Expanding our horizons.

Annual Report & Accounts 2020

Global professional administration services

2020.

A year of expanding our professional administration expertise, technical resource and global reach across 17 jurisdictions.

Contents

Business and Financial Highlights

7% ↙ Revenue Growth (2019: 45%)	**-£2.0m** ↙ EBITDA (2019: £8.0m)	**£11.5m** ↙ Underlying EBITDA (2019: £11.8m)
54% ↙ Private Client & Corporate Gross Profit (2019: 58%)	**42%** ↗ Funds Gross Profit (2019: 41%)	**70%** ↗ Pensions Gross Profit (2019: 53%)
493 ↗ Employees (2019: 457)	**50%** of Group owned by staff	**76%** of management are shareholders

Notes

All metrics and prior year comparatives represent continuing operations.

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

Underlying EBITDA excludes exceptional or non-recurring charges.

Generating returns through three principles across three divisions

1. **We provide governance, oversight and professional administration services across Private Client & Corporate, Pensions and Funds**
2. **We win because of the longevity of relationships we have with our clients and our people, who have access to our innovative and user-friendly technology**
3. **We believe in protecting assets and preserving generational wealth**

Growth through talent and operational excellence

A common operational platform
Since the merger of Praxis and IFM in 2015, the Group has continued to work towards a common operational platform. This allows us to offer certain services across the enlarged Group and facilitate the centralisation of operational functions.

Expertise driving service expansion
The Group operates in 17 locations: Anguilla, BVI, Cayman Islands, Curacao, Guernsey, Hong Kong, Isle of Man, Jersey, Luxembourg, Malta, Mauritius, Netherlands, New Zealand, Switzerland, UAE, UK and USA.

A growing and talented team
The Group's policy of nurturing expertise internally, and actively seeking higher calibre people in its recruitment endeavours, has resulted in the development of a strong, innovative and highly motivated team. We continue to develop the Group's expertise and experience through our active training policies.

Technology – efficiency through operational excellence
The Group has realigned its strategic focus on three core areas – operational excellence, client interaction and process efficiency. Through these initiatives the Group can provide a more secure, easier and more immediate experience for all our clients.

Infrastructure – enhanced security and compliance
The Group continues to make data security and regulatory compliance a core objective for both our infrastructure and our business systems. We have reviewed our infrastructure and networks and are enhancing our systems to facilitate a more flexible working environment for our people.

Business systems – innovation powering bespoke development
We work closely with our systems providers to continuously develop functionality and to automate processes. In the past this has tended to focus on middleware (bookkeeping, accounting and administration). Increases in capability mean we are now focusing on front and back ends of our client engagement and administrative processes.

Our brand – one global, independent voice
A key element of our integration process for recently acquired businesses is to bring their branding in line with the rest of the Group. This is now complete for the businesses that joined during 2018 and 2019, other than Nerine in the BVI, which will retain its strong brand in the region for the foreseeable future.

Divisions

Private Client & Corporate Services

75% of Group revenue

Operating in 17 jurisdictions under the PraxisIFM Trust brand

Comprehensive range of administration, compliance, governance, reporting and regulatory services

Clients are HNWI, corporations, family offices, asset managers

Footprint provides globally integrated service and seamless client experience

Facilitates BEPS compliant overseas expansion for growth companies

Fund Services

18% of Group revenue

Operating in seven jurisdictions under the Praxis Fund Services brand

Provision of fund formation, transfer, accounting, compliance, governance and administration services

Clients are London listed, property, debt, private equity, open ended funds

IFM offers AIFM, principal management, and risk advisory services

Pension Services

6% of Group revenue

Operating in two jurisdictions under the Trireme and Cavendish Brands

Clients are private, HNWI and corporate

DB, DC, and personal pensions and gratuity schemes

Specialist annuities

Note
The remaining 1% is revenue from ancillary services.

Chairman's Statement

This year, extraordinarily challenging times have revealed the true calibre and quality of the people who make up the Group. At every level, across our globally expanding business, everyone has stepped up to rethink, reorganise, and create a more efficient, more flexible and ultimately more resilient operation.

The unforeseen external impact of COVID-19 globally has affected all of our operations in the last quarter of the year. Additionally, the Group has had to recognise some shortcomings in both its acquisition strategy and its organisational structure. Faced with these challenges, we realised we had to ask some uncomfortable questions, make some difficult decisions, and move speedily to refocus on our core business strengths. This strategy has come at a cost, but we believe it is a cost that will produce a more efficient and robust business, one that is fully equipped to adapt and grow in the coming years.

Through all this, the Group continues to generate good organic revenue growth. The key target for the management team is to ensure that this continued revenue growth can be converted into gross and net margin performance. I am pleased to report that considerable progress has been made in the last quarter of the financial year in reducing our cost base which means the Group is already making good progress towards achieving its target improvements for the coming year.

Before turning to the business review, I would like to thank our staff for the hard work and dedication they have shown in delivering high quality client services whilst under varying levels of 'lockdown" in different parts of the world. The Group was able to operate 'remotely' very effectively. I would also like to thank our clients for their ongoing support and understanding during this period. Like many other businesses, we have gained a number of highly valuable insights into how our business can be organised and technically enabled to deliver a more efficient client experience in the future.

Looking at our operating performance over the past year and the scale of the write-downs, I recognise that both are a source of concern and disappointment to shareholders. However, at its core, the business continues to grow well organically. New Chief Executive Officer, Rob Fearis, and his senior management team have already refocused the business, concentrating initiatives on strengthening organic growth. Added to this, the addition and integration of recent acquisitions means the business is achieving the scale needed to deliver an increasingly global service for our clients and an appropriate level of return for our shareholders.

In summary, the Group continues to make healthy progress across key, core business metrics:

- Continuing revenue growth of 7%
- Delivered gross margin on continuing operations of 51%
- Underlying EBITDA of £11.5m

7%	51%	£11.5m
Revenue Growth (2019: 45%)	**Gross Margin (2019: 54.1%)**	**Underlying EBITDA (2019: £11.8m)**

In terms of the core business built around the original Praxis and IFM operations, joined latterly by Nerine, there is considerable scope for progress and the roadmap for achieving that is well in hand.

On balance, the acquisitions made since 2016 have failed to deliver the returns which the Board and shareholders could have realistically expected. These investments underperformed on their targets and were increasingly proving to be a cash drain. This was impairing the Group's ability, inter alia, to maintain a progressive dividend policy. The underperformance in the Dutch trust and corporate business, the Middle East expansion and latterly the technology-led pensions business, InAdmin RiskCo Group ('IARG'), in which the Group was a 50% shareholder, resulted in the Board having to oversee management and board level changes during the course of 2019. We are confident that this timely and thorough intervention will now generate a turnaround in fortunes.

The new senior management team, led by Rob and in place since early 2020, has quickly drawn lessons from the previous three years and has, I am very pleased to say, implemented a considerable number of changes in the fourth quarter. The underlying EBITDA for the Group is now on track to be at the levels that should see a significant improvement in profit and cash conversion during 2020 and into the future.

In the CEO's Statement, Rob outlines the key areas for improved performance built on a more cost-effective and efficient IT framework and a better management reporting system with focused KPIs. At the centre of this new vision is our "people development" strategy which will nurture and grow the skillset of our teams around the world. Investing in the calibre of our people will enhance our client experience and further build the reputation of the Group for delivering industry leading services.

Exceptional costs and write downs of £13.5m have been made in these accounts which are detailed in the CFO Report. These include the departure of over 10 senior executives who had joined the Group since 2016 and associated costs of recognising either the write-off of investments (as on the disposal of IARG) or the write-down of underperforming businesses (as in the case of the Middle East and the Dutch Trust and Corporate business).

Recognising these costs is painful. The Board regrets that it has proved necessary to make such large adjustments to the growth strategy previously adopted. However, going forward, the new senior management team has quickly and clearly embraced the need for change and is delivering a number of performance-enhancing initiatives.

Having made some tough and timely decisions, The Board believes that the Group now has fresh direction, momentum and commitment; a new-found efficiency and flexibility that will, quite swiftly, produce the levels of operating performance that a business of the size and reach of the Group should be producing. The refocusing of the business on its core strengths, together with our investment in people and technical resources, is creating a more resilient footing, one that will result in improved, consistent returns for all stakeholders.

Finally, I have decided that, having now served for three-and-a-half years as Group Chairman, I will stand down from the position in early 2021, when the Board has identified a suitable candidate to take up the role.

Andrew Haining
Chairman

21 September 2020

Chief Executive's Statement

The events of the last few months have brought into sharp focus how important it is, as a business, to be adaptable and flexible; the importance of building the strength and agility to successfully negotiate whatever may lie ahead.

I took up the position as CEO in February this year, recognising that, aside from COVID-19, our Group faces a number of challenges of its own to bring its performance into line with expectations, and in so doing build a more efficient and resilient operation for the future.

The creation of our new Executive Committee has been at the centre of this ambition, a grouping of like-minded, talented people who share a commitment to unflinchingly tackling the challenges we face, and a vision that encompasses building an enhanced client experience and delivering consistently improving operational performance.

COVID-19 Pandemic

COVID-19 has presented many unique challenges, not least the requirement to invoke our Business Continuity Plan and move 95% of our people in 17 of our locations from normal office working into remote working from home.

The response from everyone involved has been exemplary. Throughout this crisis our focus has been on a six-point plan designed to protect and support our people, our clients, and our business. We have learnt much from the experience, putting people and systems in place to respond to both the ongoing pandemic and ultimately positioning ourselves for the recovery.

Our historic investment in the quality of our IT systems, particularly remote working and document management, have stood us in good stead. What's more, our IT security and protection has remained securely operational throughout, ensuring we continue to keep our clients' data, and our own data, fully protected.

Thanks to the quick response and hard work of everyone, the Group has performed well throughout the crisis. Continued investment in the calibre of our people and resourcing them with an ever-improving technical capability will build enhanced levels of client service, the core driver in achieving continued and consistent growth.

Our Business

At the heart of our business is a cluster of robust operating companies, primarily located in the Channel Islands. These operations have delivered consistently strong performance and continue to do so. It is our start-ups and acquired businesses that require our specific attention going forward. They need to be integrated and equipped to perform more efficiently in order to generate performance more in line with expectations. This process is well in hand and accelerating. In particular, our acquired businesses are now fully aligning with our universal operating practices, creating greater synergies.

Our start-up businesses are showing good progress and further improvement is expected in the coming year. In particular, we have seen an improving picture in our Middle East business and the new management team is focused on delivering a fresh and promising business pipeline.

Our new business development continues to deliver strong organic growth across all of our divisions. This is underpinned by our continuing ability to generate a healthy new business pipeline that continues to grow, despite the challenges faced with COVID-19.

Improving Performance

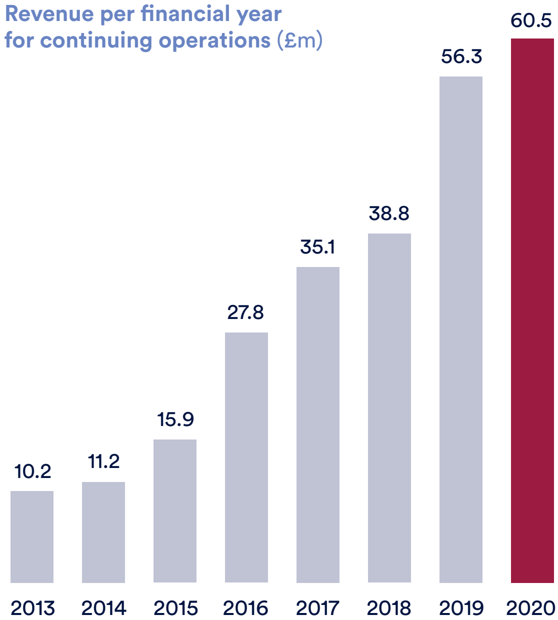
The performance of the Group in the year has been disappointing. We fully acknowledge this and have reacted accordingly. The new team has, in a very short time and under challenging operational circumstances, thoroughly analysed the issues and put remedial plans in place. A number of initiatives are underway to create integrated efficiencies and build on our core strengths. We are confident these actions will bring about a positive and consistent change in our overall performance.

Exiting from IARG was an important step for the Group, primarily allowing us to focus on our core competencies as an outsourced administration service provider and move away from software development. The use of leading technology is a vital part of what we do to remain highly competitive, however it is crucial we retain the freedom and flexibility to acquire the best and most effective solution available. The exit enabled us to move forward without the distraction of a business that is outside our core competency, one that would require significant management time and expense to monitor progress and performance effectively. We wish the IARG team every success.

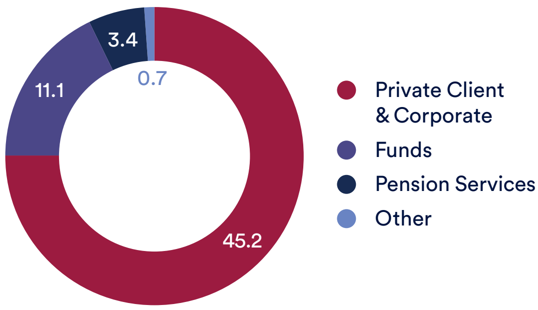
As our brand grows on the global stage, it is vital that we present a unified and consistent shop window to the market. This presentation has to be driven by us becoming a single global team, fully integrated at every level. The pursuit of this is well under way and will continue at pace.

Developing and implementing a more effective and efficient common operating platform for the entire Group will underpin our growth from a business focused in the Channel Islands to one spanning 17 jurisdictions across the world. The timely transition of our recently acquired businesses to this operating platform is vital. The benefits are many, with the ease and efficiency of the Group's central functions delivering higher quality services to our operating subsidiaries.

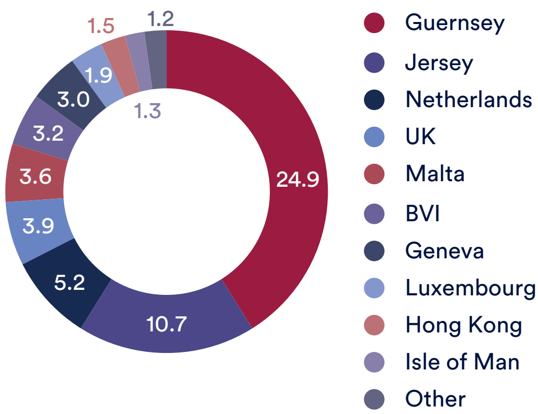
Revenue per financial year for continuing operations (£m)



The continuing revenue split (£m) for each operating Division is:



The continuing revenue split (£m) by jurisdiction is:



Chief Executive's Statement
continued

Improving the quality of these internal services, and their value for money, will impact the quality and value of all the services we deliver to our clients.

Ongoing upgrades have been made to the Group's management reporting enabling us to monitor the progress of all our offices more closely, particularly those where improvement is most needed. Improvements have also been made to our cash flow model and our cash upstreaming, making the process more efficient.

Some senior management changes, primarily where roles are now redundant, have taken place and these will bring about significant cost savings for the Group. The management changes will also introduce more efficient and effective day-to-day communication across our expanding global business.

IT Review

This year, especially as remote working became more part of our lives, a spotlight has been thrown on the efficiency and integrity of our IT systems across the Group. A key topic has been the best route for the expansion of our networks as the business grows globally. Our IT spend has been, and will continue to be, a significant P&L item. Our aim is, first and foremost, to properly equip our staff with leading edge systems, and our clients with a seamless service experience. However, we also need to ensure value for money and look carefully at what we outsource and why. We have recently sought the guidance of an external IT consultant, not only to address any present issues, like the stability of our platform, but also to ensure all future IT decisions are thoroughly and independently informed. We recognise that the development and success of the business depends on the quality and delivery of all our systems.

Divisions

The Group has three core operating Divisions: Private Client & Corporate, Funds and Pensions. Other services include Treasury Services and Corporate Finance.

In closing

Once again, I would like to thank every Group employee. Your dedication and hard work is seeing us through these extraordinary times and will power our progress in the years to come.

At its core, the Group has a number of substantial strengths. Our vision is to build on these, creating a cohesive, efficient and effective business fully equipped to respond competitively on the global stage, no matter the challenges we all may face.

Rob Fearis
Chief Executive Officer

21 September 2020

"At the heart of our business is a cluster of robust operating companies, primarily located in the Channel Islands.

Private Client & Corporate Services

17 Jurisdictions
262 Employees
75% of Group Revenues

Private Client & Corporate Services

Established in 17 jurisdictions and with 262 employees, the Private Client & Corporate Services Division is focused on the formation and administration of bespoke structures to achieve the objectives of its clients (comprised of SMEs, public companies, multinationals, sovereign wealth funds and HNW and UHNW individuals and family offices globally).

Typically, private clients are focused on asset protection, estate planning and succession, using a combination of trusts, foundations, and partnerships as well as corporate vehicles.

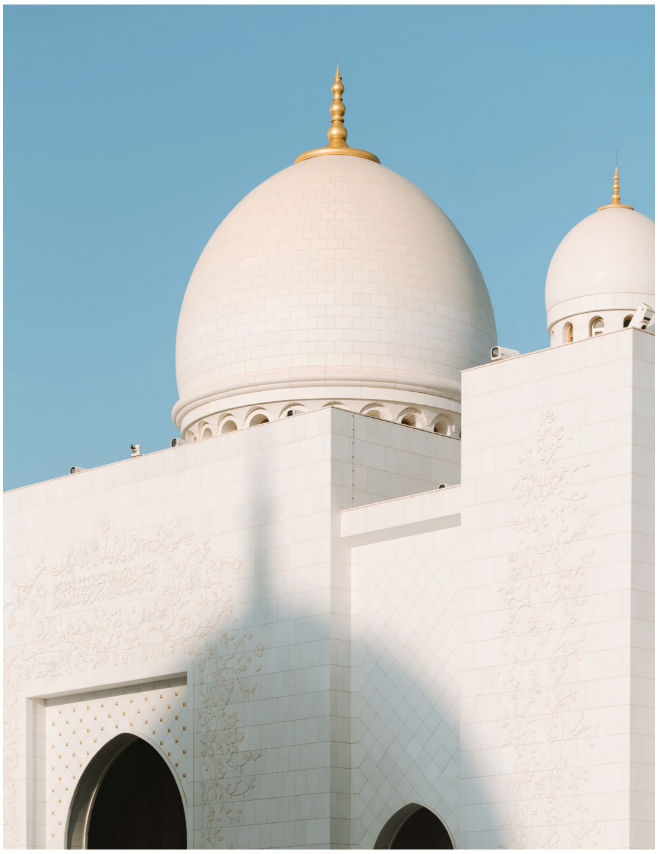
Our corporate clients require our services to provide efficient, tax neutral solutions that allow them to focus on their strategic goals including international expansion. The Corporate Services Team provides extensive experience in the areas of administration, financial reporting, tax compliance, governance, treasury and employee benefits that, coupled with our multi-jurisdictional footprint allows us to support the most complex business requirements, as well as for philanthropy.

The Division targets organic growth through increasing the number of structures under administration, as well as through increasing the scope and value of services provided to each client, typically through its extensive intermediary network. The expansion in geographical footprint and depth of our servicing teams has enabled us to service the most complex international clients, wherever they are located.

There are several key themes that we are exploiting to deliver our growth strategy. In the Middle East region, End of Service Gratuity schemes enable corporates to manage their liabilities in a cost-effective manner while demonstrating that the assets are administered by a high-quality reputable institution. We are well placed to service these clients and have invested in our UAE operations in Abu Dhabi and elsewhere to ensure we capture this opportunity.

Our presence in Hong Kong and the BVI has been instrumental in servicing clients that are investing into and out of China and the wider Asian region. The BVI is the jurisdiction of choice for corporate vehicles to service these types of investments, and our ability to combine efficient and competitive corporate services for BVI companies with an onshore presence in Hong Kong is a compelling factor. Furthermore, the requirement for these companies to be able to demonstrate they have proper economic substance in the jurisdictions where they operate has provided a significant opportunity to utilise our extensive administration expertise to offer additional services to these clients.

> **“The expansion in geographical footprint and depth of our servicing teams has enabled us to service the most complex international clients, wherever they are located.**



Private Client & Corporate Services
continued

> **Our aim is to continue to deliver the highest levels of service coupled with a truly efficient and world class operational platform.**

Our core markets in Europe are mature, but still provide a significant opportunity, due to the pre-eminence of London as a wealth structuring and advisory centre globally. Operationally, we are supporting our growth initiatives, by continuing to enhance our core software platform and technology suite driving greater efficiency in our service delivery and relationship handling processes. Our aim is to continue to deliver the highest levels of service coupled with a truly efficient and world class operational platform.

Underpinning everything, is the significant and continuing investment we make in our single most important asset – our people. We have an extraordinarily strong and deep pool of talented individuals that have built and maintained deep and lasting relationships with their clients, and their advisers, over many years. The Group recognises that recruiting, retaining and appropriately rewarding its employees is fundamental to our continued success and will continue to strive to be an employer of choice that allows its employees to genuinely share in the long term success of the Group whilst meeting their own career aspirations.

Matt Litten, Richard Kearsey, John Medina
Co-Heads of Private Client & Corporate Division

21 September 2020

Fund Services

7 Jurisdictions
50 Employees
18% of Group Revenues

Fund Services

With the Funds leadership team centred in Guernsey, the Funds Division has been focused on the expansion of its global footprint. Its jurisdictions now cover Guernsey, London, Jersey, Malta, the Cayman Islands, Abu Dhabi and Luxembourg, offering fund services to a worldwide group of clients.

The Funds Division is focused on providing the formation and administration of fund structures for our clients across several fund sectors. These include, but are not limited to, private equity, property, equities, debt, renewables and infrastructure, and cover both open and closed ended fund types. Additionally, the Funds Division, in particular Guernsey and London, has a market leading position in providing fund services to London listed funds with over 20 now being serviced.

Through our management company, International Fund Management Limited, we offer risk management, regulatory and Alternative Investment Fund Managers Directive services to funds or investment structures that may, for example, require substance or assurance of regulatory compliance. This area continues to grow with several new service offerings having been developed. These serve a diverse client base and focus on changing regulatory requirements for those clients.

“Along with our mature offices continuing to grow at a good pace, other jurisdictions are being investigated providing promising opportunities for the Division.

Growth drivers have come not only from organic growth through existing clients referrals, but also through a strong network of introducers and partners putting us forward for new opportunities in one of our various fund jurisdictions. Our continued focus on the quality of our client experience and our ability to deliver bespoke services where required, leads to increased opportunity and a growing introducers network. The skills of our staff, our generally low staff turnover and a strong focus on client relationship management have created enduring, professional bonds. New markets are being developed including those in Jersey, Abu Dhabi and the Cayman Islands. Along with our mature offices continuing to grow at a good pace, other jurisdictions are being investigated providing promising opportunities for the Division.

We are seeing growth in London, now that some Brexit uncertainty has dissipated, and anticipate this to continue. Managing a great team of staff, with market leading levels of staff continuity, dovetails with a strong focus on training opportunities for our staff and the support of continued learning. Challenges remain with adapting to changes in the market, continued regulatory change and market pressures. Steering a successful path will require us to be more flexible and efficient, developing the quality of our people and our systems. The introduction and growth of cloud-based technologies in the coming years will play an integral part in this development.

The strategic focus on the growth of our new offices remains, along with the offering of new products and new ways of doing business. Further expansion into new jurisdictions will also propel the continued growth of the Funds Division.

Chris Hickling
Head of Funds Division

21 September 2020

Pension Services

2 Jurisdictions
21 Employees
6% of Group Revenues

Pension Services

Operating from offices in Guernsey and Malta, the Pension Division provides a wide range of retirement and annuity solutions to private, HNW individuals and to corporate clients. These solutions are delivered via occupational style pension and gratuity arrangements.

Drawing on the support services of the Group for compliance, finance and marketing our client facing teams are split evenly between our two offices.

The past year has seen Guernsey and Malta introduce far reaching changes to their pension regulatory regimes. In Guernsey's case this started with the introduction of the most fundamental changes to pension legislation in a generation. We were pleased to be invited by the Guernsey Financial Services Commission to join the working party which helped shape the new legislation. The introduction of the 2020 Pension Rules brought a very welcome sense of stability. Ultimately our long established transparent and diligent client working practices meant there was minimal impact on us and our clients.

Concerns over Brexit were prevalent for much of our financial year and ended with concerns over the impact of COVID-19. Neither has adversely affected our day to day operations.

The UK's ongoing relationship with the European Union remains unclear and it is also too early to tell if the UK will revoke the long established Qualifying Recognised Overseas Pension (QROP) regime. The QROP has provided a consistent source of business, originally in Guernsey and latterly Malta.

To date the pandemic has had minimal impact on our business. The fee structure of the majority of our client relationships combined with the robust nature of this planning has ensured that our revenue streams are unaffected.

COVID-19 prompted many clients and potential clients to focus on their personal affairs and this has led to a noticeable increase in enquires and new business. Wider use of video conferencing technologies has provided opportunities to engage with clients more effectively and has helped us in streamlining the administration process.

With continuing uncertainty over the UK's relationship with the European Union, there are many UK expatriates and Europeans returning to their home nations. UK pension transfers resulting from this repatriation continue unabated. In advance of possible regulatory changes in this area, we have entered the UK SIPP market via a strategic partnership. This new service will ensure we can continue to look after UK pension clients in the years ahead.

With the cornerstone of our businesses secured with consistent and recurring revenue, we are well placed to enhance our client experience and competitive advantage.

Enhancement of our corporate administration capabilities and the end user digital experience is an ongoing priority for us. The use of the latest proven technologies will assist greatly with this and we are now at an advanced stage of implementing a suitable platform into our offices. We believe that this enhancement will ensure we remain at the forefront of what is a highly competitive market.

As we move into our next financial year we believe we are well placed to progress our business and meet any new challenges that arise. The offshore pension landscape remains strong and we are well placed to benefit from that.

Darren Gibbs
Head of Pensions Division

21 September 2020

"With the cornerstone of our businesses secured with consistent and recurring revenue, we are well placed to enhance our client experience and competitive advantage.

Chief Financial Officer Report

The year ending 30 April 2020 has seen significant changes within the Group. Following on from our acquisition strategy, greater focus has been placed on integration alongside increasing concentration on our core services and values and the streamlining of operations.

Divisional Review

Private Client & Corporate

Private Client & Corporate remains the largest division in the Group and accounts for 75% (2019: 74%) of Group revenue, and includes the acquisitions made in the year. The Division generated revenue of £45.2m (2019: £41.9m) during the year and delivered gross profit of £24.2m (2019: £24.2m).

Funds

The Funds Division accounts for 18% (2019: 17%) of Group revenue and generated revenue of £11.1m (2019: £9.6m) during the year. The Division delivered gross profit of £4.6m (2019: £4.0m).

Pensions

The Pensions Division accounts for 6% (2019: 6%) of Group revenue and generated revenue of £3.4m (2019: £3.4m) during the year. The Division delivered gross profit of £2.4m (2019: £1.8m).

The Group has a mixed client base which is well-diversified, with no single client comprising more than 1.9% of continuing revenue in the financial year ended 30 April 2020. Furthermore, the top 10 clients accounted for less than 10.2% of continuing revenue.

Qualified audit opinion

Our auditors, BDO Limited, have qualified the audit opinion of the Group. The qualified opinion takes the form of a limitation of scope over the discontinued operations, which are the results of IARG in the period from 1 May 2019 to its disposal on 31 March 2020. Shortly following the disposal, IARG changed its year end date to 31 December 2020. Its timeline for conducting its statutory audit therefore shifted to occur in the early part of calendar year 2021. As a result of this, the audit procedures that would have supported the numbers included in the Group's accounts were not performed and therefore insufficient comfort was able to be obtained on those balances to support an unqualified opinion.

In addition to our financial reporting processes throughout the period, which provides a level of visibility and comfort, an additional project was undertaken to assess the reasonableness of the numbers included as discontinued operations in the financial statements. An analytical review and enquiry process was performed on the results of IARG for the 11-month period. The analytical review included comparison to monthly management accounts to prior periods, with explanations for material movements sought from management of IARG. The net assets of IARG at 31 March 2020 were also subject to analytical review and enquiry in order to determine if the net assets at the point of divestment were materially misstated.

The Group concluded that the results of IARG for the 11-month period and its net assets at 31 March 2020 were unlikely to be materially misstated. It should also be noted that the results of IARG included in discontinued operations do not represent the continuing value of the Group to its shareholders, nor are they representative of its ongoing revenue streams and cashflows.

Continuing and Discontinued Operations

During the year, the Group sold its investment in IARG as part of its focus on core business. The results of IARG for the 11 months up to its sale on 31 March 2020 are shown as discontinued operations in the Consolidated Income Statement on page 50. The split between continued and discontinued operations for all periods since the acquisitions of IARG are shown below.

	2020 £'000	2019 £'000	2018 £'000
Revenue			
Continuing	60,461	56,296	38,844
Discontinued	9,666	10,617	3,607
Gross Profit			
Continuing	31,057	30,443	19,323
Discontinued	1,965	2,287	1,365
Gross Profit Margin			
Continuing	51.4%	54.1%	49.7%
Discontinued	20.3%	21.5%	37.8%

When considering the continuing operations, the organic revenue growth trend shown for the business over the past three years remains consistent. The underlying blend of organic and acquisition-based revenue growth has been successful and the gross profit margin has also remained consistently strong.

The Consolidated Statement of Financial Position as at 30 April 2020 on page 52 represents continuing operations only, with all balances related to IARG deconsolidated. This caused a notable decrease in intangible and tangible fixed assets which had been capitalised by IARG during the development of their pensions administration platform. These assets totalled £6.2m as at 30 April 2019.

The Consolidated Statement of Cash Flows on pages 54 & 55 contains three items of significance related to the sale of IARG.

- The add-back of a non-cash item which represents the loss on investment;
- Prior to the sale, IARG obtained external financing to support the operating cashflows of their business, and therefore at the point of sale IARG held cash balances of £1.3m and;
- The external financing creditor balance at the point of sale was £1.5m.

Chief Financial Officer Report
continued

Underlying EBITDA of the continuing business

Underlying EBITDA is a key internal and external performance measure of the business and is representative of what the business can achieve once integration projects are concluded, synergies are fully realised, and developing offices achieve break even on their performance. A reconciliation of the underlying EBITDA of the continuing business is presented and detail on individual line items follows.

	2020 £'000	2019 £'000
Continuing (Loss) / Profit after tax	**(10,420)**	**881**
Interest	1,043	747
Tax	1,205	1,219
Depreciation	1,577	1,103
Amortisation	4,624	4,060
Continuing EBITDA as reported	**(1,971)**	**8,010**
Exceptional expenses incurred		
Senior staff restructuring	4,542	1,623
Loss on IARG	3,451	–
Goodwill impairment	931	117
Costs related to integration	466	723
Due diligence engagement	430	–
Exceptional legal fees	372	–
Impairment of Electro Holdings	292	–
Loss on IARG loan	249	–
Prior year audit overrun	226	120
Other items	129	204
Developing offices	**1,406**	**942**
Other non-underlying items		
Synergies to be realised from acquisitions	520	–
Annualisation of acquisition	267	–
Other items	174	73
Continuing Underlying EBITDA	**11,484**	**11,812**
Continuing Underlying EBITDA margin	**19.0%**	**21.0%**

Exceptional Legal Fees

This includes legal fees relating to:

- Amendments to the RBSI loan facility.
- Sale of IARG.
- Advice on senior staff restructuring.

Costs Related to Integration

This includes projects related to integration which have substantially completed during the year, and covers staff costs for employees engaged specifically for integration projects, staff time spent on integration projects which would otherwise have been chargeable, and expenses incurred for integration such as overlap of office rental periods and systems migrations.

Developing Offices

Developing offices include UAE, Hong Kong and USA. The UAE office was opened in 2018 following the acquisition of Ryland Gray Technology Consultancy. The office experienced challenges in getting its End of Service gratuity scheme underway, which was then launched in the latter half of the year.

Our Hong Kong office is the combination of the acquired Nerine and Jeffcote Donnison Hong Kong operations. The integration of this has been delayed by the public unrest in the region in the last year. However, with the start of our newly appointed MD of the Hong Kong office, it is anticipated that the integration will complete, and synergies will be realised.

Our USA operation began in the latter months of 2019 and is at the end of its first full financial year as part of the Group. Its revenues are growing at a steady rate, and it is targeting breaking even by the end of the upcoming financial year.

Synergies from Acquisitions

This relates to synergies from the acquisition of Nerine Trust which have yet to be realised, the majority of which is rental expense associated with Nerine House. The lease for Nerine House runs until 2023, but it is expected that the cost will not continue for the full remainder of the lease period.

Audit Fees

The audit fee for the Group for the year ended 30 April 2020 is analysed below. The continuing audit fee is representative of the size and complexity of the Group.

	2020 £'000
Current year audit fee for continuing operations – BDO member firms	523,116
Current year audit fee for continuing operations – Other	39,271
Continuing audit fee	**562,387**
Current year audit fee for discontinued operations – BDO member firms	70,804
Prior year audit overrun – BDO member firms	225,528
Total audit expense for the year	**858,719**

The prior year audit overrun fee was due to the Netherlands and Group audits. The Netherlands audit required additional audit procedures to obtain sufficient comfort over revenue. The Group audit overrun was due to the consolidation of the PraxisIFM Employee Benefit Trust and the associated restatement of the prior year numbers.

Cash

At 30 April 2020, the cash position of the Group was £6.0m (2019: £13.7m). Cash from operations has remained stable, indicating that the cash flows of the underlying operating businesses are consistent.

Cash used in investing activities has decreased compared to prior year. The prior year investing activity cash flow was supported by a bank loan draw down shown in financing activities. The Group has paid down deferred consideration on prior year acquisitions in the year as well as continuing to make repayments against the loan facility held with RBSI.

During the year, the Group had provided a loan facility to IARG to assist with its software development. At the point of divestment of IARG, the loan facility was fully drawn and there was insufficient operating cashflow to consider repayment. The balance of the loan facility was therefore exchanged for the shares the IARG owners received when the Group purchased its 50% holding in the year ended 30 April 2018. Operating activities therefore includes a write off of a loan in the year of £2.0m linked to the exit of IARG.

The appointment of the new executive team in February 2020 has seen a renewed focus on cash, with the objective of stabilising and strengthening the position of the Group. Internal monitoring and control processes have been strengthened, and new tools to drive the collection of debtors have been developed. These sit alongside performance targets that align the goals of the operating subsidiaries of the Group.

As a result of this, the cash position has improved in the period since the introduction of the new executive team and continues to strengthen after the end of the year. The forthcoming year sees the final deferred considerations paid on acquisitions from the past five years, and the Group is planning its cash flows carefully to ensure that the Group returns to its strong cash position.

Goodwill

Goodwill at 30 April 2020 was £51.9m (2019: 59.5m). This represents the single largest balance on the Consolidated Statement of Financial Position and is made up of a large number of subsidiaries acquired (see note 11 for a breakdown of individually significant components of goodwill). The Group has broadened its methodology for assessing individual items of goodwill for impairment and the inputs to this are detailed below.

- Valuation based on EBITDA of the acquired business.
- Valuation based on acquisition multiple of the acquired business.
- Assessment of historic performance of the acquired business since acquisition.
- Consideration of changes within the operating jurisdiction of the acquired business.
- Consideration of operational changes implemented within the acquired business.

We recognise that in the COVID-19 business environment there is increased need to monitor business performance and cash flows for indicators of impairment. This monitoring is part of our monthly reporting cycle and where indicators are identified the carrying amount of goodwill on the balance sheet is reviewed.

Richard Morris
Chief Financial Officer

21 September 2020

Risk Statement

Introduction

The Group is a provider of regulated financial services in a number of highly regulated jurisdictions, which means risk management and compliance underpins everything we do. Accordingly, risks are approached in a controlled and considered manner, in the full knowledge of mitigating controls and procedures, ensuring that the potential impact is kept to a level acceptable to the Board, in line with the Group's risk appetite.

Risk Appetite

While adopting measured commercial risk is the driver of business development, it is always subordinate to regulatory risk which carries the consequences of significant damage to the Group's reputation and a threat to its ability to carry on its core regulated activities. Regulatory compliance, particularly in areas such an anti-money laundering and countering the financing of terrorism, is considered vital to the long term, sustainable growth of the Group.

The Group Board determines the Group's risk appetite and has delegated its implementation and oversight to the Executive Committee.

Risk Management and Controls

The Group has adopted a multi-layered approach to risk management.

On a day-to-day basis the Group's client facing teams are responsible for operating in accordance with the Group's policies and the specific procedural and control environment of the business unit. The Group's jurisdictional compliance teams are responsible for conducting and reporting on the compliance monitoring programme to the Group Head of Compliance. The relevant business's compliance officer reports directly and independently to both their operating board and to Group Head of Compliance (who in turn reports to the Executive Committee and separately, to the Group Board). The jurisdictional risk committees are responsible for overseeing the risk management arrangements and reporting their deliberations to the relevant company's board. These risk committees are mandated under clear terms of reference which include risk assessment and risk mitigation within the framework of the company's and the Group's risk appetite.

The Group works to maintain high standards of compliance in respect of risk assessment, client take-on, anti-money laundering and other regulatory requirements. Significant time and resources are spent on delivering comprehensive and effective training to staff, reviewing and improving risk management, and on the implementation and monitoring of its compliance procedures and processes. The Group believes its risk and compliance function is proportionate and responsive to its business needs and seeks to embed a culture of compliance within the service teams however, the Board is not complacent and is developing a roadmap for enhancements to support the future growth of the Group. The risk and compliance structure provides appropriate checks and balances, with well documented procedures and key risk measurements and controls embedded within the Group's database systems.

Each of the regulated businesses within the Group undertakes an ongoing business risk assessment process which helps verify existing risk assessments, ensures consistency of approach, identifies potential new risks and helps frame the compliance monitoring programmes and other risk management controls.

The Board recognises that the Group must continually develop and improve its operational environment. To assist with this process, in the fourth quarter of 2019, Duff and Phelps Limited was engaged to perform a Regulatory and Compliance Review of the Group. The report reinforced the Board's approach, to move towards establishing a fully formalised and tailored governance, risk and compliance framework such that Group's established policies, procedures, systems and controls are all working optimally and are fully embedded across the Group.

A consistent and effective Risk Management and Control framework will further enable the Group to monitor and maintain its defences, through the identification of areas in the Group's policies and procedures that require enhancement. The Compliance Monitoring Programme is a key tool to test and monitor the control environment, analyse the results and report the management information to the operating company boards and onwards to the Group Board. The Board considers these findings in the context of its strategic business objectives and takes appropriate, risk-based action.

COVID-19

The COVID-19 pandemic has presented the business with unprecedented challenges, not least the requirement to adapt a Business Continuity Plan centred around moving the business to back-up locations, to one where the significant majority of staff are working remotely from home.

Throughout this crisis our focus has been on a six-point plan designed to protect the welfare of our people and clients, while limiting the effects of the crisis on our business. The Group has performed well throughout the crisis and to a great extent this is due to the hard work, commitment and flexibility of the entire team, not least, our IT support teams. Our historic, significant investment in technology has facilitated a virtually seamless transition to remote working. Our wide use of electronic document management systems coupled with robust data security systems has enabled us to continue working as near as possible to normal and to provide our clients with continuing data security.

Brexit

Despite Brexit having now happened, significant uncertainty remains as to the final terms of the United Kingdom's post-Brexit relationship with the EU. The current transition period lasts until 31 December 2020 at which time the UK will automatically drop out of the EU's main trading arrangements - the single market and the customs union. The current view is that Brexit is unlikely to reduce the overall demand for services across the Group and the Executive Committee continues to monitor the situation.

COVID-19 and Brexit risks detailed above are addressed separately to the following Principal 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 business model, performance and reputation of the Group.

Principal Risks

The Board has identified certain areas of risk that are specific to the business of the Group and which present the highest level of threat to the business model, performance and reputation of the Group.

Scheduled below, these risks are monitored closely by the Group Executive Committee.

Risk	Mitigants
Strategic Risks	
Acquisition Risk (stable risk)	→
Acquisitions give rise to inherent execution and integration risk. The process of integration may produce unforeseen operating difficulties and expenditures and may absorb significant attention of the Group's management that would otherwise be available for the ongoing development of the business. In addition, acquisitions also involve a number of other risks including unforeseen liabilities, difficulties in realising cost savings or revenues, loss of key employees and client relationship issues.	The Group is enhancing its diligence and integration processes, by introducing a blend of internally and externally sourced due diligence on prospective acquisitions. The internal element will build our understanding of the target business and help align the processes and cultures in preparation of the integration phase. The external element will focus on independent investigation and analysis of key areas of financial performance and perceived risk areas, to provide additional assurance over these. The integration process will be properly defined, prior to the acquisition completing, with clear goals and timelines set.

Risk Statement
continued

Risk	Mitigants
Operational Risks	
Data Loss/Cyber Risk (increasing risk)	
With data being a vital resource of the Group, failure to protect it from cyber attacks leading to data loss or loss of access to data or systems (ransomware) would affect client confidence and could prevent the Group from being able to continue to provide its services and could expose the Group to significant fines under GDPR or equivalent legislation.	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 within fourteen days of issue. The Group utilises professional firewalls at the network perimeter and all external contact is made through these. Direct access to the Internet is prevented and all applications run through a proxy server. Anti-virus and Anti-Malware software is installed and automatically updated on a daily basis. All IT support staff have dedicated and restricted administrator access logins that are separate to day to day user logins. These elevated accounts have independent monitoring of all tasks carried out under the login. Compulsory annual cyber awareness training is in place. The Group has in place a Cyber response plan based on ISO/IEC 27035:2016 Information technology - Security Techniques - Information Security Incident Management.
Financial Risk (stable risk)	
The Group does not deliver its expected financial performance, leading to liquidity and capital issues.	The Group has established robust business planning and budgeting processes with monthly reporting against budget. Active cash management, management of exposures to non-base currency and monitoring of impairment of receivables, are important mitigating controls.
Key Personnel Risk (stable risk)	
The Group is dependent upon key senior management personnel who have extensive experience and knowledge of the Group, the Group's markets, product offering, client base, and administered structures.	The Board works with senior management to ensure that there are effective succession plans. The Group continuously engages with its network to identify potential future leaders. A key part of the acquisition strategy is to identify key people to help the development of the Group and to achieve its strategic objectives. A consistent, Group-wide senior management incentive plan is to be introduced by the end of the current financial year, offering an attractive balance between fixed and variable pay awards.
Process Risk (stable risk)	
Process risk is the risk of loss resulting from inadequate or failed internal processes, personnel and systems or from external events.	The Group adopts a multi-level approach to the mitigation of process risk, firstly through its policies and procedures in which the controls are embedded and secondly through the compliance monitoring of the application and effectiveness of those policies, procedures and controls and reporting of findings and recommendations to management and Board level, to facilitate corrective action where appropriate. An additional, third line of defence, an Internal Audit department, is to be established.

Risk	Mitigants
Business / Sector Risks	
Service Risk (stable risk)	
The Group administers client structures in accordance with standard terms of business and administration agreements (the "contractual framework") which define the services to be delivered and limit the scope of services the Group is responsible for. Errors or breaches may occur resulting in the invocation of the Group's contractual protections and potentially give rise to a claim against the Group.	The Group operates robust procedures and processes, which are continually reviewed and updated in line with industry, legal and regulatory standards, to ensure services are delivered in accordance with the contractual framework.
Legal and Regulatory Risk (increasing risk)	
The Group is subject to the laws and regulations of the countries in which it operates. Many of the Group's subsidiaries operate in a regulated environment and are subject to ongoing supervision and other regulatory requirements. Any breach of any applicable law, regulations, licence conditions or the requirements of the relevant regulatory authority could result in the Group's regulated businesses, its Directors and key personnel being fined or being the subject of criminal or other regulatory enforcement proceedings and have material adverse consequences for the Group and its business.	The Group operates strict internal processes and procedures to ensure that regulatory and legal requirements are understood and adhered to in each of its jurisdictions. In addition the Group ensures its employees receive comprehensive and effective training and ongoing support. Awareness of geo-political direction of travel (e.g. Brexit, international measures in relation to tax reporting or data protection) facilitates preparation in advance of change.
Litigation Risk (stable risk)	
Should the Group fail to deliver its services as mandated, it could become subject to high-value litigation.	The Group takes such precautions as it considers appropriate to avoid or minimise the likelihood of any legal proceedings or claims against it, and any resulting financial loss. The costs of defending against claims or any settlement of a claim may be covered by professional indemnity insurance up to the limit of the Group's policies.
Fiduciary Risk (stable risk)	
The Group acts in a fiduciary capacity on many client structures. This may involve acting as trustees and/or acting as directors on administered entities where responsibility for decision making is assumed. Acting in a fiduciary capacity creates specific legal obligations, a breach of which could give rise to a claim against the Group or its employees, and/or regulatory sanction.	The procedures and processes operated by the Group have been designed to address the risks associated with acting in a fiduciary capacity and whenever possible the Group's terms of business seek to cap or otherwise limit liability except in cases of fraud, wilful misconduct or gross negligence, or in respect of any other liability which cannot lawfully be excluded.

Corporate Social Responsibility & Stakeholder Relations

Our Environment

We encourage the Managing Directors of each of our offices to consider the impact of their businesses on the environment and take measures to reduce it in three key areas:

Our Resources

Where possible offices should reduce the use of heating, lighting and water. Our Central Services team provides advice to each office on how to adopt energy efficient policies.

We have a waste management strategy and each office has its own policy depending on the recycling facilities in their location. We encourage staff to think twice about the amount of printing they do, and one of the long-term impacts of the enforced remote working during the COVID-19 outbreak has been a large reduction in the amount of paper we use. As a Group we anticipate new working practices will transfer back into the office environment.

One of the other impacts of COVID-19 during the latter stages of our financial year was the ability to travel to meet our clients. The Group is a business centred around the relationships we have with our clients and with the world still easing out of lockdown we have had to replace physical business travel with alternative ways of keeping in touch.

While we do not currently record the environmental impact of our business travel clearly the restrictions on us all during the last two months of the financial year reduced our carbon emissions. Our clients and intermediaries have, generally, embraced this new way of working and we plan to reduce our carbon footprint from business travel in the long-term.

Our Communities

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. The Group does not tolerate slavery, human trafficking, forced labour, child labour or child exploitation.

We have implemented a number of policies which allow us to manage human rights both within and outside of our business including our Codes of Conduct. Furthermore, the Group 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 and provides training in local anti-discriminatory legislation.

Our People

We provide our clients with access to dedicated and highly experienced professionals who provide an efficient, informed and intelligent service.

The Group offers all permanent staff the option to invest in the company's success through our 'Buy As You Earn' scheme. The share purchase plan enables staff to put aside a monthly sum of cash with an option to invest in Group shares. We ask staff to make 10 contributions during a calendar year, with the Group contributing two months.

The health and safety of our teams was in sharp focus in March 2020 with the spread of COVID-19 and the wide-ranging impact the measures had. Recognising that the situation would affect people differently according to their individual situation we supported staff through increased internal communication, the creation of a private social media global group and ensuring that staff were kept informed of the strategy the Board and Executive Committee were adopting to steer the Group through the crisis.

COVID-19 has, without a doubt, had a large impact on many people's mental health. It is therefore reassuring from an employer's point of view that 50% of our Human Resources team are qualified mental health first aiders and are therefore able to assist with spotting signs early on if someone is struggling. Employee wellness is key to us and prior to COVID-19, we arranged corporate yoga sessions and significantly enhanced the fitness subsidy offered to employees as well as other initiatives such as a cycle to work scheme and fruit baskets in the office. The on-going education of good mental health is important and awareness workshops were offered to all employees within our head office and a series of supplementary training sessions is due to commence shortly.

Our teams in Guernsey and London opted into a scheme to donate the last hour of their April salary to three charities which were particularly affected during the start of COVID-19. More than £4,500 was split between NHS Together, and Guernsey's Welfare Service and Age Concern.

Our Regulators

The Group operates within complex regulatory environments in each of its jurisdictions. We aim to ensure we meet or exceed those regulatory requirements. We put risk management and regulatory compliance at the forefront of our operation and it remains a core focus in all day-to-day activity and staff training. We deal with our regulators in an open manner and have a constructive dialogue with them as required.

Our Support

The Group has a proactive approach to developing our reputation and engagement in our communities. We're proud to support local initiatives that support charities and organisations, sports teams and voluntary groups.

Amalgamated Boxing Club

The club was established in 1935 and provides a safe place for people of all ages to learn and develop their boxing skills. Around 100 young people aged between 7 and 17 attend weekly training sessions which are all run by volunteers. A £1,500 donation was used to buy gloves and head guards and also as a support fund for youngsters who would otherwise be unable to attend off island training and competitions.

Beresford Street Kitchen Bursary Scheme

Our donation provides a place for an adult with learning disabilities and autism on BSK's education, training and employment program. Each 'crew member' receives a bespoke programme, receiving three-five days' supported education, training and employment per week.

Hoplites AFC

We continued our support of this local amateur football club for a second consecutive season. The team were close to winning the second division when COVID-19 suspended the season. They hope to secure promotion to the first division as and when the season concludes in September.

St Joseph's Home

A team from our Malta office helped transform the play area at a local orphanage in January. Staff spent a day cleaning and painting the area ready for the children to use.

Blue Dragon Children Foundation

The Group supported Isabelle Weber Claude when she took on the Raid Amazones challenge in October. Isabelle, a manager in our Geneva office, and two friends raised CHF12,235 for the Blue Dragon Children Foundation charity in Vietnam.

Les Amis Recycling Services

This social enterprise initiative provides work for people with a learning disability, including employment contracts and the associated benefits of being an employee of a large organisation.

All funds raised through the collection of recyclable products from businesses or through the sale of waste oil go directly towards paying the wages of Les Amis residents who work in its in-house employment schemes.

Delancey Flyers

Our support of the Guernsey Velo Club's youth section enables more than 100 boys and girls aged six to 16 to meet once a week for competitive cycling and training.

The initiative has grown significantly in popularity over the years, thanks to the volunteers from the GVC. The Group is proud to have supported the GVC for more than 10 years.

Chairman's Introduction

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, the Group is fully committed to the principles of good corporate governance including effective management, reporting and transparency. During the year the Group has followed the principles of the Code.

The Board

The Board consists of the Non-Executive Chairman and three Non-Executive Directors as detailed on page 29. 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.

Membership of the Board

The Board held four scheduled quarterly meetings and 22 ad-hoc meetings during the year, attendance at meetings during the year is detailed in the Directors Report on page 41.

Changes to the Board during the year are detailed in the Nomination and Remuneration Committee 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 and acquisitions, 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 2020.

Board Committees

The Board has delegated certain responsibilities to the following committees to enhance effective governance and focus.

Audit Committee

The Audit Committee comprises Iain Stokes (Chairman) and Brian Morris. The Committee meets at least twice in each financial year.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises Brian Morris (Chairman), Iain Stokes and Diane Seymour-Williams. The Committee meets at least once a year.

Executive Committee

The Executive Committee is made up of the senior management team, as detailed on page 30. It is responsible for the day-to-day management of the Group's operations and activities.

The Executive Committee 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 and human resources. Furthermore, following the management team changes the remit of the Investment Committee currently sits with the Executive Committee. The two-stage process of approval remains in place with the Executive Committee enabling negotiation of terms with a target, in the first instance, to ensure that the Group Board then has sufficient information to authorise execution of contractual agreements.

Group Board of Directors

Andrew Haining MA Cantab

Non-Executive Chairman

Andrew joined the Group as Group Chairman in April 2017. He has had a 30 year career in banking and private equity with Bank of America, CDC (now Bridgepoint) and Botts & Company. During this career, Andrew has been responsible for over 20 private equity investments with transactional values in excess of $1bn. He holds several Guernsey and UK board positions.

Brian Morris BA (Hons) FCA

Non-Executive Director

Brian was the CEO of IFM until the merger with Praxis in 2015. He continued to perform a leading executive role in the Group until his operational retirement in 2018. Brian has an Honours degree in Accountancy and Finance and is a Fellow of the Institute of Chartered Accountants in England and Wales.

Diane Seymour-Williams MA Cantab

Non-Executive Director

The Group's most recent non-executive appointment, Diane brings a wealth of experience as both an executive in the financial sector and as a NED. 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 NED of Brooks Macdonald Group Plc, Standard Life Private Equity Trust Plc and SEI Investments (Europe) Limited. She is also a member of the Investment Committee at Newnham College, Cambridge. She holds an MA in Economics from Cambridge University.

Iain Stokes BA FCCA CDir

Non-Executive Director

In his early career, Iain worked for BDO and Guernsey International Fund Managers Limited (part of ING Barings) before joining Mourant International Finance Administration (MIFA) in 2003. As Group Managing Director, he was a member of the executive team that managed the sale of MIFA to State Street in 2010 and where he was a Senior Managing Director until 2012. He holds a range of non-executive directorships on fund management and fund investment companies focused on alternative asset strategies.

Executive Committee

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 PraxisIFM Group for the past 28 years. 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.

Martyn Crespel TEP

Director

Martyn joined the PraxisIFM 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 & corporate and Middle Eastern businesses.

Darren Gibbs

Head of Pensions Division

Darren is based in Guernsey and responsible for leading the PraxisIFM Group's pension administration services and has experience in the international pensions sector. He has a strong background in technical analysis, international product development, compliance and relationship management, bringing together a broad range of skills and knowledge to the Group's clients.

Chris Hickling CA

Head of Funds Division

Since joining the PraxisIFM Group in 2009 as Managing Director of International Fund Management in Guernsey, Chris has applied his expertise in fund management, fund administration and risk management to guide the growth of the PraxisIFM Group's funds' businesses. Chris was appointed Group Head of Funds in January 2020.

Richard Kearsey FCA

Co-Head of Private Client & Corporate Division

Richard has extensive experience in accountancy, taxation and private client management. He structures and manages the affairs of large international families and high net worth individuals with a focus on developing longstanding relationships. Based in Jersey, Richard works with our other divisional heads on the strategy of the PraxisIFM Group's private client & corporate businesses.

Matt Litten

Co-Head of Private Client & Corporate Division

Matt is based in Guernsey and has more than 25 years experience in the wealth management industry. Responsible for managing and developing key ultra-high net worth client relationships, he also contributes to the PraxisIFM Group's private client & corporate strategic plans. Matt's earlier roles include Managing Director for a law firm-owned trust company and working in various roles for one of the largest banking and financial institutions in the world.

John Medina FCCA TEP MCIS

Co-Head of Private Client & Corporate Division

John has over 30 years' experience in accountancy, taxation, fund services and trust and corporate management and administration. Leading a team in Jersey that looks after clients' affairs on a day-to-day basis, he is passionate about nurturing long-term relationships with exceptional client service. John is also instrumental in driving forward the strategy of the PraxisIFM Group's private client & corporate businesses.

Richard Morris ACA PhD MEng

Chief Financial Officer

Joining the PraxisIFM Group in 2016, Richard is the Group's Chief Financial Officer. He is responsible for financial reporting, forecasting and control, the output of which is used by the Executive Committee to guide operational and strategic decisions. 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.

Nomination and Remuneration Committee Report

Dear Shareholder,

I am pleased to present the report of the combined Nomination and Remuneration Committee in respect of the year ended 30 April 2020.

Membership of the Committee

The Committee members and their attendance at meetings during the year were::

	Meetings Held	Attendance
Brian Morris (Chairman)	3	3
Iain Stokes	3	3
Diane Seymour-Williams[1]	3	3

1 Appointed to the Committee on 1 August 2019.

Nomination Committee Report

The Committee 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.

The key Terms of Reference of the Committee require it to:

- regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and other senior executives and make recommendations to the Board with regard to any changes;
- give full consideration to succession planning for Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the group, and the skills and expertise needed on the Board in the future;
- keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
- 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; and
- review the results of the annual Board performance evaluation process that relate to the composition of the Board.

Committee Oversight

- The Committee undertook, internally, a review of the Terms of Reference, constitution, performance and effectiveness of the Committee and concluded that the Committee currently operates effectively.
- The Committee undertook a review of the composition and performance of the Board, key conclusions drawn from this review were:
  - comparison of business performance to peers should be enhanced;
  - a stronger induction and ongoing training program for Board members is to be introduced; and
  - risk assessment and reporting to be more comprehensive.
- Succession planning across the Board and all senior executives was considered.
  - Andrew Haining and Iain Stokes have announced their intention to step down as Chairman and Director respectively, the committee has now started the process to identify their successors; and
  - the recent changes to the Executive Committee means that there is not any current need for succession considerations at that level.
- The appointment of external consultants to review the effectiveness and strengthening of the senior management team, particularly regarding Technology and Risk, has been recommended to the Executive Committee.

Board Changes

The Committee dealt with the following resignations from, and appointments to, the Board during the year:

- Following his resignation as CEO in April 2019, Simon Thornton stood down from the Board on 31 October 2019.
- Cees Krijgsman was appointed as CEO on 1 August 2019 and subsequently resigned from the Board on 12 February 2020, following the divestment of IARG.
- Peter Bruges was appointed as Group Finance Director on 1 August 2019 and resigned from the position on 7 February 2020.
- The Committee recommended that Rob Fearis be appointed as CEO on 12 February 2020 due to his extensive knowledge of the Group. He will be appointed as a Director subject to receipt of the necessary pre-approval from requisite regulators.
- The Committee recommended that the Board be further strengthened with an additional executive member by appointing Martyn Crespel as a Director, subject to receiving the necessary pre-approval from requisite regulators.

Further information regarding Rob and Martyn is contained in the Executive Committee details on page 30.

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 or religion.

The current representation of women throughout the Group is:

Board	25%
Executive/Operational Directors	25%
Senior Management	58%
Staff	70%

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

Remuneration Committee Report

The key Terms of Reference of the Committee require it to:

- monitor remuneration trends;
- determine and agree with the Board the framework or broad policy for the remuneration of the Company's Chairman and Executive Directors;
- review the ongoing appropriateness and relevance of the remuneration policy;
- ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- ensure remuneration encourages, reinforces and rewards the growth of shareholder value and promotes the long-term success of the Group. The Committee agreed that executive remuneration should have the following aims:
  - attract, retain and motivate high calibre senior management;
  - align the interests of the executive management and the shareholders;
  - be consistent, simple and understandable, both externally and to colleagues;
  - encourage widespread share ownership across the Group's employees;
  - be consistent with regulatory and good corporate governance requirements;
  - does not reward behaviour that increases exposure to risks outside of the Group's risk appetite.

Nomination and Remuneration Committee Report continued

Committee Activity

As noted in the report from the prior year, there has been no consistency for Executives or the Senior Management team to receive performance based bonuses or variable remuneration. This is considered inappropriate as it does not meet the fundamental aim of aligning staff and shareholder interests, and it is not competitive in the current marketplace.

The main focus of the Committee in the past year has therefore been to progress a revision to the Executive and Senior Management pay structure, which will then:

- provide an attractive balance between fixed and variable pay awards;
- provide a consistent pay structure across the Group;
- align the interest of participants with the company's shareholders;
- deliver a value opportunity for participants; and
- work across the various jurisdictions in which the participants are resident.

We anticipate that this review will be complete, and that the revised scheme will be implemented during the year to 30 April 2021.

Remuneration Policy

Base salaries

Executive Directors and senior management receive salaries commensurate with their experience, and according to local market conditions, in line with Group policy for all employees.

Other benefits

Executive Directors and senior management receive a number of benefits, such as defined contribution pension contributions, death in service, and family private medical cover, in line with Group policy for all employees. No performance metrics apply to these benefits.

Options

No options were granted to the Directors during the year and none have been granted since the year end. Details of total movements on share options during the financial year are given in note 28 to the financial statements.

Non-Executive Directors

The fees of the NEDs are set by the Board and the Chairman's fee is set by the Committee (the Chairman and the NEDs do not take part in any discussion of their own fees). Fees are reviewed periodically by reference to market levels and likely time commitment.

NEDs receive a fee for carrying out their duties, which include fees for those who chair the primary Board committees and perform additional duties. The level of fees of the Chairman and other NEDs reflect the time commitment and responsibility of their respective roles.

An annual review of NED fees was undertaken, with minor adjustments to the existing levels being proposed to the Board.

Directors Fees

The table below discloses both Executive and Non-Executive Director fees paid for the year ended 30 April 2020, with prior year comparatives where applicable.

	Year ended 30 April 2020	Year ended 30 April 2019
Executive Directors		
Simon Thornton (until 31 October 2019)	129,773	275,000*
Cees Krijgsman (1 August 2019 to 11 February 2020)	178,491	–
Peter Bruges (1 August 2019 to 6 February 2020)	121,992	–
Non-Executive Directors		
Andrew Haining	60,000	69,500
Iain Stokes	45,000	40,000
Brian Morris	45,000	30,000
Diane Seymour-Williams (from 1 August 2019)	33,750	–

* Simon Thornton also exercised options over 278,793 ordinary shares at an exercise price of £1.00 per share, and 349,872 ordinary shares at an exercise price of £1.10 per share. He also surrendered options over 741,688 shares in order to settle the consideration due.

Conclusions

The Group's existing recruitment and remuneration policies have operated effectively, with low staff turnover across all jurisdictions.

As described above, the next financial year will see a major change in the way we remunerate our senior employees which we consider will be an essential component of the Group's long-term development and success.

I wish to thank my co-Directors and the Executive Committee for their support throughout the year in addressing the many issues that have been presented to this Committee.

Brian Morris

Nomination and Remuneration Committee Chairman

21 September 2020

Audit Committee Report

Dear Shareholder,

I am pleased to report to you on the activities of the Audit Committee for the year ended 30 April 2020.

The Board has established terms of reference in respect of the membership of the Audit Committee, its duties, reporting responsibilities, and authority given to its members (the Terms of Reference). The Terms of Reference are reviewed on a regular basis.

The Group has adopted the Finance Sector Code of Corporate Governance (the Code) issued by the Guernsey Financial Services Commission and the Audit Committee is of the opinion that the Code allows it to act as a key independent oversight committee contributing to a climate of discipline and control.

Terms of Reference

The Audit Committee's primary function is to assist the Board in fulfilling its oversight responsibilities and, under the Terms of Reference, its main duties include:

Financial Reporting

- Monitor the integrity of the financial statements of the Group, including its annual and half-yearly reports and any other formal announcement relating to its financial performance; and
- Review significant financial reporting judgements contained in these statements and announcements, including the consistency of accounting policies, the methods used to account for significant or unusual transactions, accounting for key estimates and judgements, the clarity and completeness of disclosure in the Group's financial reports and all material information presented with the financial statements, such as corporate governance statements relating to the audit, risk management, internal control, the going concern basis of accounting and longer term viability.

Risk Management Systems

- Monitor and review the effectiveness of the Group's financial reporting and controls and its systems for internal control and risk management (for both financial and non-financial risks) and approve the statements to be included in the Annual Report and Accounts concerning risk management, compliance, whistle blowing and fraud;
- Review the adequacy and security of the Group's arrangements to raise concerns, if any, about possible wrongdoing in financial reporting or other matters;
- Review the Group's procedures for detecting fraud;
- Review the Group's systems and controls for the prevention of bribery and receive reports on non-compliance;
- Review the adequacy and effectiveness of the Group's anti-money laundering systems and controls; and
- Review the adequacy and effectiveness of the Group's compliance function.

External audit

- Oversee the relationship with the external auditor including making recommendations of remuneration, terms of engagement, assessing independence and objectivity, compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Group, assessing qualifications, expertise and resources and the effectiveness of the audit process.

In regard to the above duties, I confirm, on behalf of the Audit Committee, that, to the best of our knowledge and belief, we have fulfilled our responsibilities in line with our Terms of Reference and in accordance with the Code.

Membership of the Committee

During the year, the Audit Committee consisted of Brian Morris and myself, Iain Stokes, as its Chairman. The Audit Committee has concluded that its existence, membership and competence meet the requirements of Principle 1 of the Code.

Each member is financially literate and has knowledge of the following key areas;

- financial reporting principles and accounting standards;
- the regulatory framework within which the Group operates;
- the Group's internal control and risk management environment; and
- factors impacting the Group's financial statements.

The Audit Committee meets formally at least twice a year. Representatives of the Group's external auditor, BDO Limited (BDO), attend Audit Committee meetings when appropriate.

In his role as a member of the Audit Committee, each member is available to discuss any particular matter with his fellow Board members and in addition, the Audit Committee has the opportunity to meet with the Executive Committee and BDO. In order to ensure that all Directors are kept up to date and informed of the Audit Committee's work, I provide a verbal report at Board meetings on key matters discussed at the Audit Committee meetings. In addition, the minutes of all Audit Committee meetings are available to the Board.

How the Audit Committee has Discharged its Responsibilities

In the year under review, the Audit Committee met six times, attendance at which is set out on page 41. The Audit Committee meetings focused on the following key areas:

Monitoring the integrity of the financial statements including significant judgements

- We reviewed the appropriateness of the Group's significant accounting policies, critical accounting judgements and key sources of uncertainty and monitored changes to, and compliance with, accounting standards on an ongoing basis;
- Prior to making any recommendations to the Board, we reviewed the Annual Report and Audited Financial Statements for the year ended 30 April 2020 (the Annual Report). We compared the results with management accounts and budgets, focusing on the significant accounting matters set out below;
- In undertaking this review, we discussed with representatives of the Executive Committee and BDO the critical accounting policies and judgements that have been applied. At the request of the Audit Committee, representatives of the Executive Committee confirmed that they were not aware of any material misstatements including matters relating to the Annual Report presentation. BDO also reported to the Audit Committee on any misstatements that they had found during the course of their work and confirmed no material amounts remained unadjusted;
- At its meeting to review the Annual Report, the Audit Committee received and reviewed a report on the audit from BDO. On the basis of its review of the report, the Audit Committee is satisfied BDO has fulfilled its responsibilities with diligence and professional scepticism;
- The Audit Committee is satisfied that the Annual Report appropriately addresses the critical judgements and key estimates (both in respect to the amounts reported and the disclosures) and that the significant assumptions used for determining the value of assets and liabilities determined were in compliance with FRS102 and were reasonable; and
- The Audit Committee is therefore satisfied that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

Audit Committee Report
continued

Significant Accounting Matters

During the year, the Audit Committee considered key accounting issues, matters and judgements regarding the Group's financial statements and disclosures.

As previously noted on page 18 our auditors, BDO Limited, have qualified the audit opinion of the Group in the form of a limitation of scope over the discontinued operations, which are the results of IARG in the period from 1 May 2019 to its disposal on 31 March 2020.

The Audit Committee has examined the outputs of the analytical review, as detailed on page 18, that has been performed.

In relation to other key audit matters identified in BDO Limited's report:

- **Revenue Recognition and Valuation of Accrued Income –** The Group generates revenue from multiple streams of income and varying types of recognition criteria and there is a risk that Group recognition policy is not adhered to consistently as stated in note 2 to the financial statements.

  The Audit Committee reviewed the Group's key controls over its billing cycle, deferred income, work in progress and recovery rates, which form the basis of the Group's revenue. In addition, the Audit Committee reviewed the improvements to the Netherlands billing process which has now been brought in line with the control environment in place across the rest of the Group.

- **Impairment of Debtors –** Significant judgements are required in relation to bad debt provisions and their recoverability that may be adversely impacted by factors such as clients' unforeseen financial difficulties, inability to settle debts. Ageing of debt is actively monitored with an allowance made for estimated irrecoverable amounts and which is supported by reference to past default experience.

  The Audit Committee examined trends in debtor movements. The Executive Committee was also required to provide a detailed analysis and reasoned assessment of the bad debt provision.

- **Impairment of Intangible Assets –** At 30 April 2020, the Group's intangible fixed assets had a fair value of £52.6m, of which goodwill comprises £51.9m. This represents a substantial and material portion of the net assets of the Group and is the largest factor in relation to the accuracy of the Annual Report. As such, this balance is monitored and reviewed by the Group finance function, Executive Committee, Audit Committee and the Board.

  Goodwill is assessed annually for impairment, with its carrying value at the balance sheet date being compared to a valuation made by the Group. The valuation made by the Group is subject to significant judgement and uncertainty, and as such the Audit Committee required the Executive Committee to provide a detailed analysis of valuation methodology and a reasoned assessment of fair value for each item of goodwill. Furthermore, the Audit Committee challenged the key assumptions, in particular their sensitivities to stress scenarios.

- **Share Based Payments –** Where share options are awarded to employees, the fair value of options at the date of grant is charged to profit or loss over the vesting period. Non-market and market vesting conditions are taken into account in order to determine the fair value of options granted.

  The Audit Committee examined the methodology used to assess the valuing of share options, and the inputs used in the chosen model, in particular dividend yield, the risk free rate and expected volatility.

Assessment of Principal Risks and Uncertainties

The risks associated with the Group's financial assets, as disclosed in the financial statements, particularly in notes 2 and 3, represent a key accounting disclosure. Following input from the Executive Committee, the Audit Committee critically reviews the identification process and on-going measurement of these risk disclosures.

Risk Management and Internal Controls

The Board as a whole is responsible for the Group's system of internal control, however the Audit Committee assists the Board in meeting its obligations in this regard. There is currently no direct internal audit function and the Executive Committee oversees the daily operational activities of the Group. The Audit Committee regularly monitors confirmations from the Executive Committee that no material issues have arisen in respect of the system of internal controls and risk management operated within the Group. Annually, the Audit Committee reviews the effectiveness of the Group's material controls, including financial, operational and compliance controls.

External Audit

It is the responsibility of the Audit Committee to monitor the performance, independence, objectivity and re-appointment of BDO. We met with BDO in January 2020 to review their Interim Review Report in relation to the Group's Unaudited Interim Financial Statements for the period from 1 May 2019 to 31 October 2019. In March 2020, we further met with BDO who presented their Audit Planning document for the year; we agreed the audit plan for the year, highlighting the key financial statement and audit risks, to seek to ensure that the audit was appropriately focused. In August 2020, we met with the Chief Financial Officer and BDO to review the work performed on the key audit matters.

BDO attends our Audit Committee meetings throughout the year, as appropriate, which allows an opportunity to discuss any matters they may wish to raise.

Furthermore, BDO provides feedback at each Audit Committee meeting on topics such as key accounting matters, mandatory communications and the control environment.

BDO was formally re-appointed as the Group's auditor for the 2020 year-end audit following the AGM in December 2019 and has expressed its willingness to continue in office as Auditor. Whilst the Audit Committee continued to be satisfied with the performance of BDO, we were conscious that the Group has grown significantly since BDO's appointment in 2016. We therefore recommended to the Board that the audit for the 2020/21 year be put out to tender. A structured process has commenced and it is expected that the Board will be in a position to recommend the appointment of an auditor at the forthcoming AGM.

In line with best practice, the lead audit partner will be rotated every five years to ensure continued independence and objectivity.

In advance of the commencement of the 2019/2020 annual audit, the Audit Committee reviewed a statement provided by BDO confirming its independence within the meaning of the regulations and professional standards.

In order to satisfy itself as to BDO's independence, the Audit Committee undertook a review of the auditor compensation and the balance between audit and non-audit fees. The following table summarises the remuneration paid to BDO international member firms as external auditor for audit and non-audit services during the year ended 30 April 2020:

Audit fees	£
Group audit fees	819,448
Non-audit services fees	
ISAE3402 reporting	52,650
Tax compliance and advisory services	30,000
Total	**902,098**

The audit fees are at a similar level to the prior year due to audit fee overruns from the prior year. BDO's fee relating to the current years audit of continuing operations was £523,116. A further breakdown of the audit fees from BDO can be found in the Chief Financial Officer's Report on page 21.

Committee Effectiveness

Both the Board and the Audit Committee review the effectiveness of the Audit Committee on an annual basis. Following such review, I am pleased to advise that the Audit Committee is considered to continue to operate effectively and efficiently. A member of the Audit Committee will be available to Shareholders at the forthcoming AGM of the Group to answer any questions relating to the role of the Audit Committee.

Signed on behalf of the Audit Committee by:

Iain Stokes
Audit Committee Chairman

21 September 2020

Directors' Report

The Directors present their report and the audited consolidated financial statements for the year ended 30 April 2020.

Incorporation

The Company was incorporated in Guernsey on 15 December 1995 and is listed on The International Stock Exchange (TISE).

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 the 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 he ought to have taken as a Director to make himself 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 Client & Corporate Administration, Fund Services and Pension Services.

Results and dividends

During the year no gross dividends (2019: £3,811,014) were paid to the Company's shareholders. Earnings before interest, tax, depreciation and amortisation ('EBITDA') for the year was a loss of £2,715,000 (2019: profit of £9,765,227), the calculation for which is set out below:

	2020 £'000	2019 £'000
(Loss) / Profit for the year	**(11,512)**	**2,324**
Add back:		
Interest	1,186	791
Taxation	1,207	1,046
Depreciation	1,577	1,149
Amortisation	4,827	4,455
EBITDA	**(2,715)**	**9,765**

Directors

The Directors of the Company during the year are set out on page 29.

At the AGM of the Company on 12 December 2019, shareholders approved the re-election of Diane Seymour-Williams, Cees Krijgsman and Peter Bruges however, as previously announced, Mr Bruges subsequently resigned on 7 February 2020 and Mr Krijgsman resigned on 12 February 2020.

As previously announced, Simon Thornton resigned on 31 October 2019.

Andrew Haining and Iain Stokes have decided to stand down as Chairman and Director respectively. Andrew Haining will retire from his position when a successor has been appointed, it is envisaged that this process will be concluded by 30 April 2021. Iain Stokes retirement process is being determined by the Nominations Committee.

Board effectiveness

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

This review did not raise any areas for concern, however to address the balance of NEDs and Executive Directors it was agreed to appoint Rob Fearis and Martyn Crespel to the Board as soon as the necessary regulatory approvals have been received.

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 Committee	Nomination and Remuneration Committee
Numbers of meetings held	**4**	**22**	**6**	**3**
Andrew Haining	3	21	n/a	n/a
Iain Stokes	4	21	6	3
Brian Morris	4	22	6	3
Diane Seymour-Williams[1]	3	18	n/a	3
Simon Thornton[2]	2	5	n/a	n/a
Peter Bruges[3]	2	10	n/a	n/a
Cees Krijgsman[4]	2	11	n/a	n/a

1 Appointed 1 August 2019

2 Resigned 31 October 2019

3 Appointed 1 August 2019 and resigned 7 February 2020

4 Appointed 1 August 2019 and resigned 12 February 2020

Directors' Report
continued

Directors' interests

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

	30 April 2020			30 April 2019		
	No. of shares	Percentage	Interest	No. of shares	Percentage	Interest
Andrew Haining	550,000	0.49%	Indirect	550,000	0.49%	Indirect
Iain Stokes	196,102	0.17%	Direct	196,102	0.17%	Direct
Brian Morris	4,834,596	4.29%	Direct	4,834,596	4.29%	Direct
Diane Seymour-Williams	–	–	–	–	–	–
Simon Thornton[1]	–	–	–	4,224,613	3.75%	Direct

1 Resigned 31 October 2019

Peter Bruges was appointed as a Director on 1 August 2019 and resigned 7 February 2020. During this period he directly held 964,276 shares in the Group, representing 0.86%.

Cees Krijgsman was appointed as a Director on 1 August 2019 and resigned 12 February 2020. During this period he beneficially held 679,288 shares in the Group, representing 0.60%.

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

	30 April 2020				30 April 2019			
	No. of options	Exercise price	Grant date	Expiry date	No. of options	Exercise price	Grant date	Expiry date
Andrew Haining	400,000	100p	3/4/17	*	400,000	100p	3/4/17	*
	400,000	110p	3/4/17	**	400,000	110p	3/4/17	**
Iain Stokes	200,000	100p	3/4/17	*	200,000	100p	3/4/17	*
	200,000	110p	3/4/17	**	200,000	110p	3/4/17	**
Brian Morris	–	–	–	–	–	–	–	–
Diane Seymour-Williams	–	–	–	–	–	–	–	–
Simon Thornton	–	–	–	–	–	–	–	–

* Expiry date is up to 36 months after option price exceeds £1.10 per share

** Expiry date is up to 36 months after option price exceeds £1.60 per share

There were no changes in the interests of the Directors from 30 April 2020 to the date of this report.

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 30 April 2020			As at 21 September 2020		
	No. of Shares	Percentage	Interest	No. of Shares	Percentage	Interest
Huntress (CI) Nominees Limited A/C KGCLT*	23,118,608	20.53%	Direct	24,300,104	21.58%	Direct
DPV Limited	6,193,423	5.50%	Direct	5,630,385	5.00%	Direct
Framley Consultancy Limited	5,379,310	4.78%	Direct	5,379,310	4.78%	Direct
Simon Thornton	4,224,613	3.75%	Direct	3,784,613	3.36%	Direct
Richard Kearsey	3,859,680	3.43%	Direct	3,859,680	3.43%	Direct
Robert Fearis	3,517,500	3.12%	Direct	3,517,500	3.12%	Direct

* These shares were held in a nominee capacity for several underlying shareholders.

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 financial statements. The Group therefore continues to adopt the going concern basis in preparing these financial statements. While COVID-19 has had an impact on practical aspects of operations across the Group, no impact on going concern is noted at this time.

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.

Slavery

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. The Group does not tolerate slavery, human trafficking, forced labour, child labour or child exploitation. We have implemented a number of policies which allow us to manage human rights both within and outside of our business including 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 and provides training in local anti-discriminatory legislation.

Environmental Policy

While the Company has a limited carbon footprint in respect of its day to day activities, the Board also notes that the Company recognises that environmental responsibility is core to its longer term business success, and actively integrates environmental, social and corporate governance (ESG) issues into its business model. For more information regarding the Group's Corporate Social Responsibility approach and initiatives throughout the year see pages 26 to 27.

Company Secretary

The Company Secretary who held office at the year-end was Ms Shona Darling.

Independent auditor

BDO Limited has signified its willingness to continue in office. An audit tender process is underway and a resolution to appoint an auditor for the year ended 30 April 2021 will be proposed at the AGM.

Annual General Meeting

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

This report was approved by the Board on 11 September 2020 and is signed on its behalf by:

Andrew Haining
Chairman
21 September 2020

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

Qualified Opinion

We have audited the financial statements of PraxisIFM Group Limited for the year ended 30 April 2020 which comprise:

- the Consolidated Income Statement;
- the Consolidated Statement of Comprehensive Income;
- the Consolidated Statement of Financial Position;
- the Consolidated Statement of Changes in Equity;
- the Consolidated Statement of Cash Flows; and
- the notes to the financial statements, including a summary of significant accounting policies.

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

In our opinion, except for the possible effect of the matter described in the basis of qualified opinion section of our report, the group financial statements:

- give a true and fair view of the state of the group's affairs as at 30 April 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Basis for qualified opinion

We have not been able to obtain sufficient, appropriate audit evidence about the information presented as a discontinued operation. This is because the directors of parent have not been able to secure access to the relevant audited information from the directors of the former subsidiary following its disposal. We were unable to satisfy ourselves by alternative means in respect of the information presented as the discontinued operation by using other audit procedures.

Consequently we have not been able to determine whether adjustments would have been necessary within the Consolidated Income Statement and the Consolidated Statement of Cash Flows either to the discontinued column or, consequentially, to the total column for the year.

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters ("KAM") are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

In addition to the matter described in the basis for qualified opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our qualified opinion thereon, and we do not provide a separate opinion on these matters.

KAM – Revenue recognition and valuation of accrued income

KAM description	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. 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.
How the scope of the audit responded to the KAM	For a sample of clients where accrued income has been recognised, we have reviewed 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 whilst reviewing 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 groups various revenue streams, we have tested we have agreed, on a sample basis, revenue to signed fee agreements and/or client acceptance of fees raised and ensured that revenue recognised is materially 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.
KAM 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

KAM – Impairment of debtors

KAM description	The nature of the Group's revenue streams means that there are instances where debtors are not recovered in full. Management is required to assess whether a provision is required for non-recoverability of debtors and this is determined by reference to ageing, past default experience and management's assessment of any objective indicators of impairment. Due to the level of management judgment the allowances made may be subject to management manipulation. Although management may make a best estimate over the recoverability of these figures, unforeseen financial difficulties, or inabilities to pay fees in relation to the clients may lead to these figures being under or overstated in error. 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.
How the scope of the audit responded to the KAM	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.
KAM observations	We consider management's judgements in respect of debtor recoverability to be reasonable.

KAM – Impairment of intangible assets

KAM description	Within intangible assets the Group holds a significant balance of goodwill that has arisen from the acquisition of subsidiaries. Goodwill is originally determined in the year of acquisition and is subsequently reviewed for impairment at each financial year end. The Group's impairment reviews consider a range of factors including the performance of the subsidiary and cash flow forecasts. The accounting policy for intangible assets is detailed in note 2 of the consolidated financial statements. The initial recognition and ongoing valuation of the intangible assets related to acquisitions is disclosed as a critical judgement in note 3 of the annual report.
How the scope of the audit responded to the KAM	We evaluated and challenged management's future cash flow forecasts and the process by which they were prepared, and we tested the underlying value in use calculations, comparing this to management's forecasts and budgets. 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 further performed sensitivity analysis on the model, which included all key assumptions, to understand the sensitivity of the model to changes in underlying assumptions.
KAM observations	We consider management's judgements and assumptions used in the assessment of impairment of intangibles to be reasonable.

KAM – Share based payments

KAM description	There are significant judgements and estimates made by management in relation to the recognition and valuation of share based payments. Employees of the Group receive share options in the form of share based payments via the PraxisIFM Group EBT whereby eligible employees render services as consideration for equity instruments (shares). The fair value of the instruments is determined at the grant date of the instrument which is subsequently expenses on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimates of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The accounting policy for share based payments is detailed in note 2 of the consolidated financial statements. The initial recognition and estimate of the fair value of the share based payments is disclosed as a critical judgement in note 3 of the Annual Report.
How the scope of the audit responded to the KAM	We reviewed and challenged the assumptions and judgements used in the fair value assessments of the equity instruments. We did this by interrogating management's use of the Black-Scholes valuation model, we obtained and reviewed management's forecasts for its operating entities that directly influence performance based vesting criteria for certain share schemes. In doing so we assessed the sensitivity of the assumptions used against the impact on the profit and loss charge.
KAM observations	We consider management's judgements and assumptions used in the valuation of share based payments 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.

We have determined materiality based on professional judgement in the context of our knowledge of the Group, including consideration of factors such as industry developments, financial stability and reporting requirements for the financial statements.

Based on our professional judgement, we determined materiality for the financial statements as a whole to be £445,000 (2019: £385,000), which is based on a level of 8% of adjusted profit before tax after adjustment for one off non-recurring items in the financial year. In determining the relevant materiality benchmark we have considered the relevant financial metrics for users of the financial statements and have assessed that adjusted profit, after removing one off 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.

Each significant component of the group was audited to a lower level of materiality which is used to determine the financial statement areas that are included within the scope of our audit and the extent of sample sizes used during the audit. Component materiality ranged from £50,000 to £150,000.

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality was set at £310,000 (2019: £269,500) which represents 70% of the above materiality levels.

We agreed with the audit committee that we would report to them all individual audit differences identified during the course of our audit in excess of £13,350 (2019: £11,550). We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

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

An overview of the scope of our audit

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.

This assessment took into account the likelihood, nature and potential magnitude of any misstatement. As part of this risk assessment we considered the Group's revenue streams and recognition criterion; the basis of valuation of subsidiaries and the recoverability assessments of doubtful debts.

In terms of Group composition, we determined that the Group consists of 3 significant components and 39 non-significant components. All but one of the significant components were subject to statutory audits completed by BDO Limited. The remaining significant component was divested during the year. As referred in the matter described in the basis for qualified opinion section, we were unable to obtain sufficient, appropriate audit evidence about the information presented as a discontinued operation. This is because the directors of parent have not been able to secure access to the relevant audited information from the directors of the former subsidiary following its disposal.

BDO Limited also carried out audits for a number of the non-significant components. Other non-significant components were subject to audits by BDO International member firms and other audit firms, who are familiar with local laws and regulations in their jurisdictions. Where non-significant components were not required to be audited, we have completed desktop reviews to ensure we have sufficient understanding to support the Group audit opinion.

Subject to the matters referred to in the basis for qualified opinion section above, these procedures gave us the evidence we needed for our opinion on the financial statements as a whole.

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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the information presented as a discontinued operation. We have concluded that where the other information refers to the Consolidated Income Statement and the Consolidated Statement of Cash Flows it may be materially misstated for the same reason.

Matters on which we are required to report by exception

Except for the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Arising solely from the limitation on the scope of our work relating to the discontinued operation referred to above:

- 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.

Except for the matter described in the basis for qualified opinion section of our report, we have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the parent company; or
- the financial statements are not in agreement with the accounting records.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 40 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with 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 Pre
Rue du Pre
St Peter Port
Guernsey

Date: 21 September 2020

Consolidated Income Statement
For the year ended 30 April 2020

	Note	Year ended 30 April 2020 Continuing Operations £'000	Year ended 30 April 2020 Discontinued Operations £'000	Year ended 30 April 2020 Total £'000	Year ended 30 April 2019 Continuing Operations £'000	Year ended 30 April 2019 Discontinued Operations £'000	Year ended 30 April 2019 Total £'000
Turnover	4	**60,461**	**9,666**	**70,127**	**56,296**	**10,617**	**66,913**
Staff costs and other direct costs	5	(29,404)	(7,701)	(37,105)	(25,853)	(8,330)	(34,183)
Gross profit		**31,057**	**1,965**	**33,022**	**30,443**	**2,287**	**32,730**
Administrative salaries		(10,751)	(556)	(11,307)	(8,934)	(593)	(9,527)
Administrative expenses		(6,527)	(1,003)	(7,530)	(4,303)	(1,152)	(5,455)
Technical & training		(267)	(15)	(282)	(370)	(28)	(398)
Marketing		(933)	(16)	(949)	(602)	(24)	(626)
Computer expenses		(3,916)	(2,937)	(6,853)	(2,856)	(2,729)	(5,585)
Insurance		(884)	(144)	(1,028)	(866)	(111)	(977)
Travel & entertaining		(838)	(122)	(960)	(880)	(126)	(1,006)
Rent and rates		(3,545)	(232)	(3,777)	(3,272)	(305)	(3,577)
Amortisation of intangible assets	11	(4,624)	(203)	(4,827)	(4,221)	(234)	(4,455)
Finance & bad debts		(3,775)	30	(3,745)	(1,565)	(131)	(1,696)
Provision release in divested subsidiary	19	–	2,271	2,271	–	4,793	4,793
Other operating income		131	15	146	239	(333)	(94)
Operating (loss)/profit		**(4,872)**	**(947)**	**(5,819)**	**2,813**	**1,314**	**4,127**
Loss on divested subsidiary		(3,451)	–	(3,451)	–	–	–
Share of profit for year in associate	13	151	–	151	34	–	34
Interest receivable & similar income	6	12	–	12	209	–	209
Interest payable & similar charges	7	(1,055)	(143)	(1,198)	(956)	(44)	(1,000)
(Loss)/profit before taxation		**(9,215)**	**(1,090)**	**(10,305)**	**2,100**	**1,270**	**3,370**
Tax on profit of ordinary activities	8	(1,205)	(2)	(1,207)	(1,219)	173	(1,046)
(Loss)/profit for the financial year		**(10,420)**	**(1,092)**	**(11,512)**	**881**	**1,443**	**2,324**
(Loss)/profit for the financial year attributable to:							
Owners of the parent		(10,466)	(554)	(11,020)	844	734	1,578
Non-controlling interests		46	(538)	(492)	37	709	746
Earnings per ordinary share (expressed in pence per share)							
Basic	10	(9.7)	(1.0)	(10.7)	0.8	1.4	2.2
Diluted	10	(9.6)	(1.0)	(10.6)	0.8	1.3	2.0

The notes on pages 56 to 77 form part of the financial statements.

Consolidated Statement of Comprehensive Income
For the year ended 30 April 2020

	Year ended 30 April 2020			Year ended 30 April 2019		
	Continuing Operations £'000	Discontinued Operations £'000	Total £'000	Continuing Operations £'000	Discontinued Operations £'000	Total £'000
Profit for the financial year	**(10,420)**	**(1,092)**	**(11,512)**	**881**	**1,443**	**2,324**
Foreign exchange loss	1,137	15	1,152	(131)	(25)	(156)
Total comprehensive income for the financial year	**(9,283)**	**(1,077)**	**(10,360)**	**750**	**1,418**	**2,168**
Total comprehensive income for the financial year attributable to:						
Owners of the parent	(9,329)	(539)	(9,868)	713	709	1,422
Non-controlling interests	46	(538)	(492)	37	709	746

The notes on pages 56 to 77 form part of the financial statements.

Consolidated Statement of Financial Position
For the year ended 30 April 2020

	Note	30 April 2020 £'000	30 April 2020 £'000	30 April 2019 £'000	30 April 2019 £'000
Fixed assets					
Intangible assets	11		52,623		62,696
Tangible assets	12		3,720		6,249
Investments	13		2,327		2,701
			58,670		**71,646**
Current assets					
Accrued income		5,057		5,382	
Debtors and prepayments	15	21,363		25,666	
Cash and cash equivalents		5,967		13,666	
		32,387		**44,714**	
Creditors: amounts falling due within one year	16	**(30,271)**		**(33,889)**	
Net current assets			**2,116**		**10,825**
Total assets less current liabilities			**60,786**		**82,471**
Creditors: amounts falling due after more than one year	17		**(14,904)**		**(24,808)**
Provisions for liabilities	19		**–**		**(2,271)**
Net assets			**45,882**		**55,392**
Capital and reserves					
Called up share capital	21		1,126		1,126
Share premium	22		66,344		66,344
Treasury shares	22		(5,530)		(9,134)
ESOP share reserve	28		821		526
Capital reserve	22		715		(453)
Profit and loss account	22		(17,682)		(4,682)
Equity attributable to owners of the parent company			**45,794**		**53,727**
Non-controlling interests			**88**		**1,665**
			45,882		**55,392**

The financial statements were approved by the Board of directors and authorised for issue on 21 September 2020 and are signed on its behalf by:

Andrew Haining

The notes on pages 56 to 77 form part of the financial statements.

Consolidated Statement of Changes in Equity
For the year ended 30 April 2020

	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 2019	**1,126**	**66,344**	**(9,134)**	**526**	**(453)**	**(4,682)**	**53,727**	**1,665**	**55,392**
Profit/movement for the year	–	–	–	341	–	(11,361)	(11,020)	(492)	(11,512)
Other comprehensive income	–	–	–	–	1,152	–	1,152	–	1,152
Total comprehensive income	**–**	**–**	**–**	**341**	**1,152**	**(11,361)**	**(9,868)**	**(492)**	**(10,360)**
Movement on capital reserve	–	–	–	–	16	(49)	(33)	(243)	(276)
Divestment of subsidiary	–	–	–	–	–	(1,590)	(1,590)	(879)	(2,469)
Share repurchase	–	–	(1,976)	–	–	–	(1,976)	–	(1,976)
Deferred consideration settlements	–	–	5,044	–	–	–	5,044	–	5,044
Exercise of share options	–	–	536	(46)	–	–	490	–	490
Dividends paid	–	–	–	–	–	–	–	37	37
At 30 April 2020	**1,126**	**66,344**	**(5,530)**	**821**	**715**	**(17,682)**	**45,794**	**88**	**45,882**

	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 2018	**1,025**	**49,953**	**(7,634)**	**335**	**(259)**	**(2,009)**	**41,411**	**1,074**	**42,485**
Profit/movement for the year	–	–	–	313	–	1,265	1,578	746	2,324
Other comprehensive income	–	–	–	–	(71)	(85)	(156)	–	(156)
Total comprehensive income	**–**	**–**	**–**	**313**	**(71)**	**1,180**	**1,422**	**746**	**2,168**
Movement on capital reserve	–	–	–	–	(123)	1,167	1,044	(115)	929
Issue of shares at premium	101	16,391	(2,831)	–	–	–	13,661	–	13,661
Exercise of share options	–	–	–	(122)	–	122	–	–	–
Net settlement of share options	–	–	1,331	–	–	(1,331)	–	–	–
Dividends paid	–	–	–	–	–	(3,811)	(3,811)	(40)	(3,851)
At 30 April 2019	**1,126**	**66,344**	**(9,134)**	**526**	**(453)**	**(4,682)**	**53,727**	**1,665**	**55,392**

The notes on pages 56 to 77 form part of the financial statements.

Consolidated Statement of Cash Flows
For the year ended 30 April 2020

	Note	2020 £'000	2019 £'000
Cash flows from operating activities			
Profit of operating activities before taxation		(10,305)	3,370
Adjustments for:			
Amortisation of intangible assets	11	4,827	4,455
Depreciation of tangible assets	12	1,577	1,149
Interest expense	7	1,198	1,000
Interest income	6	(12)	(209)
Goodwill impairment	11	931	–
Loss on investments		3,451	–
Write off of loan to divested subsidiary		(1,976)	–
Increase in accrued income		(232)	(1,051)
Decrease/(increase) in debtors	15	1,837	(2,116)
Increase in provisions	16	(1,868)	(3,660)
Increase in creditors	16	5,254	4,161
Cash from operating activities		**4,682**	**7,099**
Income taxes paid		(1,848)	(1,334)
Net cash from operating activities		**2,834**	**5,765**
Cash flows from investing activities			
Purchases of tangible assets	12	(2,174)	(4,373)
Purchases of intangible assets	11	(2,240)	(2,274)
Financial investments made		–	(1,035)
Cash paid for acquisitions		(1,113)	(13,865)
Cash acquired with subsidiary		140	3,630
Cash lost on divestment of subsidiary	25	(1,302)	–
Other investment income		147	–
Interest received	6	12	209
Net cash used in investing activities		**(6,530)**	**(17,708)**
Cash flows from financing activities			
Bank loan drawdowns		–	20,000
Bank loan repayments		(2,542)	(4,399)
Loan drawn in divested subsidiary		1,523	–
Deferred consideration paid		(2,701)	(868)
Issue of shares		–	48
Exercise of share options		536	–
Treasury shares		–	162
Net capital flows from finances leases		(273)	(48)
Contractual covenant payments		(97)	(112)
Interest paid	7	(1,198)	(1,000)
Dividends paid		(37)	(3,851)
Net cash (used in)/from financing activities		**(4,789)**	**9,932**

The notes on pages 56 to 77 form part of the financial statements.

Consolidated Statement of Cash Flows
For the year ended 30 April 2020 continued

	Note	2020 £'000	2019 £'000
Net decrease in cash and cash equivalents		**(8,485)**	**(2,011)**
Cash and cash equivalents at beginning of year		13,666	15,334
Effect of foreign exchange rate changes		786	343
Cash and cash equivalents at end of year		**5,967**	**13,666**
Cash and cash equivalents comprise			
Cash at bank and in hand		13,144	13,666
Overdraft		(7,177)	–
		5,967	**13,666**

The notes on pages 56 to 77 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 years presented unless otherwise stated.

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. The financial statements have been prepared on the historical cost basis except for the modification to fair value for certain financial instruments as specified in the accounting policies below. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

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.

Going concern

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 the foreseeable future. Therefore, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Monthly reporting and cash forecasting underpin this conclusion, and these have been reassessed as a result of COVID-19 on a reasonable "worst case" scenario. Cash forecasting is done on a forward-looking 12-month basis, with regulatory capital requirements included to ensure they are maintained. This monthly forecasting is coupled with weekly reporting on cash collection to ensure that projections are being met. Any declines are investigated and addressed.

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 30 April 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.

Turnover

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's 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 company 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.

Expenses

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.

Interest income and expense

Interest income and expense is recognised on an accruals basis.

Taxation

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 substantially enacted by the financial year end.

Intangible assets
Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

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

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

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the acquirer's interest in the fair value of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and written off on a straight line basis over the useful life.

Fair value of the consideration is made up of the initial consideration paid on the date of acquisition, deferred consideration to be paid in future periods, and contingent consideration which is based on future performance of the subsidiary. Goodwill is adjusted when deferred and contingent consideration estimates do not match final payments.

Goodwill is reviewed annually for indications of impairment and if there are any, an impairment review is carried out and, if necessary, a provision is made.

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

Depreciation
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	5 years straight line
Leasehold property and improvements	Over the life of the lease
Furniture, fixtures and fittings	5 years straight line

Impairment of assets
At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income statement.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is also recognised immediately in the Consolidated Income Statement.

Investment in associates
Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Investments in associates are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the carrying amount of the investment is adjusted to recognise changes in the Group's share of the net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The Consolidated Income Statement reflects the Group's share of the results of operation of the associate, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of the changes, where applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of the profit or loss of an associate is shown on the face of the Consolidated Income Statement outside of operating profit and represents profit or loss after tax.

Other investments
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.

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.

Notes to the Consolidated Financial Statements continued

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.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, overdrafts and deposits held on call with banks.

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.

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.

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.

Leases

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.

Finance Leases

Finance lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

Pension costs

The Group operates defined contribution pension schemes. Contributions to the Group's defined contribution pension schemes are charged to the profit and loss in the year in which they become payable.

Foreign exchange

Functional currency and presentation currency

The functional currency of the Group is Sterling (£). 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. Exchange differences are recognised in other comprehensive income.

Translation of Group companies

The results of foreign operations are translated at the average rates of exchange during the year 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.

Dividends

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.

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 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.

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.

3. Critical judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these consolidated financial statements, the directors have made the following key judgements:

Determine whether there are indicators of impairment of the Group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

The Group continues to appraise the resulting impact of the United Kingdom's referendum on EU membership ("Brexit"). Based on management's assessment, the impact of Brexit itself in the global alternatives market is unlikely to damage the overall demand for services. The Group's presence in the EU has benefitted from an increase in demand. The Group therefore believes that it is well protected against any uncertainty with regards to Brexit.

Other key sources of estimation uncertainty

Valuation of accrued income

Accrued income is valued using average recovery rates appertaining during the year. This is reviewed by management to ensure recovery rates are appropriate based on past experience and knowledge of the client.

Acquisition accounting (notes 11, 24)

The expected useful life of the goodwill arising on consolidation is estimated based on a variety of factors, such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life, and assumptions that market participants would consider in respect of similar businesses.

Impairment of debtors (note 15)

The trade debtors balance in the Group's Consolidated Statement of Financial Position comprises many individual balances. An allowance is made for the estimated irrecoverable amounts from debtors and this is determined by reference to past default experience.

Impairment of intangible assets (note 11)

Should any of the factors taken into account in determining the expected useful life of goodwill arising on consolidation experience a significant change, an impairment charge will be recognised to the extent that the value and estimated remaining useful life of the goodwill are a true reflection of its value to the business, based on the factors above.

Release of provision for the AON client transfer (note 19)

The provision for the AON client transfer was first recognised in the year ended 30 April 2018 and relates to the transfer of pensions administration customers from AON Hewitt to IARG. The provision includes the costs of adapting the pensions administration system of IARG and transferring of the client data.

Release of provision for the APG client transfer (note 19)

The provision for the APG client transfer was first recognised in the year end 30 April 2019 and relates to the transfer of pensions administration customers from APG Deelnemingen N.V. to IARG. The provision includes the costs of adapting the pensions administration system of IARG and transferring of the client data.

Onerous contracts (note 23)

FRS 102.21.11A defines an onerous contract as one where the unavoidable costs of meeting the obligations under the contract exceed the economic benefit expected to be received under it. The Group holds a lease acquired in the prior year as part of business combination. The property is not occupied by a revenue generating business and is being used for administrative projects and storage. The property is being actively marketed to sub-let and to developers. In determining whether to treat this as an onerous lease, the likelihood of the property becoming entirely vacant for the remaining period of the lease and generating no economic value for the Group is assessed as remote for the above reasons and therefore the lease is not considered to be within the scope of FRS 102.21.11A.

Share option expense valuation (note 28)

The estimation of the fair value of share options uses a Black-Scholes model, with significant judgement around the key model inputs of volatility, dividend yield and risk-free interest rate.

Notes to the Consolidated Financial Statements
continued

4. Segmental reporting

All the Group's divisions engage in trust and corporate administration. Declared revenue is generated by external clients.

The Group has 6 reportable segments: Private Client and Corporate (PC & C), Pensions, Funds, Acquisitions, Discontinued Operations and Other. Acquisitions represents businesses acquired in the year. Note 24 details the business acquisition in the year ended 30 April 2020. Discontinued Operations represents the business disposed of in the year. Note 25 details the business disposal in the year ended 30 April 2020. No client represents more than 10% of revenue.

The chief operating decision maker has been identified as the Board of directors of PraxisIFM Group Limited. Each segment is defined as a set of business activities generating a revenue stream determined by divisional responsibility and the management information reviewed by the Board of directors. The Board evaluates segmental performance based on gross profit, after the deduction of direct staff costs and direct client costs. Assets and liabilities for each segment are also monitored on an ongoing basis.

For the year ended 30 April 2020:

	PC & C £'000	Pensions £'000	Funds £'000	Acq. £'000	Discont. £'000	Other £'000	Total £'000
Turnover	44,758	3,441	11,081	483	9,666	698	70,127
Staff costs	(20,776)	(1,033)	(6,475)	(251)	(7,701)	(869)	(37,105)
Gross profit	**23,982**	**2,408**	**4,606**	**232**	**1,965**	**(171)**	**33,022**
Gross margin	**54%**	**70%**	**42%**	**48%**	**20%**	**(24%)**	**47%**
Other operating income							2,417
Operating expenses							(41,258)
Operating profit							**(5,819)**

Acquisition in the year ended 30 April 2020 was Stroeken B.V.

For the year ended 30 April 2019:

	PC & C £'000	Pensions £'000	Funds £'000	Acq. £'000	Discont. £'000	Other £'000	Total £'000
Revenue	28,561	3,423	9,622	13,352	10,617	1,338	66,913
Staff costs	(12,018)	(1,605)	(5,644)	(5,657)	(8,330)	(929)	(34,183)
Gross profit	**16,543**	**1,818**	**3,978**	**7,695**	**2,287**	**409**	**32,730**
Gross margin	**58%**	**53%**	**41%**	**58%**	**22%**	**31%**	**49%**
Other operating income							4,699
Operating expenses as restated							(33,302)
Operating profit							**4,127**

Acquisitions in the year ended 30 April 2019 included InAdmin N.V, Global Forward B.V., Global Forward Trust B.V., Nerine Trust, Jeffcote Donnison (Overseas) Limited, JD Associates Limited and Jeffcote Donnison LLP. The acquisition of InAdmin N.V is included in discontinued operations.

Geographical information

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

	2020 £'000	2019 £'000
Channel Islands	35,668	34,874
Netherlands	14,834	15,062
Rest of Europe	13,705	11,942
Rest of World	5,920	5,035
	70,127	**66,913**

5. Staff costs & other direct costs

	2020 £'000	2019 £'000
Staff salaries	29,984	27,249
Staff pension contributions	1,495	1,637
Staff health cover	490	760
Share options expense	345	368
Other direct costs	4,791	4,169
	37,105	**34,183**

6. Interest receivable & similar income

	2020 £'000	2019 £'000
Bank interest	12	209

7. Interest payable & similar charges

	2020 £'000	2019 £'000
Bank loans	1,198	1,000

8. Tax on profit on ordinary activities

The tax assessed for the year is higher than the standard rate of income tax in Guernsey on taxable activities at 0% (2019: 0%). The tax charge for the year represents local tax on overseas subsidiaries, along with Jersey and Guernsey 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:

	2020 £'000	2019 £'000
(Loss)/profit on ordinary activities before tax	(10,305)	3,370
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in Guernsey on taxable activities of 0% (2019: 0%)	–	–
Effects of:		
Guernsey 10% tax activities	289	534
Overseas tax charges	918	512
Tax on results of ordinary activities	**1,207**	**1,046**

Notes to the Consolidated Financial Statements continued

9. Dividends

Amounts recognised as distributions to equity holders in the year:

	2020 £'000	2019 £'000
November 2018 dividend paid	–	2,004
April 2019 dividend paid	–	1,807
Dividends paid to Company shareholders	**–**	**3,811**
Paid to minority interest shareholders in subsidiary	37	40
Total paid during the year	**37**	**3,851**

10. 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.

	2020	2019
Profit/(loss) for the year for continuing operations (£'000)	(10,420)	881
Profit/(loss) for the year for discontinued operations (£'000)	(1,092)	1,443
Profit/(loss) for the year (£'000)	(11,512)	2,324
Weighted average number of shares in issue	112,607,690	106,753,407
Treasury shares held	5,453,857	6,391,954
Basic earnings for continuing operations (pence per share)	(9.7)	0.8
Basic earnings for discontinued operations (pence per share)	(1.0)	1.4
Basic earnings (pence per share)	(10.7)	2.2
Dilutive shares	1,279,678	7,616,468
Diluted earnings for continuing operations (pence per share)	(9.6)	0.8
Diluted earnings for discontinued operations (pence per share)	(1.0)	1.3
Diluted earnings (pence per share)	(10.6)	2.0

11. Intangible assets

	Goodwill £'000	Business software £'000	Total £'000
Cost			
At 1 May 2019	**69,234**	**4,165**	**73,399**
Purchases	–	2,240	2,240
Disposals	–	(31)	(31)
Reclassification from tangible assets	–	1,440	1,440
Acquisitions	1,570	–	1,570
Divestments	(4,612)	(5,838)	(10,450)
Impairments to goodwill	(931)	–	(931)
Adjustments to goodwill	(6)	–	(6)
FX movement	170	2	172
At 30 April 2020	**65,425**	**1,978**	**67,403**
Amortisation			
At 1 May 2019	**9,773**	**930**	**10,703**
Amortisation for the year	4,421	406	4,827
Disposals	–	(30)	(30)
Reclassification from tangible assets	–	828	828
Divestments	(684)	(871)	(1,555)
FX movement	–	7	7
At 30 April 2020	**13,510**	**1,270**	**14,780**
Net book value			
At 30 April 2020	**51,915**	**708**	**52,623**
At 30 April 2019	**59,461**	**3,235**	**62,696**

Software assets previously included within computer equipment as tangible assets have been reclassified to business software as intangible assets. The depreciation and amortisation profiles of the assets before and after the reclassification are the same.

Goodwill arising on consolidation is being amortised over the directors' estimate of its useful life. The estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Goodwill is reviewed annually for impairment. The review assesses whether the carrying value of goodwill could be supported by the recoverable amount which is determined through value in use calculations of each cash-generating-unit (CGU). The key assumptions in the value in use calculations are the discount rates applied, which represent:

- A risk-based discount based on the profile of the business, its client base, history and reputation and;
- A market-based discount which reflects recent transactions on similar businesses.

Notes to the Consolidated Financial Statements continued

Based on the value in use calculations, four of the CGU's showed indicators of impairment and the goodwill on these was impaired. In all cases, an impairment was made due to the performance of the CGU having deteriorated in the period since its acquisition. CGU's impaired were:

Entity	Impairment Recognised £,000
Nerine Trust	750
Jeffcote Donnison LLP	100
Agility Limited	46
Balmor SA	35

Management believe that any reasonable change in the key assumptions, on which recoverable amount per CGU is based, would not cause the aggregate carrying amount to materially exceed the recoverable amount on the CGUs.

An analysis of goodwill movements in the year is provided in note 27.

Individually significant components of goodwill are as follows:

Entity	Acquisition Date	Carrying Value at 30 April 2020 £'000	Amortisation Period Years	Amortisation Period Remaining Years
Nerine Trust	27/06/18	17,445	20	18.0
Private Equity Services (Amsterdam) BV	02/02/18	6,546	10	8.0
IFM Group Limited	01/01/15	6,349	20	15.0
Confiance Limited	08/12/15	5,607	20	15.5
Kompas International	02/02/18	3,230	10	8.0
Cavendish Corporate Investments PCC Limited	20/01/17	2,893	20	17.0
Global Forward B.V. and Global Forward Trust B.V.	15/08/18	2,779	10	8.0
Stroeken B.V.	11/10/19	1,471		
Jeffcote Donnison (Overseas) Limited	15/08/18	1,381	20	18.0
Jeffcote Donnison LLP	15/08/18	1,093	10	8.0
Ampersand Management (Geneva) SA & Ampersand Management (Mauritius) Limited	31/03/16	1,062	20	16.0
JD Associates Limited	15/08/18	761	20	18.0
Trireme Pension Services (Guernsey) Limited	21/10/15	655	20	15.5

12. Tangible assets

	Computer equipment £'000	Leasehold property and improvements £'000	Furniture, fixtures & fittings £'000	Total £'000
Cost				
At 1 May 2019	**9,682**	**1,639**	**2,187**	**13,508**
Purchases	1,242	485	447	2,174
Acquired in business combination	134	214	–	348
Divested	(2,505)	(80)	(119)	(2,704)
Eliminated on disposal	(894)	–	(475)	(1,369)
Reclassification to intangible assets	(1,440)	–	–	(1,440)
Reclassification of furniture	(356)	–	356	–
Reclassification of property	–	219	(219)	–
FX movement	69	63	31	163
At 30 April 2020	**5,932**	**2,540**	**2,208**	**10,680**
Depreciation				
At 1 May 2019	**4,444**	**1,042**	**1,773**	**7,259**
Depreciation for the year	1,079	289	209	1,577
Acquired in business combination	108	199	–	307
Divested	(229)	(24)	(64)	(317)
Eliminated on disposal	(713)	–	(474)	(1,187)
Reclassification to intangible assets	(828)	–	–	(828)
Reclassification of furniture	(292)	–	292	–
Reclassification of property	–	205	(205)	–
FX movement	119	13	17	149
At 30 April 2020	**3,688**	**1,724**	**1,548**	**6,960**
Net book value				
At 30 April 2020	**2,244**	**816**	**660**	**3,720**
At 30 April 2019	**5,238**	**597**	**414**	**6,249**

Software assets previously included within computer equipment as tangible assets have been reclassified to business software as intangible assets. The depreciation and amortisation profiles of the assets before and after the reclassification are the same.

Notes to the Consolidated Financial Statements continued

13. Investments

At 30 April 2020 the Group had interests in the following entities:

Other interests	Country of incorporation	Types of shares	Proportion held %	2020 Value £'000	2019 Value £'000
Electro Holdings Limited	Guernsey	Ordinary	49.0	2,038	2,326
The International Stock Exchange	Guernsey	Ordinary	3.3	222	299
Sequoia Economic Infrastructure Fund	Guernsey	Ordinary	0.02	49	58
AF Spa	Italy	Ordinary	4.0	15	15
SICAV	UAE	Ordinary	100.0	3	3
DPV Limited	Guernsey	Ordinary	12.5	–	–
				2,327	**2,701**

Electro Holdings Limited

The investment is accounted for using the equity method, and the movements on the investment value are shown in the table below:

	£,000
Cost	
At 1 May 2019	**2,292**
Write down of investment	(292)
At 30 April 2020	**2,000**
Share of retained profits	
At 1 May 2019	**34**
Share of profit for the year in associate	151
Dividends paid	(147)
At 30 April 2020	**38**
Net book value	
At 30 April 2020	**2,038**
At 30 April 2019	**2,326**

The investment in Electro Holdings Limited was sold on 10 July 2020 after the period end. The cost of the investment has been written down to the sale value. See note 31 for further details.

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.

DPV Limited

The Group owns a 12.5% holding in DPV Limited. DPV Limited is a holding vehicle for shares issued in consideration of acquisition and no consideration was given for the shares. Therefore no value has been assigned to the shareholding.

14. 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	Advisory
PES (Anguilla) Ltd	Ordinary	100	Anguilla	Fiduciary
PES (Barbados) Inc	Ordinary	100	Barbados	Fiduciary
Nerine Trust Company (BVI) Limited	Ordinary	100	BVI	Fiduciary
PES Curacao NV	Ordinary	100	Curacao	Fiduciary
Confiance Limited	Ordinary	100	Guernsey	Fiduciary
PraxisIFM Trust Guernsey	Ordinary	100	Guernsey	Fiduciary
Praxis Central Services Limited	Ordinary	100	Guernsey	Fiduciary
Nerine Trust Company Limited	Ordinary	100	Guernsey	Fiduciary
Acconsult Services Limited	Ordinary	100	Guernsey	Fiduciary
Nerine Corporate Services Limited	Ordinary	100	Guernsey	Fiduciary
PraxisIFM JD (Hong Kong)	Ordinary	100	Hong Kong	Fiduciary
PraxisIFM Nerine (Hong Kong) Limited	Ordinary	100	Hong Kong	Fiduciary
PraxisIFM Nerine Fiduciaries (Hong Kong) Limited	Ordinary	100	Hong Kong	Fiduciary
Nerine Advisory Services India Private Limited	Ordinary	100	India	Fiduciary
Nerine Trustee Company Private Limited	Ordinary	100	India	Fiduciary
PraxisIFM Trust Limited	Ordinary	100	Isle of Man	Fiduciary
PraxisIFM Trust Limited Jersey	Ordinary	100	Jersey	Fiduciary
PraxisIFM Trust Limited Malta	Ordinary	100	Malta	Fiduciary
PraxisIFM Management (Mauritius) Limited	Ordinary	100	Mauritius	Fiduciary
PraxisIFM Netherlands Holding BV	Ordinary	100	Netherlands	Fiduciary
PraxisIFM International BV	Ordinary	100	Netherlands	Fiduciary
PraxisIFM Netherlands BV	Ordinary	100	Netherlands	Fiduciary
Private Equity Services BV	Ordinary	100	Netherlands	Fiduciary
Global Forward B.V.	Ordinary	100	Netherlands	Fiduciary
Global Forward Trust B.V.	Ordinary	100	Netherlands	Fiduciary
PraxisIFM Trust (NZ) Limited	Ordinary	100	New Zealand	Fiduciary
PraxisIFM Trust SA	Ordinary	100	Switzerland	Fiduciary
IFM Trust SA	Ordinary	100	Switzerland	Fiduciary
Ampersand Management (Geneva) SA	Ordinary	100	Switzerland	Fiduciary
Nerine Fiduciare S.A.	Ordinary	100	Switzerland	Fiduciary
PraxisIFM Corporate Services (UK) Limited	Ordinary	100	UK	Fiduciary
Praxis Trustees (UK) Limited	Ordinary	100	UK	Fiduciary
PraxisIFM JD Corporate Services Limited	Ordinary	100	UK	Fiduciary
International Fund Management Limited	Ordinary	100	Guernsey	Funds
Praxis Fund Services Limited	Ordinary	100	Guernsey	Funds
Nerine Fund Administrators Limited	Ordinary	100	Guernsey	Funds
Praxis Fund Services (Jersey) Limited	Ordinary	100	Jersey	Funds
Praxis Luxembourg SA	Ordinary	85	Luxembourg	Funds

Notes to the Consolidated Financial Statements continued

Subsidiary	Type of shares	Proportion held (%)	Country of incorporation	Reporting Segment
Praxis Fund Services (Malta) Limited	Ordinary	100	Malta	Funds
PraxisIFM Fund Services (UK) Limited	Ordinary	100	UK	Funds
Cavendish Admin Limited (UK)	Ordinary	100	UK	Funds
Praxis Wealth Solutions	Ordinary	100	Guernsey	Non-Trading
Cavendish Corporate Investments PCC Limited	Ordinary	100	Guernsey	Pensions
Trireme Pension Services (Guernsey) Limited	Ordinary	100	Guernsey	Pensions
Trireme Pension Services (Malta) Limited	Ordinary	100	Malta	Pensions
RiskCo Group BV*	Ordinary	50	Netherlands	Pensions
RiskCo Experts BV The Netherlands*	Ordinary	50	Netherlands	Pensions
RiskCo Administrations BV*	Ordinary	50	Netherlands	Pensions
RiskCo Philippines*	Ordinary	50	Philippines	Pensions
RiskCo LDA*	Ordinary	50	Portugal	Pensions
PraxisIFM Trust Limited (UAE)	Ordinary	100	UAE	Pensions
PraxisIFM Consultancy FZE	Ordinary	100	UAE	Pensions
RiskCo USA Inc	Ordinary	50	USA	Pensions
PraxisIFM Treasury Services Limited	Ordinary	100	Guernsey	Treasury
PraxisIFM Group Limited Employee Benefit Trust	–	–	Guernsey	Non-Trading
Stroeken B.V.	Ordinary	100	Netherlands	Fiduciary

* The results of IARG were fully consolidated until the date of disposal due to the Group's shareholding representing a controlling interest.

15. Debtors and prepayments

	2020 £'000	2019 £'000
Trade debtors	17,713	20,687
Prepayments	2,451	3,019
Other debtors	1,025	1,175
VAT debtor	174	785
	21,363	**25,666**

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 £4,145,457 (2019: £3,571,128) was recognised against trade debtors.

16. Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Deferred income	10,994	9,695
Sundry creditors	6,993	4,594
Deferred consideration (Note 26)	5,147	7,135
Bank loans	2,978	2,978
Trade creditors	1,860	5,021
Taxation	880	1,522
Wage tax creditor	753	1,024
VAT creditor	473	1,364
Finance leases	193	556
	30,271	**33,889**

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, Jeffcote Donnison (Overseas) Limited, JD Associates Limited and Jeffcote Donnison LLP.

Bank loans

On the 31 May 2018, PraxisIFM Group Limited (the "Company"), International Fund Management Limited, Praxis Fund Services Limited, Trireme Pension Services (Guernsey) Limited, Confiance Limited, PraxisIFM Trust Limited (Guernsey) and PraxisIFM Trust Limited (Jersey) (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:

a) Financing acquisitions of companies, business and undertakings; and
b) Financing any amounts payable under the existing £3.5m loan and £3.5m overdraft between the Company and the Lender in full; and
c) The general corporate and working capital purposes of the Group (including capital expenditure).

Finance leases

The Group has entered into the following loans with Lombard Finance (CI) Limited:

Date Entered	Amount £	Repayment Period Years	Interest Over Repayment Period £	Implicit Interest Rate %
17 December 2015	127,115	5	14,354	11.29
25 August 2016	30,071	5	3,997	13.29
25 August 2016	360,893	5	47,966	13.29
21 December 2016	389,058	5	57,504	14.78

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

	2020 £'000	2019 £'000
Bank loans	14,359	17,835
Deferred consideration (Note 26)	460	5,684
Loan notes in issue	–	1,090
Finance leases	85	199
	14,904	**24,808**

Note 16 provides details of the bank loans and other loans in issue, loan notes in issue and the deferred consideration.

18. Borrowings

The aggregate borrowings of the Group are as follows:

	2020 £'000	2019 £'000
Within one year	3,171	3,534
Between one year and two years	2,555	2,669
Between two years and five years	11,889	15,365
After five years	–	–

Notes to the Consolidated Financial Statements
continued

19. Provisions for liabilities

	AON client transfer £'000	APG client transfer £'000	Total £'000
At 1 May 2019	**774**	**1,497**	**2,271**
Utilised in year	(774)	(1,497)	(2,271)
At 30 April 2020	**–**	**–**	**–**

Provision for AON client transfer
Provision for AON client transfer related to the transfer of pensions administration customers from AON Hewitt to IARG. The provision included the costs of adapting the pensions administration system of IARG and transferring of the client data. The provision was first recognised in the year ended 30 April 2018. The project was estimated to take 19 months, with the release in the year ended 30 April 2020 representing the remainder of the provision.

Provision for APG client transfer
Provision for APG client transfer related to the transfer of pensions administration customers of InAdmin N.V. to the system of IARG. The provision included the costs of adapting the pensions administration system of IARG and transferring of the client data. The provision was first recognised in the year ended 30 April 2019. The project was estimated to take 19 months, with the release in the year ended 30 April 2020 representing the remainder of the provision.

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

	2020 £'000	2019 £'000
Financial assets		
Financial assets measured at amortised cost	24,879	36,313
Financial assets measured at fair value	2,327	2,701
Financial liabilities		
Financial liabilities measured at amortised cost	32,075	47,363

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

Financial assets measured at fair value comprise investments in 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. Called up share capital

	2020 £'000	2019 £'000
Authorised, allotted and issued		
112,607,690 ordinary shares of £0.01 each	1,126	1,126
	1,126	**1,126**

22. Capital and Reserves

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 and prior period retained profits and losses.

23. Financial commitments

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

	2020 £'000	2019 £'000
Within one year	1,821	1,661
Between one year and five years	3,906	4,030
After five years	169	275

All operating leases relate to office premises occupied by subsidiary entities. The lease expense in the year ended 30 April 2020 was £2,377,643 (2019: £2,723,839).

In the case of the lease of one leased property, FRS 102.21.11A has not been applied and this lease is not recognised as an onerous contract. The property is being actively marketed and is expected to be sub-let or sold within the next year, and therefore it is the opinion of the directors that recognition of the lease as an onerous contract is not required.

Notes to the Consolidated Financial Statements
continued

24. Business combination – Acquisition of Stroeken B.V.

On 11 October 2019, the Group acquired 100% of Stroeken B.V. for £1,860,108, settled in the form of 533,903 shares in PraxisIFM Group Limited and £1,112,644 in cash. The full amount was paid on completion.

In calculating goodwill arising on acquisition, the fair value of the net assets of Stroeken B.V. have been assessed and adjustments from book values made where necessary.

	Fair value £'000
Fixed assets	
Tangible	41
Intangible	–
Current assets	
Debtors	82
Sundry debtors	236
Cash at bank and in hand	140
Total assets	**499**
Creditors	
Due within one year	208
Fair value of net assets acquired	**291**
Goodwill	1,570
Total purchase consideration	**1,861**
Purchase consideration settled in cash	(1,113)
Cash and cash equivalents in subsidiary acquired, as above	140
Cash outflow on acquisition	**(973)**

The useful economic life has been estimated to be 10 years.

For the period ended 30 April 2020, 4 months of the results of Stroeken B.V. were consolidated as control was obtained from 1 January 2020.

The results of Stroeken B.V. in the 4 months since its effective acquisition are as follows:

- Revenue £483,191;
- Profit £117,155.

25. Discontinued operations

On 31 March 2020 the Group disposed of InAdmin RiskCo Group B.V. (IARG), a corporate pensions business based in the Netherlands. The Group acquired a 50% shareholding in IARG in November 2017 as part of the Group's strategy to develop a platform for corporate pensions administration.

The timeline for the development was, however, a lot longer than originally anticipated and the Group had to review its financial commitment. The decision was taken to end the relationship with IARG. The results of IARG were previously presented in the "Pensions" segment of note 4.

The net assets of IARG at the point of disposal are shown below.

	£'000	£'000
Cash proceeds		–
Net assets disposed of:		
Goodwill	1,428	
Intangible fixed assets	4,967	
Tangible fixed assets	2,388	
Debtors	3,134	
Cash	1,302	
Creditors	(8,924)	
Finance leases	(181)	
Bank loans	(934)	
Total net assets disposed of		**3,180**
Group 50% share of net assets disposed of		1,590

At the date of disposal, goodwill held by the Group in IARG was £2,755,641.

The net outflow of cash in respect of the disposal of IARG is as follows:

	£'000
Cash consideration	–
Cash transferred on disposal	1,302
Net outflow of cash	**1,302**

Following its divestment, IARG held a creditor balance with the Group relating to cash provided in the 11 month period up to its divestment. This is included in creditors in the table above. This balance was extinguished by the return of PIGL shares held by the owners of IARG.

Notes to the Consolidated Financial Statements
continued

26. Reconciliation of deferred consideration

	£'000
As at 1 May 2019	**12,819**
Paid out in the period in cash and shares:	
Nerine Trust	(3,278)
Global Forward B.V. and Global Forward Trust B.V.	(1,170)
Private Equity Services (Amsterdam) BV	(1,122)
RiskCo Group BV	(524)
Kompas International	(445)
Jeffcote Donnison (Overseas) Limited	(242)
JD Associates Limited	(175)
Jeffcote Donnison LLP	(110)
IFM Group Limited	(97)
Exchange movement on deferred consideration	(49)
As at 30 April 2020	**5,607**

27. Reconciliation of goodwill

	£'000
As at 1 May 2019	**59,461**
Purchased goodwill in the period:	
Stroeken B.V	1,570
Divestment of IARG	(3,928)
Impairment of Nerine Trust goodwill	(750)
Impairment of Jeffcote Donnsion LLP goodwill	(100)
Impairment of Agility Limited goodwill	(46)
Impairment of Balmor SA goodwill	(35)
Other adjustments	(6)
Exchange movement on goodwill on foreign subsidiaries	170
Amortisation	(4,421)
As at 30 April 2020	**51,915**

28. Share based payments

The Group operates seven equity-settled share-based remuneration schemes for employees:

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 (2019: 207,484) were granted and exercised by employees participating in the scheme.

Qualified persons with non-market vesting conditions

Under this scheme, employees are granted options based on promotion into qualifying positions. The only vesting condition being that the individual remains an employee of the Group until the vesting date. In addition, the options will lapse if the individual leaves within 3 years of exercising their options.

Qualified persons with performance-based vesting conditions

Under this scheme, options vest if the performance of a subsidiary of the Group increases above a threshold set at the time of granting the option.

Qualified persons with probation and performance-based vesting conditions

Under this scheme, the first tranche of options vests if the individual passes their probationary period of employment, and further tranches vest if the performance of a subsidiary of the Group increases above a threshold set at the time of granting the option.

Qualified persons with promotion and performance-based vesting conditions

Under this scheme, the first tranche of options vests if the individual is promoted to a specified level, and further tranches vest if the performance of a subsidiary of the Group increases above a threshold set at the time of granting the option.

Qualified persons with probation and performance-based vesting conditions

Under this scheme, the first tranche of options vests if the individual passes their probationary period of employment, and a further tranche vests if the individual is promoted to a specified level.

Qualified persons with market-based vesting conditions

Under this scheme, options vest if the share price of the Group increases above a threshold set at the time of granting the option.

During the year to 30 April 2020, 1,089,352 stock options were granted for no consideration (2019: 2,194,125), and 1,194,034 were exercised (2019: 3,951,742). The valuation applied to the options was the market price on the grant date.

	2020		2019	
	Weighted Average Exercise Price £	Number of shares '000	Weighted Average Exercise Price £	Number of shares '000
Balance at start of year	**1.01**	**16,837**	**0.92**	**19,903**
Expired during the year	0.59	(1,414)	0.85	(1,308)
Exercised during the year	0.58	(1,193)	1.01	(3,952)
Granted during the year	1.68	1,089	1.40	2,194
Balance at end of year	**1.04**	**15,319**	**1.01**	**16,837**

The exercise price of vested options outstanding at the end of the year ranged between £0.48 and £1.96 (2019: £0.48 and £1.96).

Of the total numbers of options outstanding at the end of the year, 6,250,387 (2019: 5,292,821) 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 £0.58 (2019: £1.01) at the date of exercise of options.

Notes to the Consolidated Financial Statements continued

The following information is relevant in the determination of the fair value of options granted during the current and previous years under the equity-settled share based remuneration schemes operated by the Group.

	2020	2019
Equity-settled		
Option pricing model used	Black-Scholes	Black-Scholes
Expected volatility	23.83%	24.84%
Expected dividend yield	0.00%	1.44%
Risk-free interest rate	1.10%	2.10%

The Black-Scholes option pricing model was used to value the share-based payment awards as it was considered that this approach would result in a materially accurate estimate of the fair value of options granted.

The volatility assumption, measured as the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices over the last three years of comparable publicly quoted companies.

The share-based remuneration expense is included in direct costs and comprises:

	2020 £'000	2019 £'000
BAYE scheme	4	55
Equity-settled schemes	341	313
	345	**368**

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:

	2020 £'000	2019 £'000
Brought forward	(526)	(335)
Expense relating to options issued in the year	(341)	(313)
Options exercised/lapsed in the year	28	122
Expired in the year	18	–
Carried forward	**(821)**	**(526)**

29. 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.

	2020 £'000	2019 £'000
Key management personnel compensation	2,021	2,294
Dividends paid to shareholders who are also key management personnel	–	646

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.

	2020 £'000	2019 £'000
Loan due from director of subsidiary	123	86

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

30. Net debt reconciliation

	1 May 2019 £'000	Cash flows £'000	Acquired £'000	Disposed £'000	Other non-cash changes £'000	30 April 2020 £'000
Cash at bank	13,666	(145)	140	(1,302)	785	13,144
Bank overdrafts	–	(7,177)	–	–	–	(7,177)
Obligations under finance leases	(755)	273	–	181	23	(278)
Bank loans	(20,813)	2,542	–	934	–	(17,337)
Net debt	**(7,902)**	**(4,507)**	**140**	**(187)**	**808**	**(11,648)**

Other non-cash changes relates 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.

31. Post year end events

Share Options Granted and Exercised

Since the year end, no options have been granted, 94,835 have been exercised, 1,975,000 options have expired or been cancelled.

Sale of Investment

On 10 July 2020, the Group sold its investment in Electro Holdings Limited for consideration of £2,000,000, receivable in cash.

Heads of Terms Signed

On 30 July 2020, the Group signed non-binding heads of terms to acquire Oak Group, a multi-jurisdictional financial services group headquartered in Guernsey.

RBSI Loan Facility Amendment and Restatement

In September 2020, the Group signed an amended and restated facility agreement with RBSI. This amendment and restatement of the agreement had the following effects:

- £5,000,000 of the overdraft balance converted into a long-term loan facility with terms in line with the existing facilities;
- inclusion of Nerine International Holdings Limited, Nerine Trust Company Limited, Nerine Trust Company (BVI) Limited as Guarantors.

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

Company Information

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

Directors (the "Board")

Andrew Haining (Non-Executive Group Chairman)

Iain Stokes (Non-Executive Director)

Brian Morris (Non-Executive Director)

Diane Seymour-Williams (Non-Executive Director)

Peter Bruges (Group Finance Director – resigned 7 February 2020)

Cees Krijgsman (Chief Executive Officer – resigned 12 February 2020)

Company Secretary

Shona Darling

Registered Office

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

Registered Number

30367

Listing Sponsor and Market Maker

Ravenscroft Limited, PO Box 222, 20 New Street, St Peter Port, Guernsey, GY1 4JG

Independent Auditors

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

ISIN

GB00BD0RGF89

LEI

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Registrar and Location of Register of Members

Praxis Fund Services 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.praxisifm.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 year	The 12-month period ended 30 April 2020
The prior year	The 12-month period ended 30 April 2019
IARG	InAdmin RiskCo Group B.V.
EBITDA	A widely recognised measure of profitability after adding depreciation, amortisation, interest and tax back to profit for the year
Underlying EBITDA	EBITDA excluding exceptional or non-recurring charges
CEO	Chief Executive Officer
CFO	Chief Financial Officer
BVI	British Virgin Isles
UAE	United Arab Emirates
SME	Small and medium-sized enterprise
HNW	High net worth
UHNW	Ultra-high net worth
CRM	Client risk management
CSR	Corporate social responsibility
BAYE	Buy as you earn
NED	Non-executive director

www.praxisifm.com