at the AGM.

The following table summarises the remuneration paid to the External Auditor's member firms for audit and non-audit services during the year ended 31 December 2022:

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

Annual General Meeting

The Company Secretary will send the notice of Annual General Meeting separately in due course.

Shareholder Engagement

The Board is in regular and open dialogue with all shareholders which spans both external investors and staff.

As well as routine communications via regular market announcements, annual and interim reports and the Group's website, the Annual General Meeting is always well attended. In addition, following any major developments, such as the recent sale of the Funds division, the Group's CEO invites all shareholders to either meet with him in person or contact him via video conference or email to raise any queries. These views are then shared with all of the Directors and taken into consideration as part of the Board's decision-making process.

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

This report was approved by the Board on 16 May 2023 and is signed on its behalf by:

Iain Torrens
Chairman
16 May 2023

Independent Auditor's Report to the Members of PraxisIFM Group Limited

Opinion on the Financial Statements

In our opinion, the financial statements of PraxisIFM Group Limited ("the Company" or "the Group"):

- give a true and fair view of the state of the Group's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements of the Group for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income; the Consolidated Statement of Financial Position; the Consolidated Statement of Changes in Equity; the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Independence

We remain independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions Relating to Going Concern

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

- We obtained the Directors' assessment and their conclusions with respect to going concern.
- We discussed with the Directors the critical estimates and judgements applied in this assessment so we could understand and challenge the underlying factors incorporated and sensitivities applied such as growth rates and expenditure assumptions in the forecast.
- We evaluated the Directors' assessment of accounting estimates, which could be impacted by the economic environment and the Ukraine/Russia conflict, including estimates involved in the impairment assessment of goodwill and intangible assets and the recoverability of Work In Progress and debtors.
- Post year end the Group has successfully refinanced its existing banking facilities as disclosed in note 27 to the financial statements. We have obtained signed documentation in respect of the bond issue and verified the receipt of the proceeds to bank statements.
- We reviewed the disclosures presented in the Annual Report in relation to going concern by reading the other information, and assessing their consistency with the financial statements, the requirements of relevant accounting standards, and the evidence we obtained in our audit.

Independent Auditor's Report to the Members of PraxisIFM Group Limited continued

- We assessed the Directors' going concern analysis in light of relevant economic factors and evaluated management's stressed scenarios. This included challenging the underlying data by reference to latest results of the Group and/or relevant external data for measures such as inflation. We also assessed the adequacy and appropriateness of the underlying assumptions used to make the assessment based on our knowledge of the Group and evaluated the Directors' plans for future actions in relation to their going concern assessment.

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

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

Overview

Coverage	79% (2021: 97%) of Group revenue		
Key audit matters		2022	2021
	Revenue recognition	-	-
	Impairment of goodwill	-	-
	Debtor provisioning	-	-
Materiality	£128,000 based on 8% of adjusted underlying profit before tax (December 2021: £250,000 based on 8% of adjusted underlying profit before tax)		

An Overview of the Scope of Our Audit

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

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

In terms of Group composition, we determined that the Group consists of four significant components and 48 non-significant components. Two of the significant components were subject to statutory audits completed by BDO Limited. The remaining significant component was audited by a BDO International member firm under the supervision of BDO Limited.

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

Independent Auditor's Report to the Members of PraxisIFM Group Limited continued

Our Involvement with Component Auditors

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

> Issuance of Group reporting instructions, inclusive of considerations of materiality, fraud and irregularities

> Attendance at all audit planning meetings with audit engagement teams and respective local management

> Oversight of and coordination of IT systems for the provision and delivery of audit evidence between local management and component engagement teams

> Detailed review of significant component audit planning and active attendance at engagement team discussions prior to on site audit testing commencing

> Review of significant component audit work performed on areas of significant risk of material misstatement

> Regular update meetings during the audit with all audit engagement teams and respective local management where necessary

> Involvement in audit query resolution and audit challenge where required

> Acted as liaison between local engagement teams and Group finance and management where necessary.

Key Audit Matters

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

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue recognition The accounting policy in relation to accrued income is disclosed in note 2 to the annual report. The assumptions and judgements which are made in respect of this area are set out in note 3.	The Group generates revenue from multiple streams. There is a risk that the Group recognition policy as stated in the notes to the financial statements is not adhered to consistently. Accrued income is calculated based on time charged by staff on client matters to which a discount rate is applied for recoverability. The calculation of the accrued income requires management judgement with regards to the chargeable time that would be recoverable and therefore there is a risk that it might be misstated. There is a high level of judgement applied by management in assessing and determining the value of accrued income. Accordingly we considered this to be a key audit matter.	For a sample of clients where accrued income has been recognised, we have assessed the level of chargeable time incurred and recovered post year end. For those amounts not billed or recovered post year end, we have challenged management's judgement and rationale as to the recoverability of the accrued income amounts with reference to fee agreements and communication with clients. We reviewed historical billing patterns and timings of settlement of invoices in respect of clients where judgement has been made by management. Across each of the Group's various revenue streams, we have agreed, on a sample basis, revenue to signed fee agreements and/or client acceptance of fees raised and checked that revenue recognised is consistent with the applicable accounting policy. We also assessed the mechanical calculation of deferred income on a sample basis at the year end with reference to timing of billing and the period to which the invoice relates. **Key observations:** We consider that the Group has applied its revenue recognition policy as stated in the notes to the financial statements consistently and we consider management's judgements relating to the valuation of accrued income to be reasonable.

Independent Auditor's Report to the Members of PraxisIFM Group Limited continued

Key audit matter		How the scope of our audit addressed the key audit matter
Goodwill impairment The accounting policy for intangible assets is detailed in note 2 of the consolidated financial statements. The impairment of intangible assets and the assumptions and judgements which are made in respect of this area are disclosed as a critical judgement in note 3 of the annual report. Notes 11 and 12 provide detail on the balances and impairments charged.	Within intangible assets the Group holds a significant balance of goodwill that has arisen from the acquisition of subsidiaries. Management is required to perform an impairment review at each financial reporting date in respect of the carrying value of goodwill on a cash generating unit ("CGU") basis. Management uses a variety of models to determine the value in use of each CGU to which goodwill is allocated. The impairment tests performed by management were considered significant to our audit due to the complexity of the models employed as well as the significant judgements applied by management when determining the assumptions included in the assessment. These assumptions are based upon estimates that are affected by prospective information on expected performance where each CGU operates. Because of the assumptions and estimates involved we considered this area to be a key audit matter.	We evaluated the inputs and assumptions in the forecast used by management in determining the value in use of each CGU. We challenged management's judgements by testing the underlying value in use calculation and compared the forecast used against actual results. We challenged the useful economic life assumptions used at CGU level with reference to our understanding of client attrition rates, forecast projections and discussions with relevant audit teams responsible for component audits. We challenged management's key assumptions for short and long term growth rates in the forecasts by comparing them to historical results. We challenged the discount rate used in the calculations by considering the cost of capital for the Group and comparable organisations. We then assessed the risk premiums allocated to each cash generating unit being assessed for impairment. We performed sensitivity analysis on the model, which included all key assumptions, to understand the sensitivity of the model to changes in underlying assumptions. We performed an evaluation for the key assumptions used in the value in use calculation such as comparing the inputs to prior year, comparison of industry practice in order to assess whether there are any indications of management bias. **Key observations:** We consider management's judgements and assumptions used in the assessment of impairment of goodwill to be reasonable.
Debtor provisioning The accounting policy adopted in respect of debtor impairment is detailed in note 2 of the consolidated financial statements. The impairment of debtors is also included as a key source of estimation uncertainty in note 3. Notes 16 provides detail on the balances and impairments charged.	The nature of the Group's revenue streams means that there are instances where debtors are not recovered in full. Management is required to assess whether a provision is required for non-recoverability of debtors and this is determined by reference to ageing, past default experience and management's assessment of any objective indicators of impairment. Due to the level of management judgement the allowances made may be subject to management manipulation. Although management may make a best estimate over the recoverability of these figures, unforeseen financial difficulties, or inabilities to pay fees in relation to the clients may lead to these figures being under or overstated in error. We therefore considered this to be a key audit matter.	For a sample of debtors, we reviewed management's assessments with regards to the recoverability of debtors and we corroborated the assessment with appropriate supporting evidence, including cash receipts subsequent to the year end as well as relevant financial information on the solvency and liquidity of the counterparties. We further challenged and scrutinised management over significant balances that remained outstanding at the point of audit sign off and obtained further detailed corroborative information, such as underlying financial statements, to support their assessment that the balances outstanding remained recoverable in the ordinary course of business. **Key observations:** We consider management's judgements in respect of debtor recoverability to be reasonable.

Our Application of Materiality

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

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

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

	Group financial statements	
	2022 £	2021 £
Materiality	128,000	250,000
Basis for determining materiality	8% of three year average profit before tax after adjustment for one off non-recurring items such as onerous lease charges, goodwill impairment and restructuring costs in the financial period.	
Rationale for the benchmark applied	We have considered the relevant financial metrics for users of the financial statements and have assessed that adjusted profit, after removing items which are not considered to be reflective of the Group's underlying continuing activities, is most appropriate as this reflects the Group's underlying operating results.	
Performance materiality	89,000	175,000
Basis for determining performance materiality	Represents 70% of the above materiality levels. We selected 70% as an appropriate threshold based on the following considerations: the effect of the prior year identified misstatements was below materiality; management is open to adjustments; the level of sample procedures that are planned and the fact that there are accounts that are subject to estimation.	

Component Materiality

We set materiality for each component of the Group based on a percentage of between 8% and 94% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £11,000 to £120,000. In the audit of each component, we further applied performance materiality levels of 70% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting Threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £5,100 (2021: £12,500). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other Information

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

We have nothing to report in this regard.

Other Companies (Guernsey) Law, 2008 Reporting

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

> proper accounting records have not been kept by the Company; or

> the financial statements are not in agreement with the accounting records; or

> we have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of Directors

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

In preparing the financial statements, the Directors are responsible for assessing the 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 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.

Extent to which the Audit was Capable of Detecting Irregularities, Including Fraud

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

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

Independent Auditor's Report to the Members of PraxisIFM Group Limited continued

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of management override of controls) and determined that the principal risks were related to management bias in accounting for estimates, particularly with regard to revenue recognition, debtor provisioning, accrued income valuation and goodwill impairment reviews (as considered to be key audit matters as discussed above). We also considered how management override could occur in respect of our journal testing and ensured that our criteria for testing reflected our understanding of where and how this could occur.

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

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

> Discussion with and enquiry of management, those charged with governance and compliance team members concerning known or suspected instances of non-compliance with laws and regulations or fraud;

> Reading minutes of meetings of those charged with governance, correspondence with the applicable regulators, internal compliance reports and complaints, breaches, errors and other relevant compliance registers to identify and consider any known or suspected instances of non-compliance with laws and regulations or fraud;

> Challenging the judgements and assumptions used by management and those charged with governance in connection with the significant accounting estimates identified above including goodwill impairment and debtor provisioning as set out within our Key Audit Matters; and

> Agreeing revenue amounts to supporting documents, including observation of original signed client agreements and consideration of whether the criteria for recognising revenue have been met during the period under review as discussed within revenue recognition in our Key Audit Matters.

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

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

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

Use of our Report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the 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.

BDO Limited

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

Date: 16 May 2023

Consolidated Income Statement

	Note	Year ended 31 December 2022 Cont. Ops £'000	Discont. Ops £'000	Total £'000	Period ended 31 December 2021 Cont. Ops £'000	Discont. Ops £'000	Total £'000
Turnover	3	47,325	–	47,325	30,595	8,263	38,858
Direct costs	4	(19,333)	–	(19,333)	(12,700)	(4,469)	(17,169)
Gross profit		**27,992**	**–**	**27,992**	**17,895**	**3,794**	**21,689**
Indirect costs	5	(27,172)	–	(27,172)	(17,966)	(1,100)	(19,066)
Other income		99	–	99	11	7	18
Earnings before interest, taxes, depreciation, amortisation and performance share plan (EBITDA)		**919**	**–**	**919**	**(60)**	**2,701**	**2,641**
Depreciation	11	(1,034)	–	(1,034)	(726)	**(57)**	(783)
Amortisation	10	(3,750)	–	(3,750)	(3,256)	**(25)**	(3,281)
Performance share plan	25	(167)	–	(167)	-	**-**	-
		(4,951)	**-**	**(4,951)**	**(3,982)**	**(82)**	**(4,064)**
Operating (loss) / profit		**(4,032)**	**-**	**(4,032)**	**(4,042)**	**2,619**	**(1,423)**
Interest receivable		22	-	22	1	2	3
Interest payable	6	(553)	-	(553)	(502)	(1)	(503)
Gain on disposal of discontinued operation		-	-	-	-	47,978	47,978
(Loss) / profit before taxation		**(4,563)**	**-**	**(4,563)**	**(4,543)**	**50,598**	**46,055**
Tax on profit of ordinary activities	7	(762)	-	(762)	(666)	(204)	(870)
(Loss) / profit for the financial year / period		**(5,325)**	**-**	**(5,325)**	**(5,209)**	**50,394**	**45,185**
(Loss) / profit for the financial year / period attributable to:							
Owners of the parent		(5,325)	-	(5,325)	(5,209)	50,376	45,167
Non-controlling interests		-	-	-	-	18	18
Earnings per ordinary share (expressed in pence per share)							
Basic	9	(6.0)	-	(6.0)	(4.7)	45.9	41.2
Diluted	9	(6.0)	-	(6.0)	(4.7)	45.9	41.2

The activities related to discontinued operations in the prior period have been identified and related to the Fund Services division.

The notes on pages 49 to 74 form part of the financial statements.

Consolidated Statement of Comprehensive Income

	Year ended 31 December 2022			Period ended 31 December 2021		
	Cont. Ops £'000	Discont. Ops £'000	Total £'000	Cont. Ops £'000	Discont. Ops £'000	Total £'000
(Loss) / profit for the financial year/ period	**(5,325)**	**-**	**(5,325)**	**(5,209)**	**50,394**	**45,185**
Foreign exchange profit/ (loss)	2,532	-	2,532	(68)	18	(50)
Total comprehensive income for the financial period	**(2,793)**	**-**	**(2,793)**	**(5,277)**	**50,412**	**45,135**
Total comprehensive income for the financial year/period attributable to:						
Owners of the parent	(2,793)	-	(2,793)	(5,277)	59,394	45,117
Non-controlling interests	-	-	-	-	18	18

The notes on pages 49 to 74 form part of the financial statements.

Consolidated Statement of Financial Position

	Note	31 December 2022 £'000	31 December 2022 £'000	31 December 2021 £'000	31 December 2021 £'000
Fixed assets					
Intangible assets	10		33,991		37,585
Tangible assets	11		2,790		2,657
Investments	12		258		288
			37,039		**40,530**
Current assets					
Accrued income		5,648		5,963	
Debtors and prepayments	14	11,360		17,818	
Cash and cash equivalents	15	9,986		49,994	
		26,994		**73,775**	
Creditors: amounts falling due within one year	16	**(20,561)**		**(14,827)**	
Net current assets			**6,433**		**58,948**
Total assets less current liabilities			**43,472**		**99,478**
Creditors: amounts falling due after more than one year	17		**(183)**		**(10,913)**
Provisions for liabilities	18		**(601)**		**(898)**
Net assets			**42,688**		**87,667**
Capital and reserves					
Called up share capital	21		859		1,126
Share premium	21		50,610		66,344
Treasury shares	22		(2,711)		(2,740)
ESOP share reserve	25		26		200
Capital reserve	22		1,491		(1,063)
Other Reserves	25		167		-
Profit and loss account	22		(7,754)		23,800
Equity attributable to owners of the parent company			**42,688**		**87,667**

The financial statements were approved by the Board of directors and authorised for issue on 16 May 2023 and are signed on its behalf by:

Richard Morris
Chief Financial Officer

The notes on pages 49 to 74 form part of the financial statements.

Consolidated Statement of Changes in Equity

	Called-up share capital £'000	Share premium £'000	Treasury shares £'000	ESOP share reserve £'000	Other Reserves £'000	Capital reserve £'000	Profit and loss account £'000	Amount attributable to owners of parent £'000	Non-controlling interests £'000	Total £'000
At 1 January 2022	1,126	66,344	(2,740)	200	-	(1,063)	23,800	87,667	-	87,667
(Loss) / movement for the year	-	-	-	-	-	-	(5,325)	(5,325)	-	(5,325)
Other comprehensive income	-	-	-	-	-	2,532	-	2,532	-	2,532
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**2,532**	**(5,325)**	**(2,793)**	**-**	**(2,793)**
Movement on capital reserves	-	-	-	-	-	22	(1,156)	(1,134)	-	(1,134)
Performance share based payments	-	-	-	-	167	-	-	167	-	167
Deferred Consideration (note 24)	-	-	101	-	-	-	-	101	-	101
Repurchase of shares	-	-	(72)	-	-	-	-	(72)	-	(72)
Exercise / expiry of share options	-	-	-	(174)	-	-	-	(174)	-	(174)
Shares purchased for cancellation	(267)	(15,734)	-	-	-	-	(23,999)	(40,000)	-	(40,000)
Dividends paid	-	-	-	-	-	-	(1,074)	(1,074)	-	(1,074)
At 31 December 2022	**859**	**50,610**	**(2,711)**	**26**	**167**	**1,491**	**(7,754)**	**42,688**	**-**	**42,688**

	Called-up share capital £'000	Share premium £'000	Treasury shares £'000	ESOP share reserve £'000	Capital reserve £'000	Profit and loss account £'000	Amount attributable to owners of parent £'000	Non-controlling interests £'000	Total £'000
At 1 May 2021	1,126	66,344	(2,740)	661	(820)	(22,102)	42,469	81	42,550
Profit/movement for the period	-	-	-	-	-	45,167	45,167	18	45,185
Other comprehensive income	-	-	-	-	(50)	-	(50)	-	(50)
Total comprehensive income	**-**	**-**	**-**	**-**	**(50)**	**45,167**	**45,167**	**18**	**45,135**
Movement on capital reserves	-	-	-	-	(193)	735	542	(99)	443
Exercise of share options	-	-	-	(461)	-	-	(461)	-	(461)
At 31 December 2022	**1,126**	**66,344**	**(2,740)**	**200**	**(1,063)**	**23,800**	**87,667**	**-**	**87,667**

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

The notes on pages 49 to 74 form part of the financial statements.

Consolidated Statement of Cash Flows

	Note	31 December 2022 £'000	31 December 2021 £'000
Cash flows from operating activities			
(Loss) / Profit on operating activities before taxation		(4,563)	46,055
Adjustments for:			
Amortisation of intangible assets	10	3,750	3,281
Depreciation of tangible assets	11	1,034	783
Interest expense	6	553	503
Interest income		(22)	(3)
Provision for onerous lease	18	266	174
Goodwill impairment	10	157	1,339
Performance share plan	25	167	-
Gain on disposal of discontinued operations		-	(47,978)
Increase / (decrease) in accrued income		315	(2,939)
(Decrease) / increase in debtors	14	(1,059)	8,300
Decrease in creditors	16	(1,059)	(6,360)
Cash (used in) / from operating activities		**(461)**	**3,155**
Income taxes paid		(577)	(1,110)
Net cash (used in) / from operating activities		**(1,038)**	**2,045**
Cash flows (used in) / from investing activities			
Purchases of tangible assets	11	(1,153)	(601)
Purchases of intangible assets	10	(83)	-
Deferred consideration received	14	7,500	-
Cash paid for acquisitions	10	-	(189)
Cash lost on divestment of subsidiary		-	(3,974)
Cash expenses on divestment of subsidiary		-	(2,088)
Cash received from divestment of subsidiary		-	47,713
Interest received		22	3
Net cash (used in)/from investing activities		**6,286**	**40,864**
Cash flows from financing activities			
Bank loan repayments		(4,675)	(3,603)
Net movement on overdraft		734	(3,963)
Cash paid in tender offer	21	(40,000)	-
Deferred consideration paid	24	(200)	-
Net capital flows from finances leases		-	(111)
Contractual covenant payments	24	(104)	(70)
Interest paid	6	(553)	(503)
Dividends paid	8	(1,074)	-
Net cash used in financing activities		**(45,872)**	**(8,250)**

The notes on pages 49 to 74 form part of the financial statements.

Consolidated Statement of Cash Flows continued

	Note	31 December 2022 £'000	31 December 2021 £'000
Net (decrease) / increase in cash and cash equivalents		**(40,624)**	**34,659**
Cash and cash equivalents at beginning of year/ period		49,994	15,544
Effect of foreign exchange rate changes		616	(209)
Cash and cash equivalents at end of year/ period		**9,986**	**49,994**
[1] **Net movement on overdraft comprises**			
Cash receipts		14,816	15,017
Cash payments		(14,082)	(18,980)
		734	**(3,963)**

The notes on pages 49 to 74 form part of the financial statements.

Notes to the Consolidated Financial Statements

1. Statutory Information

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

2. Significant Accounting Policies

The following accounting policies have been used consistently in dealing with items considered material to the Group's affairs. These accounting policies have been consistently applied to all periods presented unless otherwise stated. Accounting policies for specific items in the financial statements are included to the extent required in the relevant note and a full set of accounting policies are included in the annual report for the year to 31 December 2022.

Basis of Preparation of Financial Statements

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

Consistent with the requirements of Guernsey Company Law, the parent company has elected not to prepare a company only income statement and statement of financial position.

With effect from 1 May 2021 the Group has changed its accounting reference date from 30 April to 31 December to align its financial year end with the calendar year and industry standard. The comparatives for the period 1 May 2021 to 31 December 2021 include discontinued activities from the Fund Services division.

Going Concern

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

The cash position at December is at the lowest level of the working capital cycle as annual fees are billed on 1 January, as such the cash flow projections for the forthcoming period are positive and the Group has a healthy cash reserve to commence the 2023 calendar year.

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

Forecasts and projections underpinning this conclusion included;

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

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

Basis of Consolidation

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

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

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

Fiduciary Assets

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

Foreign Exchange

Functional currency and presentation currency

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

Transactions and Balances

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

Translation of Group Companies

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

3. Divisional Reporting

Accounting Policy

Revenue

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

Rendering of Services

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

Net Asset Value ("NAV") Based Fees

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

Deferred Income

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

Accrued Income

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

Other Income

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

Key Source of Estimation Uncertainty – Valuation of Accrued Income

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

> Historic recovery rates (evidencable from data)
> Target recovery rates
> Comparison to prior period to ensure this is reasonable

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

The balance at the end of the financial period was £5,648k (2021: £5,963k) and represents an decrease due to changes in the billing made at the beginning of January 2021 as well as the timing changes of the period end.

An increase/decrease of accrued income by 5% would result in a gain/charge to profit of £286k.

3. Divisional Reporting continued

Basis of Divisional Reporting

The Group has three reportable divisions for the current period: Crown Dependencies and UK, Europe and UAE, and Rest of World. The prior period results for the Fund Services reportable division are included within the discontinued column. No client represents more than 10% of revenue.

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

Declared revenue is generated by external clients.

For the year ended 31 December 2022:

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

One acquisition was made in the year ended 31 December 2022. The client book (previously managed by PraxisIFM Trust Limited (Jersey)) was acquired and sits within the Crown Dependencies and UK operating segment. The revenue generated by this book in the year ended 31 December 2022 was £234,311.

3. Divisional Reporting continued

For the period ended 31 December 2021:

	Crown Dependencies & UK £'000	Europe and UAE £'000	Rest of World £'000	Subtotal £'000	Discont. £'000	Total £'000
Turnover	20,864	6,380	3,351	30,595	8,263	38,858
Staff costs	(8,583)	(2,847)	(1,712)	(13,142)	(4,027)	(17,169)
Gross profit	**12,281**	**3,533**	**1,639**	**17,453**	**4,236**	**21,689**
Gross margin	**59%**	**55%**	**49%**	**60%**	**51%**	**56%**
Other operating income						18
Indirect costs						(19,066)
EBITDA						**2,641**
Depreciation						(783)
Amortisation						(3,281)
Operating Loss						**(1,423)**

One acquisition was made in the period ended 31 December 2021. The client book of Abacus Corporate Services Limited was also acquired and sits within the Europe operating segment. The revenue generated by this book in the eight months ended 31 December 2021 was £148,143.

Geographical Information

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

	31 December 2022 £'000	31 December 2021 £'000
Channel Islands	28,347	23,916
Rest of Europe	8,639	8,882
Netherlands	3,577	2,221
Caribbean	3,713	2,335
Rest of World	3,049	1,504
	47,325	**38,858**

The geographical information for segmental revenue presented above for the prior period comparatives includes discontinued operations activities and relates to eight months of activities.

4. Direct Costs

Accounting Policy

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

	31 December 2022 £'000	31 December 2021 £'000
Staff salaries	17,337	15,622
Staff pension contributions	777	723
Staff health cover	63	54
Other direct costs	1,156	770
	19,333	**17,169**

The staff and other direct costs presented above for the prior period comparatives include discontinued operations activities and relate to eight months of activities.

5. Indirect Costs

Accounting Policy

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

	31 December 2022 £'000	31 December 2021 £'000
Administrative salaries	11,715	7,649
Administrative expenses	4,955	3,288
Computer expenses	3,175	2,219
Rent and rates	2,834	2,055
Insurance	1,403	1,108
Finance and bad debts	1,291	775
Marketing	1,249	442
Technical and training	221	115
Travel and entertaining	172	76
Impairment of intangible assets	157	1,339
	27,172	**19,066**

The other operating expenses presented above for the prior period comparatives include discontinued operations activities and relate to eight months of activities.

6. Interest Payable and Similar Charges

	31 December 2022 £'000	31 December 2021 £'000
Bank loans	(553)	(503)
Bank loans	**(553)**	**(503)**

The other operating expenses presented above for the prior period comparatives include discontinued operations activities and relate to eight months of activities.

7. Taxation

Accounting Policy

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

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

The differences are explained as follows:

	31 December 2022 £'000	31 December 2021 £'000
(Loss) / Profit on ordinary activities before tax	(4,563)	46,055
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in Guernsey on taxable activities of 0% (PY: 0%)	-	-
Effects of:		
Guernsey 10% tax activities	249	288
Overseas tax charges	513	582
Tax on results of ordinary activities	762	870

Notes to the Consolidated Financial Statements continued

8. Dividend

Accounting Policy

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

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

	31 December 2022 £'000	31 December 2021 £'000
Interim dividend paid as distributions to equity holders	1,074	-
Total paid to equity holders during the year / period	**1,074**	**-**

An interim dividend was declared for payment on 3 November 2022 valuing 1.25 pence per ordinary share.

9. Earnings Per Share

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

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

Diluted EPS is calculated by dividing the profit attributable to shareholders by the weighted average number of shares outstanding during the period and the dilutive shares related to share options and deferred consideration for which the shares are not already in issue, less the treasury shares in issue.

	31 December 2022	31 December 2021
Loss for the year / period for continuing operations (£'000)	(5,325)	(5,209)
Profit for the year/ period for discontinued operations (£'000)	-	50,394
Profit / (Loss) for the year / period (£'000)	(5,325)	45,185
Weighted average number of shares in issue	91,055,179	112,607,690
Treasury shares held	2,734,982	2,730,091
Basic earnings for continuing operations (pence per share)	**(6.0)**	**(4.7)**
Basic earnings for discontinued operations (pence per share)	**-**	**45.9**
Basic earnings (pence per share)	**(6.0)**	**41.2**
Dilutive shares	-	-
Diluted earnings for continuing operations (pence per share)	**(6.0)**	**(4.7)**
Diluted earnings for discontinued operations (pence per share)	**-**	**45.9**
Diluted earnings (pence per share)	**(6.0)**	**41.2**

10. Intangible Assets

Accounting Policy

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

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

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

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

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

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

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

Key Source of Estimation Uncertainty – Impairment of Intangible Assets

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

Key Source of Estimation Uncertainty – Fair Value

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

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

10. Intangible Assets continued

For the year ended 31 December 2022, the default sale multiple was 2.0 and the costs to sell were estimated at 1% of revenue.

In calculating fair value less costs to sell, the key input is the sale multiple applied. An increase in the sale multiple would result in an increase in the fair value less costs to sell of the CGU. The default sales multiple applied for the year ended 31 December 2022 was 2.0 based on typical market transactions where a revenue multiple is used for valuation purposes.

Key Source of Estimation Uncertainty – Value in Use

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

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

The estimation of useful economic life is performed by management and is based on detailed review of the remaining client relationships. The attrition rate is applied on a straight-line basis. The WACC used for the year ended 31 December 2022 was 11.91% (2021: 9.24%).

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

Management believes that any reasonably possible change in the key assumptions on which the recoverable amounts are based would not cause the aggregate carrying amount to exceed the recoverable amount of the CGUs, except for the sales multiples applied to Private Equity Services (Amsterdam) BV. Where the multiple would have to be reduced by 3.5 before an impairment of £480k would be expected.

10. Intangible Assets continued

	Goodwill £'000	Client Book £'000	Business software £'000	Total £'000
Cost				
At 1 January 2022	**59,007**	**243**	**1,403**	**60,653**
Purchases	-	83	-	83
Disposals	-	-	(215)	(215)
Impairments to goodwill	(157)	-	-	(157)
FX movement	267	-	16	283
At 31 December 2022	**59,117**	**326**	**1,204**	**60,647**
Amortisation				
At 1 January 2022	**21,928**	**12**	**1,128**	**23,068**
Amortisation for the year	3,575	45	130	3,750
Disposals	-	-	(174)	(174)
FX movement	-	-	12	12
At 31 December 2022	**25,503**	**57**	**1,096**	**26,656**
Net book value				
At 31 December 2022	**33,614**	**269**	**108**	**33,991**
At 31 December 2021	**37,079**	**231**	**275**	**37,585**

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

The key assumptions used in determining the recoverable amount for each CGU are shown in the table on page 59. The table on page 60 presents a reconciliation of goodwill carrying value between 31 December 2021 and 31 December 2022 across all CGUs.

10. Intangible Assets continued

Key assumptions in determining recoverable amount for each CGU:

Entity	Acquisition Date	Initial Years	Revised Years	Remaining Years	Location	Sale Multiple
Nerine Guernsey (Nerine Trust)	27/06/2018	20	N/A	15	Guernsey	2.0
Nerine BVI (Nerine Trust)	27/06/2018	20	N/A	15	BVI	2.0
Nerine Geneva (Nerine Trust)	27/06/2018	4	N/A	2	Geneva	2.0
IFM Group Limited	01/01/2015	20	N/A	12	Jersey	N/A
Private Equity Services (Amsterdam) BV	02/02/2018	10	N/A	4	Netherlands	5.5
Confiance Limited	08/12/2015	20	N/A	12	Guernsey	1.0
Cavendish Corporate Investments PCC Limited	20/01/2017	20	N/A	11	Guernsey	2.0
Global Forward B.V. and Global Forward Trust B.V.	15/08/2018	10	2	0	Netherlands	1.0
Jeffcote Donnison (Overseas) Limited	15/08/2018	20	N/A	15	Isle of Man	2.0
Jeffcote Donnison LLP	15/08/2018	10	N/A	5	UK	2.0
Ampersand Management (Geneva) SA & Ampersand Management (Mauritius) Limited	31/03/2016	20	N/A	13	Switzerland	2.0
Stroeken B.V.	11/10/2019	10	N/A	0	Netherlands	1.0
Kompas International	02/02/2018	10	N/A	0	Netherlands	2.0
JD Associates Limited	15/08/2018	20	3	2	Hong Kong	1.0
Trireme Pension Services (Guernsey) Limited	20/01/2017	20	N/A	11	Guernsey	2.0
Agility	06/11/2013	20	N/A	0	Guernsey	2.0
Balmor SA	04/08/2016	20	N/A	14	Guernsey	2.0
PraxisIFM Trust Limited Malta	20/05/2015	20	N/A	12	Malta	2.0

10. Intangible Assets continued

Reconciliation of Goodwill:

Entity	Carrying Value at 31 December 2021 £'000	Acquisition	Amortisation Charge £'000	Impairment Charge £'000	Disposal £'000	Exchange Movement £'000	Carrying Value at 31 December 2022 £'000
Nerine Guernsey (Nerine Trust)	10,515	-	(630)	-	-	-	9,885
IFM Group Limited	5,644	-	(423)	-	-	-	5,221
Confiance Limited	5,065	-	(318)	-	-	-	4,747
Private Equity Services (Amsterdam) BV	4,933	-	(860)	-	-	240	4,313
Nerine BVI ((Nerine Trust)	4,022	-	(239)	-	-	-	3,783
Cavendish Corporate Investments PCC Limited	2,219	-	(253)	-	-	-	1,966
Jeffcote Donnison (Overseas) Limited	1,254	-	(76)	-	-	-	1,178
Ampersand Management (Geneva) SA & Ampersand Management (Mauritius) Limited	959	-	(53)	-	-	-	906
Jeffcote Donnison LLP	720	-	(94)	-	-	-	626
Trireme Pension Services (Guernsey) Limited	520	-	(79)	-	-	-	441
Nerine Geneva (Nerine Trust)	322	-	(74)	-	-	-	248
JD Associates Limited	136	-	(64)	-	-	16	88
Balmor SA	88	-	(8)	-	-	-	80
Global Forward B.V. and Global Forward Trust B.V.	297	-	(226)	-	-	7	78
Stroeken B.V.	183	-	(139)	-	-	4	48
PraxisIFM Trust Limited Malta	7	-	(1)	-	-	-	6
Agility	195	-	(38)	(157)	-	-	-
	37,079	-	(3,575)	(157)	-	267	33,614

Notes to the Consolidated Financial Statements continued

11. Tangible Assets

Accounting Policy

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

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

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

	Computer equipment £'000	Leasehold property and improvements £'000	Furniture, fixtures & fittings £'000	Total £'000
Cost				
At 1 January 2022	**6,106**	**1,963**	**1,932**	**10,001**
Purchases	1,071	-	82	1,153
Eliminated on disposal	(206)	-	(221)	(427)
FX movement	108	37	57	202
At 31 December 2022	**7,079**	**2,000**	**1,850**	**10,929**
Depreciation				
At 1 January 2022	**4,250**	**1,574**	**1,520**	**7,344**
Depreciation for the year	752	123	159	1,034
Eliminated on disposal	(196)	-	(214)	(410)
FX movement	81	36	54	171
At 31 December 2022	**4,887**	**1,733**	**1,519**	**8,139**
Net book value				
At 31 December 2022	**2,192**	**267**	**331**	**2,790**
At 31 December 2021	**1,856**	**389**	**412**	**2,657**

12. Investments

Accounting Policy

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

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

At 31 December 2022, the Group had interests in the following entities:

Other interests		Country of incorporation	Types of shares	Proportion held %	31 December 2022 Fair Value £'000	31 December 2021 Fair Value £'000
The International Stock Exchange	Listed	Guernsey	Ordinary	3.30	255	270
AF Spa	Unlisted	Italy	Ordinary	4.0	-	15
SICAV	Listed	UAE	Ordinary	100	3	3
					258	288

SICAV

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

13. Subsidiaries

Per section 6.6.2.4 of the TISE listing rules, the Directors are of the opinion that compliance with section 6.6.2.3(d) of the listing rules would result in a disclosure of excessive length. They have therefore obtained a waiver from TISE to disclose only those subsidiaries carrying on business, the results of which materially affect the amount of the profit or loss of the Group or the amount of assets of the Group.

Subsidiaries whose results materially affect the consolidated income statement of the Group or the amount of assets of the Group are;

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

14. Debtors and Prepayments

Accounting Policy

Debtors

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

Allowances for Bad and Doubtful Debts.

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

Key Source of Estimation Uncertainty – Impairment of Debtors

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

This is determined by reference to;

> The payment history of the client

> Recent communication with the client

> Knowledge of current client circumstances and future plans.

The greatest factor of estimation uncertainty derives from where there are circumstances beyond the control of a client that may give rise to the debt not being fully recovered. Management have also given consideration to the unusual trading environment presented by the residual impact of COVID-19 and concluded that any impact is immaterial to the ultimate recovery of receivables. Considerations have also been given to cost of living and interest rates and these are being closely monitored by management.

The balance provided for at the end of the financial period is £3,619k (2021: £3,276k) and represents 60% as a portion of debtors.

An increase/decrease of bad debt provision by 5% would result in a charge/gain to profit of £181k.

Accounting Policy – Contingent Consideration Asset

Contingent consideration assets are recognised when obligation exist to receive additional amounts based on future events occurring and conditions being met.

Critical Judgement Applied – Contingent Consideration Asset

£5.5m was contingent upon a key client of the Fund Services division remaining engaged with the business for a period of 8 months after the completion of the transaction. The contingent asset has now been paid subsequent to the period end reporting date 31 December 2021 and as such is now nil.

14. Debtors and Prepayments continued

	31 December 2022 £'000	31 December 2021 £'000
Trade debtors	6,076	6,688
Prepayments	2,728	2,496
Other receivables	1,553	634
Rent deposit	766	286
Deferred tax asset	198	158
VAT debtor	39	56
Contingent consideration	-	5,500
Deferred consideration	-	2,000
	11,360	**17,818**

The Group considers all trade debtors over 90 days to be past due. Overdue debtors are reviewed on a line-by-line basis as information comes to light, and provisions raised where debt recovery has become doubtful. A provision of £3,619,080 (31 December 2021: £3,276,453) was recognised against trade debtors.

Deferred and contingent consideration of £7,500,000 was paid by Sanne Holdings Limited in the financial year.

Of the deferred tax asset balance, £111k is expected to be released over the next 12 months.

15. Cash and Cash Equivalents

Accounting Policy

Cash and cash equivalents include cash in hand and short-term deposits with an original maturity of three months or less.

	31 December 2022 £'000	31 December 2021 £'000
Cash at bank	9,986	49,994
Overdraft (Note 16)	(734)	-
	9,252	**49,994**

16. Creditors: Amounts Falling Due Within One Year

Accounting Policy

Financial Liabilities and Equity

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

Creditors

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

Deferred Consideration

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

	31 December 2022 £'000	31 December 2021 £'000
Bank loans (Note 19)	10,000	4,049
Sundry creditors	4,325	4,420
Trade creditors	2,214	1,704
Wage tax creditor	1,363	1,476
Taxation	1,170	986
Overdraft (Note 15)	734	-
Deferred income	559	1,573
Deferred consideration (Note 17 & 24)	134	432
VAT creditor	62	187
	20,561	**14,827**

Deferred Income

Deferred income principally relates to annual fees raised in advance relating to the period after the balance sheet date, for which payment has already been received.

Deferred Consideration

Deferred consideration relates to the acquisition of Nerine Trust and Abacus Crew Limited (Notes 17 & 24).

Notes to the Consolidated Financial Statements continued

17. Creditors: Amounts Falling Due After More Than One Year

	31 December 2022 £'000	31 December 2021 £'000
Bank loans (Note 19)	-	10,626
Deferred consideration (Note 16 & 24)	183	287
	183	**10,913**

18. Provisions

Accounting Policy

Provisions

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

Onerous Lease

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

Critical Judgement Applied – Onerous Leases

The Group has identified leases that were a part of the various acquisitions as onerous. The first property (Nerine House) is not occupied by a revenue generating business and is no longer being used for administrative projects and storage. A section of this property was sub-let in the year resulting in a release of some of the provision. The second property (Waalre), the client portfolio was sold and the employees remaining at the property site do not generate enough revenue to cover the unavoidable expense of the lease as such this was identified as onerous. The Group was able to release this lease in financial year 2022. The third property (Cirrus House) relates to recovery site no longer being utilised as the Group has changed its policy.

	Cirrus House £'000	Nerine House £'000	Waalre £'000	Onerous Leases £'000
At 31 December 2021	**-**	**540**	**135**	**675**
Arising during the year	406	-	-	406
Utilised	-	(207)	(59)	(266)
Released	-	(138)	(76)	(214)
At 31 December 2022	**406**	**195**	**-**	**601**

Nerine House

Property with lease expiring 31 May 2024 that has been partially sub-let as of September 2022. The remaining portion of the lease is still actively being marketed for subletting. An onerous lease cost provision has been recognised for the full length of the lease of the section that has not been sublet. A release of £138k was recognised on 12 September 2022 for Annex 1 and 4.

18. Provisions continued

Waalre Building

At the end of December 2021, the property was being partially occupied with less than two employees with a lease expiry date of 30 June 2024. The lease was exited early costing the subsidiary €35,000. The remaining lease obligations were released at the year end.

Cirrus House

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

19. Borrowings

Bank Loans

On 31 May 2018 (subsequently amended and restated on 03 December 2021), PraxisIFM Group Limited (the "Group"), Trireme Pension Services (Guernsey) Limited, Trireme Pension Services (Malta) Limited, Cavendish Corporate Investments PCC Limited, Confiance Limited, PraxisIFM Trust Limited (Guernsey), PraxisIFM Trust Limited (Jersey), PraxisIFM Trust Limited (IOM), PraxisIFM Europe Limited, Nerine Trust Company Limited, Nerine Trust Company (BVI) Limited, and PraxisIFM Netherlands Holding BV (together the "Subsidiaries" and "Guarantors") entered into a Multicurrency Term and Revolving Facilities Agreement (the "Facility") with The Royal Bank of Scotland International Limited ("RBSI"), as Lender.

The Guarantors are jointly and severally liable.

The purpose of the Facility is towards:

> Financing acquisitions of companies, business and undertakings; and

> Financing any amounts payable under the existing £3.5m loan and £3.5m overdraft between the Company and the Lender in full; and

> The general corporate and working capital purposes of the Group (including capital expenditure).

The Facility is comprised of two loans; B and the Revolver. Both of these loans are with RBSI.

A breakdown of bank loans at 31 December 2022 is presented below:

Bank Loan	Balance at 31 December 2022 £'000	Balance at 31 December 2021 £'000	Interest Rate %	Maturity Date
A	-	1,250	SONIA + 3.75%	-
B	5,000	5,000	SONIA + 3.75%	31 May 2023
C	-	3,182	SONIA + 3.75%	-
Revolver	5,000	5,000	SONIA + 3.75%	31 May 2023
EBT 2	-	243	4.10%	-
	10,000	**14,675**		

On 12 May 2023, the Group fully repaid its Multicurrency Term and Revolving Facilities Agreement using the proceeds of a bond issued following the year end (note 27). The Guarantors were collectively released from their obligations.

19. Borrowings continued

The Group has complied with the financial covenants of the Facility throughout the year.

The capital repayment profile of the bank loans of the Group is:

	Balance at 31 December 2022 £'000	Balance at 31 December 2021 £'000
Within one year	10,000	4,551
Between one year and two years	-	124
Between two years and five years	-	10,000
	10,000	**14,675**

Net debt reconciliation

	31 December 2021 £'000	Cash flows £'000	Other non-cash changes £'000	31 December 2022 £'000
Cash at bank	49,994	(40,791)	783	9,986
Bank overdrafts	-	(734)	-	(734)
Bank loans	(14,675)	4,675	-	(10,000)
Net debt	**35,319**	**(36,850)**	**783**	**(748)**

Other non-cash changes relate to foreign exchange movements on cash at bank and in hand.

There are no restrictions over the use of the cash and cash equivalents balances which comprises cash at bank, and bank overdrafts.

20. Financial Instruments

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

	Balance at 31 December 2022 £'000	Balance at 31 December 2021 £'000
Financial assets		
Financial assets measured at amortised cost	18,420	65,316
Financial assets measured at fair value	258	288
Financial liabilities		
Financial liabilities measured at amortised cost	17,650	21,518

Financial assets measured at amortised cost comprise investment in unlisted companies, trade debtors, other debtors and cash and cash equivalents.

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

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

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

21. Share Capital and Share Premium

On 11 March 2022, the Group completed the buyback of 26,666,666 shares repurchased by the Company at a price of 150 pence per Ordinary share.

The results of the tender offer are as follows: a total of 25,483,415 Ordinary Shares have been tendered by shareholders pursuant to their Tender Offer Entitlements and the remaining shares totalling 1,183,251 were allocated on a pro rata basis pursuant to the proportion of additional shares tendered by each shareholder. Payments were made to shareholders on 25 March 2022.

The Company now has a total of 85,941,024 Ordinary Shares in issue.

	Share Capital £'000	Share Premium £'000
At 1 January 2022	1,126	66,344
Purchased and cancelled	(267)	(15,734)
At 31 December 2022	**859**	**50,610**

22. Capital and Reserves

Treasury Shares

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

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

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

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

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

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

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

23. Operating Lease Commitments

Accounting Policy

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

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

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

	31 December 2022 £'000	31 December 2021 £'000
Within one year	1,649	1,420
Between one year and five years	2,248	2,781

All operating leases relate to office premises occupied by subsidiary entities. The lease expense for the year ended 31 December 2022 was £1,565,054 (31 December 2021: £1,226,201).

24. Reconciliation of Deferred Consideration Liabilities

	Cash £'000	Shares £'000	Total £'000	Total Shares £'000	Total Cash £'000
As at 31 December 2021	**448**	**271**	**719**	**-**	**-**
Paid out in the period in cash and shares;					
IFM Group Limited contractual covenant payment	(104)	-	(104)	-	(104)
Deferred paid out in cash;					
Abacus Limited	(29)	-	(29)	-	(29)
Nerine Guernsey	-	(170)	(170)	-	(170)
Deferred paid out in shares;					
Nerine Guernsey	-	(101)	(101)	(101)	-
As at 31 December 2022	**315**	**-**	**315**	**(101)**	**(303)**

Nerine Guernsey settlement was settled in both cash and shares for period 31 December 2022. The contractual liability was for shares, but included a mechanism by which they could be settled by a mixture of cash and shares should certain conditions be met.

25. Share Based Payments

Accounting Policy

Share Based Payments

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

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

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

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

Buy As You Earn ("BAYE") Scheme

All employees of the Group are eligible to participate in the BAYE Scheme once they have completed their probation period, the only vesting condition being that the individual remains an employee of the Group over the period of the Scheme. No options relating to the BAYE (31 December 2021: nil) were granted and exercised by employees participating in the scheme.

During the period to 31 December 2022, no stock options were granted (31 December 2021: Nil), and 157,687 were exercised (31 December 2021: 768,460). The valuation applied to the options was the market price on the grant date.

	31 December 2022 Weighted Average Exercise Price £	31 December 2022 Number of shares '000	31 December 2021 Weighted Average Exercise Price £	31 December 2021 Number of shares '000
Balance at start of year / period	**1.24**	**800**	**1.13**	**7,357**
Expired during the year / period	1.41	(593)	1.20	(5,652)
Exercised during the year / period	0.66	(158)	0.59	(905)
Granted during the year / period	-	-	-	-
Balance at end of year / period	**0.98**	**49**	**1.24**	**800**

The exercise price of vested options outstanding at the end of the year ranged between £0.61 and £1.73 (31 December 2021: £0.48 and £1.96).

Of the total numbers of options outstanding at the end of the year, 49,221 (31 December 2021: 275,000) had vested and were exercisable at the end of the year.

The weighted average share price (at the date of exercise) of options exercised during the year was £0.66 (31 December 2021: £0.59) at the date options were exercised.

No options were granted in the current year.

The share-based remuneration expense included in direct costs was £nil (31 December 2021: £nil)

Notes to the Consolidated Financial Statements continued

25. Share Based Payments continued

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

The movements on the ESOP share reserve were;

	31 December 2022 £'000	31 December 2021 £'000
Brought forward	(200)	(661)
Options exercised/lapsed in the year / period	6	21
Expired in the year / period	168	440
Balance at end of year / period	**(26)**	**(200)**

Performance Share Plan

The Group has put in place a performance share plan ("PSP") for management, targeted at the long-term performance of the Group. The PSP aligns the interests of the Group's top 66 managers with those of its shareholders and was approved at the 2022 AGM. Operationally, the PSP consists of plan PSP2, covering the financial year 2022, and PSP2 covering the financial years 2023 - 2025. Under the PSP terms, annual awards will be made to participants, which are tied to the achievement of agreed performance targets for the Group, while acting as a vehicle to attract, reward and retain key talent.

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

PSP1 is designed to provide participants with a base shareholding and covers the period to 31 December 2022. PSP1 features two vesting conditions, comprising service to six months beyond that financial year for the shares to be awarded, and then continuing service for a further two or three year holding period. The expense recognised in the consolidated income statement was £167k (31 December 2021: nil). The remaining expense amount will be recognised over the performance period.

Plan Name	Performance Period	Grant Date	Vest Date	No. of share	Value of Share £	Share Price £
PSP 1	01 January 2022 to 30 June 2025	23 December 2022	30 June 2025	506,938	582,979	1.15

Notes to the Consolidated Financial Statements continued

26. Transactions with Related Parties

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

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

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

	31 December 2022 £'000	31 December 2021 £'000
Key management personnel compensation	1,773	1,309
Capital returned to shareholders who are also key management personnel	4,199	-
Dividend paid to shareholders who are also key management personnel	96	-

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

A Director of a subsidiary of the Group has a loan with the EBT related to the settlement of their share options. The loan is being settled via cash payments from the Director and the dividends from their shares. The loan is secured against the shares held in the Group, interest free, and repayable on demand.

	31 December 2022 £'000	31 December 2021 £'000
Loan due from director of subsidiary	123	123

No contract of significance to which a Director of the issuer is or was materially interested was entered into during the period.

27. Post Year End Events

Other than the below there are no other post year end events that require disclosure in these consolidated financial statements.

Bond Issue

On 11 May 2023, the Group issued a £15,000,000 bond. The bond has a five year term, is unsecured, and carries a coupon rate of 8.25%. The purpose of the bond was to repay the Multicurrency Term and Revolving Facilities Agreement with Royal Bank of Scotland International Limited ("RBSI"), to finance M&A activity, and to support operational transformation projects.

Bank Loans

On 12 May 2023, the Group fully repaid its Multicurrency Term and Revolving Facilities Agreement. Further details are found in note 19.

Olympic Holdings Limited

On 16 May 2023, the Group purchased Olympic Holdings Limited (the "Sarnia Yachts Group") for the amount of £4,100,000, payable in cash. The purpose of the purchase was to enhance the Group's yacht management service offering. The consideration is payable 65% on completion, 15% on the first anniversary of completion and 20% on the second anniversary of completion. A mechanism is included that would allow consideration to rise to £4,500,000, contingent on business performance during the two years following acquisition.

Company Information

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

Directors (the "Board")
Iain Torrens (Chairman)
Stephanie Coxon (Non-Executive Director)
Diane Seymour-Williams (Non-Executive Director)
Peter Gillson (Non-Executive Director)
Robert Fearis (Chief Executive Officer)
Richard Morris (Chief Financial Officer)
– Appointed 1 February 2022
Martyn Crespel (Executive Director)

Company Secretary
Adam Kitching

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

Registered Number
30367

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

Independent Auditor
BDO Limited, PO Box 180, Place du Pré, Rue du Pré,
St Peter Port, Guernsey GY1 3LL

ISIN
GB00BD0RGF89

LEI
213800MNA9SX4F9ZSJ58

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

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

Glossary

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

Terminology / Acronym	Definition
Group	PraxisIFM Group Limited
The period	The 12-month period ended 31 December 2022
The prior period (PP)	The 8-month period ended 31 December 2021
EBITDA	A widely recognised measure of profitability after adding depreciation, amortisation, interest, tax and performance share plan back to profit for the year
Underlying EBITDA	EBITDA excluding exceptional or non-recurring charges
Net debt	Net debt is cash at bank less overdraft balance, obligations under finance leases and bank loans
CEO	Chief Executive Officer
CFO	Chief Financial Officer
PSP	The performance share plan approved by shareholders at the meeting of 28 September 2022
ESG	Environmental, social and governance
BAYE	Buy As You Earn
NED	Non-executive director
TISE	The International Stock Exchange