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23 May 2024

BRAEMAR PLC

("Braemar", the "Company" and together with its subsidiaries the "Group")

Audited Final Results for the year ended 29 February 2024

Strong trading performance building resilience and sustainable returns for shareholders, with a platform for future growth

Braemar Plc (LSE: BMS), a leading provider of expert investment, chartering and risk management advice to the shipping and energy markets, announces its audited results for the year ended 29 February 2024 ("FY24"), which are in line with market expectations¹.

The board is delighted to report another strong performance for the Group, which demonstrates the Group's strategy to grow the business, build resilience, and generate sustainable shareholder returns across the shipping cycle. Following the 51% increase in revenues in the prior year, FY24 revenues were sustained at £152.8 million (FY23: £152.9 million).

The strong performance from the acquisitions completed in FY23 and the Group's growing securities business contributed to a more balanced revenue mix, offsetting weaker shipping rates in some sectors. Overall fixture volumes grew by 8% and the increased breadth and depth of the Group's operations helped deliver both a strong financial result for the year, and build a platform for sustainable profitability in the years going forward.

The Group generated underlying operating profit of £16.5 million (FY23: £20.1 million), after a negative £2.6 million foreign exchange swing over the previous year and expensing £1.5 million of acquisition-related costs (£18.1 million before acquisition-related expenditure).

FY25 has started well, the Group has entered the year with a total forward order book at 29 February 2024 of \$82.6 million (FY23: \$56.2 million) and looks forward to continuing the successful execution of its growth strategy, through hiring talented individuals, geographic expansion and making selective acquisitions, while at all times maintaining a strong focus on cost efficiencies and improving operating margins, as the business continues to scale.

As a result, and reflecting the board's confidence in the future of the business, the board has recommended a final dividend for FY24 of 9.0 pence per share. Total dividends for the year if approved will be 13.0 pence per share (FY23: 12.0 pence), an increase of 8%.

RESULTS HIGHLIGHTS

Financial performance

	Underlying results*			Statutory results		
	FY24	FY23	% change	FY24	FY23	% change
Revenue	£152.8m	£152.9m	-	£152.8m	£152.9m	-
Operating profit (before acquisition-related expenditure)	£18.1m	£20.1m	-10%	£15.0m	£13.7m	+9%
Operating profit	£16.5m	£20.1m	-18%	£9.0m	£11.7m	-22%
Profit before tax	£14.6m	£18.0m	-19%	£7.5m	£9.5m	-20%

¹ Company compiled consensus as at the date of this announcement: FY24 revenue of £150.4m and FY24 underlying operating profit (before acquisition-related expenditure) of £18m.

Profit after tax	£10.8m	£13.4m	-19%	£4.6m	£4.6m	-
Underlying earnings per share (basic)	36.62p	46.22p	-21%	15.65p	15.85p	-1%
Total dividend per share	13.0p	12.0p	+8%	13.0p	12.0p	+8%
Net cash/(debt)	£1.0m	£6.9m	-86%	£1.0m	£6.9m	-86%

* Underlying results measures above are before specific items, including some acquisition-related charges and internal independent investigation costs.

Financial highlights

- Revenue at £152.8 million was unchanged on the prior year, demonstrating improved resilience across the Group (FY23: £152.9 million), with strong performances from acquisitions and Risk Advisory offsetting cyclically weaker performances in other parts of the business.
- Underlying operating profit before acquisition-related items of £18.1m in line with market expectations¹ (FY23: £20.1m).
- Impact on operating profit of acquisition-related costs and foreign exchange swing totalling £4.1m.
- Reported profit after tax for the year unchanged from prior year at £4.6m.
- Balance sheet remains strong with positive cash position maintained.
- Continuation of the Group's progressive dividend policy, with a recommended final dividend for FY24 of 9.0 pence per share, reflecting the board's confidence in the future of the business. Total dividends for the year if approved will be 13.0 pence per share (FY23: 12.0 pence) an increase of 8%.

Operational highlights

- Continued growth with total fixture numbers up 8% from the prior year.
- Acquisitions of Southport Maritime Inc. in the USA and the Madrid tanker desk in Spain performed well in their first full year as part of the Group, realising the opportunities of being part of Braemar's global business.
- Natural gas desk grew strongly throughout the year.
- Headcount up 7% to 409 as the business continues to invest, average revenue per head continues to be strong at £373,000, 6% lower than the prior year.
- The internal independent investigation commenced in June 2023 was completed in October 2023.

Current trading and outlook

- FY25 has started well with market conditions remaining positive – greater demand resulting from geo-political and natural events on a broadly unchanged global fleet size.
- Continued execution of the growth strategy, hiring talented individuals and teams, and through selective acquisitions in the fragmented shipbroking market. This will be supported by the Group's platform, driving ongoing efficiencies, and improving margins.
- The Group's forward order book strengthened throughout the year, standing at \$82.6m as at 29 February 2024, 47% higher than the \$56.2m as at 28 February 2023.
- With the Group's strategy delivering and a clear focus on future growth, the board looks to the future with confidence.

James Gundy, Group Chief Executive Officer, commenting on the Group's FY24 results, said:

"This was another year of strong performance. I am delighted that it clearly shows how much more resilient and balanced Braemar has become. In FY23, we enjoyed high rates and activity across all sectors delivering a 51% increase in revenue. I am delighted that this performance was sustained this year. We maintained FY23's strong revenue levels through our growing securities business and strong performances from our acquisitions, with overall fixture volumes growing by 8%. We have built a platform that can support a growing business and as we hire more brokers and make further acquisitions, whilst maintaining a keen focus on cost management and efficiencies, we will build greater resilience and further improve operating margins.

The overall market outlook remains positive. Geo-political and natural events, as well as environmental considerations are leading to longer voyage times, and global seaborne trade continues to grow, while the total fleet size remains at similar levels.

We started FY25 with a strong forward order book at \$82.6m, and will continue to invest in our people, offices, and technology, whilst taking advantage of a fragmented shipbroking market to hire and make acquisitions. I look forward to another strong performance by the Group.”

Results Roadshow and Online Presentations

The Company is hosting a results presentation for analysts on Thursday, 23 May 2024 at 10.30 a.m. at Buchanan’s offices at 107 Cheapside, London, EC2V 6DN. Please contact the team at Buchanan via braemar@buchanan.uk.com for further details.

In addition, the Company is also hosting an online investor presentation with Q&A on Tuesday, 28 May 2024, commencing at 1 p.m. To participate, please register with PI World at https://bit.ly/BMS_FY24_webinar.

The 2024 Annual Report and Accounts will be available on the Company’s website (www.braemar.com) shortly.

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Consolidated Income Statement

For the year ended 29 February 2024

	29 Feb 2024			28 Feb 2023			
	Notes	Underlying £'000	Specific items £'000	Total £'000	Underlying £'000	Specific items £'000	Total £'000
Revenue	2.1	152,751	-	152,751	152,911	-	152,911
Other operating income	2.2	-	83	83	-	3,846	3,846
Operating expense:							
Operating costs	2.3, 2.2	(134,004)	(3,182)	(137,186)	(132,598)	(355)	(132,953)
Acquisition-related expenditure	2.2	(1,502)	(4,405)	(5,907)	-	(1,999)	(1,999)
Impairment of financial assets	2.3, 2.2	(697)	-	(697)	(238)	(848)	(1,086)
Impairment of goodwill	2.2	-	-	-	-	(9,050)	(9,050)
Total operating expense		(136,203)	(7,587)	(143,790)	(132,836)	(12,252)	(145,088)
Operating profit		16,548	(7,504)	9,044	20,075	(8,406)	11,669
Share of associate profit/(loss) for the year	3.4	12	-	12	(23)	-	(23)
Finance income	2.5, 2.2	871	419	1,290	119	83	202
Finance costs	2.5, 2.2	(2,823)	-	(2,823)	(2,131)	(266)	(2,397)
Profit before tax from continuing operations		14,608	(7,085)	7,523	18,040	(8,589)	9,451
Taxation	2.7	(3,788)	889	(2,899)	(4,641)	(214)	(4,855)
Profit from continuing operations		10,820	(6,196)	4,624	13,399	(8,803)	4,596
Profit attributable to equity shareholders of the Company		10,820	(6,196)	4,624	13,399	(8,803)	4,596
		Underlying		Total	Underlying		Total
Earnings per ordinary share							
Basic	2.8	36.62p		15.65p	46.22p		15.85p
Diluted	2.8	29.96p		12.80p	38.52p		13.25p

The accompanying notes form an integral part of these Financial Statements.

Consolidated Statement of Comprehensive Income

For the year ended 29 February 2024

	29 Feb 2024	28 Feb 2023	
	Note	£'000	£'000
Profit for the year		4,624	4,596
Other comprehensive income/(expense)			
<i>Items that will not be reclassified to profit or loss:</i>			
- Actuarial gain on employee benefit schemes – net of tax	5.1	173	2,361
<i>Items that may be reclassified to profit or loss:</i>			
- Foreign exchange differences on retranslation of foreign operations	6.4	(1,783)	2,522
- Net investment hedge	6.4	249	(124)
- Cash flow hedges – net of tax	6.4	1,231	291
Other comprehensive (expense)/income		(130)	5,050
Total comprehensive income attributable to owners of the parent		4,494	9,646

The accompanying notes form an integral part of these Financial Statements.

Consolidated Balance Sheet

As at 29 February 2024

	Note	As at 29 Feb 2024 £'000	As at 28 Feb 2023 £'000
Assets			
Non-current assets			
Goodwill	3.1	71,337	71,407
Other intangible assets	3.2	3,185	3,980
Property, plant and equipment	3.5	5,582	5,320
Other investments	3.3	1,633	1,780
Investment in associate	3.4	713	701
Derivative financial instruments	4.4	249	30
Deferred tax assets	2.7	2,979	4,794
Pension surplus	5.1	1,414	1,120
Other long-term receivables	4.1	4,589	8,554
		91,681	97,686
Current assets			
Trade and other receivables	4.2	37,730	43,323
Derivative financial instruments	4.4	1,287	1,224
Current tax receivable	2.7	2,925	973
Cash and cash equivalents	4.5	27,951	34,735
		69,893	80,255
Total assets		161,574	177,941
Liabilities			
Current liabilities			
Derivative financial instruments	4.4	175	1,122
Trade and other payables	4.3	43,611	57,310
Current tax payable	2.7	1,625	4,141
Provisions	7.1	3,080	2,575
Convertible loan notes	4.7	632	699
		49,123	65,847
Non-current liabilities			
Long-term borrowings	4.6	29,819	29,919
Deferred tax liabilities	2.7	8	344
Derivative financial instruments	4.4	183	1,022
Trade and other payables		416	542
Provisions	7.1	58	734
Convertible loan notes	4.7	2,346	2,852
		32,830	35,413
Total liabilities		81,953	101,260
Total assets less total liabilities		79,621	76,681
Equity			
Share capital	6.1	3,292	3,292
Share premium	6.1	-	53,796
ESOP reserve	6.3	(7,140)	(10,607)
Other reserves	6.4	8,365	28,819
Retained earnings		75,104	1,381
Total equity		79,621	76,681

Registered number: 02286034

Consolidated Cash Flow Statement

For the year ended 29 February 2024

	Notes	29 Feb 2024 £'000	28 Feb 2023 £'000
Profit before tax		7,523	9,451
<i>Adjustment for:</i>			
Depreciation and amortisation charges	3.2, 3.5	3,805	3,364
Loss on disposal of intangible assets		-	87
Net loss on disposal of property, plant and equipment		-	20
Share scheme charges		6,442	4,520
Net foreign exchange loss/(gain) with no cash impact		497	(1,157)
Gain on acquisition of Southport	2.2	-	(3,643)
Gain relating to disposal of Cory Brothers	2.2	(83)	(203)
Fair value loss on unlisted investments	2.2	147	-
Impairment of Naves goodwill	3.1	-	9,050
Impairment of property, plant and equipment	3.5	-	150
Impairment of intangible assets	3.2	-	60
Impairment of financial asset	2.2	-	848
Reversal of dilapidations provision	7.1	-	(124)
<i>Adjustment for non-operating transactions included in profit before tax:</i>			
Net finance cost	2.5	1,533	2,195
Share of (profit)/loss in associate from continuing and discontinued operations	3.4	(12)	23
<i>Adjustment for cash items in other comprehensive income/expense:</i>			
Fair value movement on financial instruments charged to profit or loss		89	-
Cash settlement of share-based payment		(52)	-
Contribution to defined benefit scheme	5.1	(37)	(450)
Operating cash flow before changes in working capital		19,852	24,191
Decrease/(increase) in receivables		6,252	(14,857)
(Decrease)/increase in payables		(12,142)	16,836
(Decrease)/increase in provisions		(138)	2,081
Cash flows from operating activities		13,824	28,251
Interest received		508	119
Interest paid		(2,677)	(1,925)
Tax paid, net of refunds		(6,473)	(4,381)
Net cash generated from operating activities		5,182	22,064

Cash flows from investing activities			
Purchase of property, plant and equipment	3.5	(503)	(695)
Purchase of other intangible assets	3.2	(32)	(90)
Acquisition of business (cash acquired)	2.2	-	349
Proceeds related to disposal of Cory Brothers	4.9	1,397	6,500
Principal received on finance lease receivables	3.6	626	607
Net cash generated from investing activities		1,488	6,671
Cash flows from financing activities			
Proceeds from RCF loan facility		4,500	7,694
Repayment of RCF loan facility		(5,098)	(3,000)
Repayment of principal under lease liabilities	3.6	(3,143)	(3,865)
Cash proceeds on issue of new shares	6.1	-	694
Cash proceeds on exercise of share awards settled by release of shares from ESOP		826	477
Dividends paid	6.2	(2,440)	(3,190)
Purchase of own shares	6.3	(6,125)	(7,963)
Settlement of convertible loan notes	4.7	(598)	(1,448)
Net cash used in financing activities		(12,078)	(10,601)
(Decrease)/increase in cash and cash equivalents		(5,408)	18,134
Cash and cash equivalents at beginning of the year	4.5	34,735	13,964
Foreign exchange differences		(1,376)	2,637
Cash and cash equivalents at end of the year	4.5	27,951	34,735

The accompanying notes form an integral part of these Financial Statements.

Consolidated Statement of Changes in Total Equity

For the year ended 29 February 2024

	Notes	Share capital £'000	Share premium £'000	ESOP reserve £'000	Other reserves £'000	Retained (deficit)/ earnings £'000	Total equity £'000
At 1 March 2022		3,221	53,030	(6,771)	26,130	(4,119)	71,491
Profit for the year		-	-	-	-	4,596	4,596
Actuarial gain on employee benefits schemes – net of tax		-	-	-	-	2,361	2,361
Foreign exchange differences		-	-	-	2,522	-	2,522
Cash flow hedges – net of tax		-	-	-	291	-	291
Net investment hedge		-	-	-	(124)	-	(124)
Other comprehensive income		-	-	-	2,689	2,361	5,050
Total comprehensive income		-	-	-	2,689	6,957	9,646
Transactions with owners in their capacity as owners:							
Deferred tax income on share awards		-	-	-	-	863	863
Dividends	6.2	-	-	-	-	(3,190)	(3,190)
Shares issued	6.1	71	766	-	-	-	837
Acquisition of own shares		-	-	(7,963)	-	-	(7,963)
ESOP shares allocated	6.3	-	-	4,127	-	(3,650)	477
Share-based payments	5.2	-	-	-	-	4,520	4,520
		71	766	(3,836)	-	(1,457)	(4,456)
At 28 February 2023		3,292	53,796	(10,607)	28,819	1,381	76,681
Profit for the year		-	-	-	-	4,624	4,624
Actuarial gain on employee benefits schemes – net of tax		-	-	-	-	173	173
Foreign exchange differences		-	-	-	(1,783)	-	(1,783)
Net investment hedge		-	-	-	249	-	249
Cash flow hedges – net of tax		-	-	-	1,231	-	1,231
Other comprehensive income		-	-	-	(303)	173	(130)
Total comprehensive income		-	-	-	(303)	4,797	4,494
Transactions with owners in their capacity as owners:							
Tax on share awards	2.7	-	-	-	-	(205)	(205)
Dividends	6.2	-	-	-	-	(2,440)	(2,440)
Capital reduction	6.4	-	(53,796)	-	(20,151)	73,947	-
Acquisition of own shares	6.3	-	-	(6,125)	-	-	(6,125)
ESOP shares allocated	6.3	-	-	9,592	-	(8,766)	826
Cash paid for share-based payments	5.2	-	-	-	-	(52)	(52)
Share-based payments	5.2	-	-	-	-	6,442	6,442
		-	(53,796)	3,467	(20,151)	68,926	(1,554)
At 29 February 2024		3,292	-	(7,140)	8,365	75,104	79,621

The accompanying notes form an integral part of these Financial Statements.

Notes to the Financial Statements

General information

Braemar plc (the “Company”) is a public company limited by shares incorporated in the United Kingdom under the Companies Act. The Company is registered in England and Wales and its registered address is 1 Strand, Trafalgar Square, London, United Kingdom, WC2N 5HR. The consolidated Financial Statements of the Company as at and for the year ended 29 February 2024 comprise the Company and its subsidiaries (together referred to as the “Group”)

1 Basis of preparation

1.1 Basis of preparation and forward-looking statements

The financial information set out above does not constitute the Group's statutory accounts for the years ended 28 February 2023 or 28 February 2022 but is derived from those accounts. Statutory accounts for 2023 have been delivered to the registrar of companies, and those for 2024 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified; (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report; and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The financial information included in this preliminary announcement has been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The Group expects to distribute full accounts that comply with UK-adopted international accounting standards and with the requirements of the Companies Act 2006. The Financial Statements have been prepared under the historic cost convention except for items measured at fair value as set out in the accounting policies below.

The consolidated Financial Statements incorporate the Financial Statements of Braemar Plc and all its subsidiaries made up to 28 February each year or 29 February in a leap year.

Subsidiaries are entities that are controlled by the Group. Control exists when the Group has the rights to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. The results of subsidiaries sold or acquired during the year are included in the accounts up to, or from, the date that control exists. All intercompany balances and transactions have been eliminated in full.

Certain statements in this Annual Report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, it gives no assurance that these expectations will prove to have been correct. These forward-looking statements involve risks and uncertainties, so actual results may differ materially from those expressed or implied by these forward-looking statements.

The Group Financial Statements are presented in sterling and all values are rounded to the nearest thousand sterling (£'000) except where otherwise indicated.

New standards, amendments and interpretations effective for the financial year beginning 1 March 2023

The following amendments to IFRS Accounting Standards have been applied for the first time by the Group:

- IFRS 17 “Insurance Contracts” (including the June 2020 and December 2021 Amendments to IFRS 17);
- Amendments to IAS 12 “Income Taxes” – Deferred Tax related to Assets and Liabilities arising from a Single Transaction;
- Amendments to IAS 1 “Presentation of Financial Statements” and IFRS Practice Statement 2 “Making Materiality Judgements – Disclosure of Accounting Policies”;
- Amendments to IAS 12 “Income Taxes – International Tax Reform – Pillar Two Model Rules”;
- Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates”.

The Group has adopted the amendments to IAS 1 in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The Group has reviewed the impact of the changes to IAS 1, which has resulted in some immaterial accounting policies being removed and updates to the presentation of the financial statements to aid users in their understanding and navigation.

The adoption of the above has not had any material impact on the amounts reported or the disclosures in these financial statements.

New standards, amendments and interpretations issued but not yet effective for the financial year beginning 1 March 2023 and not early adopted

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective in future periods and have not been early adopted by the Group:

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28);
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Non-current Liabilities with Covenants (Amendments to IAS 1);
- Supplier Finance Arrangement (Amendments to IAS 7 and IFRS 7);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).

The adoption of these standards and amendments is not expected to have a material impact on the Financial Statements of the Group in future periods.

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The amendments also clarify that "settlement" includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. Following concerns raised by stakeholders, the IASB issued further amendments in October 2022 to specify that only those covenants which an entity must comply with on or before the reporting period should affect classification of the corresponding liability as current or non-current. The October 2022 amendments defer the effective date of the January 2020 amendments by one year in order that both sets of amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted.

Under the Group's current accounting policy, a financial liability with an equity conversion feature is classified as current or non-current disregarding the impact of the conversion option. The amendments to IAS 1 will result in the equity conversion feature relating to certain of the Group's financial liabilities, impacting the classification of those liabilities. While the Group's assessment of the impact is ongoing, the Group expects that amounts included as non-current in relation to "Convertible Loan Notes" will be reclassified to current liabilities.

1.2 Going concern

The Group Financial Statements have been prepared on a going concern basis. In reaching this conclusion regarding the going concern assumption, the directors considered cash flow forecasts to 31 August 2025 which is more than 12 months from the date of issue of these Financial Statements.

A set of cash flow forecasts ("the base case") have been prepared by management to cover the going concern period and reviewed by the directors based on revenue and cost forecasts considered reasonable in the light of work done on budgets for the current year and the current shipping markets. In putting together these forecasts, particular attention was paid to the following factors:

- Expected market demand, the impact on market rates and the Group's forward order book.
- The Group's compliance with sanctions put in place as a result of the conflict in the Ukraine has meant additional work reviewing compliance obligations on a regular basis as the laws have been amended but did not have a material effect on trading in FY24, nor is it expected to have an impact in FY25.
- The level of likely cost inflation, particularly around salaries.
- Geopolitical tensions can cause volatility in shipping markets, but, if anything, that uncertainty can give rise to additional opportunities for the business to support the industry and clients further. There is therefore no expectation that the current global political tensions will have an adverse impact on trading in FY25.
- The impact of climate change is not expected to have any material impact on the business in the short term and indeed could lead to additional opportunities.

The directors have considered trading performance during the current year and have concluded that none of these factors are currently likely to have a significantly adverse impact on the Group's future cash flows.

The Group continues to have a strong balance sheet, as at 29 February 2024 the Group held net bank cash of £1.0 million (2023: £6.9 million). As at 30 April 2024 the Group had net bank cash of £8.9 million.

	Notes	30 April 2024 £m	29 Feb 2024 £m	28 Feb 2023 £m
Secured revolving credit facilities	4.6	(23.0)	(27.0)	(27.8)
Cash	4.5	31.9	28.0	34.7
Net cash		8.9	1.0	6.9

The Group continued to maintain a revolving credit facility ("RCF") with its main bankers, HSBC throughout the year. The RCF is for £30.0 million plus an accordion limit of £10.0 million and has an initial termination date of November 2025 with an option, subject to lender approval, to extend the term of the facility by 24 months. Drawdown of the accordion facility is subject to additional credit approval. It has an EBITDA leverage covenant of 2.5x and a minimum interest cover of 4x. At 31 May 2023, 31 August 2023, 30 November 2023 and 29 February 2024 the Group met all financial covenant tests. In addition, there is a further requirement to provide HSBC with the Group's audited financial statements within six months of the year-end. Due to the delay in completing the FY23 audited financial statements, the Group obtained waivers for this in advance so there was no breach of this requirement.

The cash flow forecasts in the base case assessed the ability of the Group to operate both within the banking covenants and the facility headroom, including a number of downside sensitivities on budgeted revenue, including a reverse stress test scenario. The directors consider revenue as the key assumption in the Group's budget. The cost base is largely fixed or made up of discretionary bonuses, which are directly linked to profitability. Based on two flex scenarios; a revenue decrease of 7.5% and a revenue decrease of 15% from the base case, only very minor mitigations were necessary to meet banking covenants.

A reverse stress test was also performed to ascertain the point at which the covenants would be breached in respect of the key assumption of budgeted revenue decline. This test indicated that the business, alongside certain mitigating actions which are fully in control of the directors, would be capable of withstanding a reduction of approximately 38% in budgeted revenue from the base case assumptions from March 2024 through to May 2025. In light of current trading, forecasts and the Group's performance over FY24, the directors assessed this downturn in revenue and concluded the likelihood of such a reduction remote, especially in the light of the forward order book of \$83m at the end of February 2024 (\$38m of which is for the financial year ending February 2025), such that it does not impact the basis of preparation of the Financial Statements and there is no material uncertainty in this regard.

1.3 Use of estimates and critical judgements

The preparation of the Group's Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. Key estimates are those that the Group has made in the process of applying the Group's accounting policies and that have a significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities within the next financial year. Critical judgements are those that the Group makes, apart from those involving estimations, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements.

The following table provides a summary of the Group's key estimates and critical judgements, along with the location of more detailed information relating to those judgements.

Judgement applied to	Judgements excluding estimates	Estimates	Location of further information
Acquisition accounting for business combinations	Yes	Yes	Note 1.4a – Business Combinations
Revenue recognition	Yes		Note 2a – Revenue Recognition
Classification and recognition of specific items	Yes		Note 2.2 – Specific items
Impairment of goodwill		Yes	Note 3.1 – Goodwill
Provision for impairment of trade receivables and contract assets		Yes	Note 4.2 – Trade and other receivables
Measurement of deferred and contingent consideration receivable		Yes	Note 4.8 – Deferred and contingent consideration receivable
Recoverability and valuation of defined benefit pension scheme	Yes	Yes	Note 5.1 – Long-term employee benefits
Share option vesting		Yes	Note 5.2 – Share-based payments
Uncertain commission obligations		Yes	Note 7.1 - Provisions

Climate-related risks and opportunities

Management has considered the impact of climate-related risks in respect of impairment of goodwill, recoverability of receivables and the recoverability of deferred tax assets in particular and does not consider that climate-related risks have a material impact on any key judgements, estimates or assumptions in the consolidated Financial Statements.

In the prior year, climate change was assessed as part of ongoing discussions of key and emerging risks for the Group and the shipping and energy sectors within which it operates. Consideration of the potential short to medium-term impact of the Environment and Climate Change risk resulted in its inclusion as a Group Principal Risk.

1.4 Material accounting policies

The accounting policies applied by the Group in relation to specific transactions and balances are disclosed in the note to which they relate. The following section includes those accounting policies which apply pervasively across the Financial Statements and to avoid repetition are disclosed in this note.

a) Business combinations

Key estimate

Acquisition accounting

Business combinations are accounted for under the acquisition method, based on the fair values of the consideration paid. Assets and liabilities, with limited exceptions, are measured at their fair value at the acquisition date. The Group estimates the provisional fair values and useful lives of acquired assets and liabilities at the date of acquisition. The valuation of acquired intangibles is subject to estimation of future cash flows and the discount rate applied to them. The valuation of the customer-related intangible assets is determined based on an excess earnings methodology while the valuation of the marketing-related intangible asset is based on a royalty savings method.

Key judgement

Assessment of business combinations

During the prior year, the Group acquired the entity Madrid Shipping Advisors S.L. For a business combination to exist, the Group must obtain control of a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. As part of the transaction, no assets were acquired (such as brand, order book, property, plant and equipment), nor were any liabilities assumed. The entity holds the service contracts for key employees and was a newly incorporated company, set up specifically for the acquisition. The Group has made the judgement that the acquisition did not

meet the definition of a business combination as the acquired entity did not meet the definition of a business. The transaction was treated as the recruitment of a broker team, which is consistent with the substance of the arrangement.

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets acquired;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred; amount of any non-controlling interest in the acquired entity; and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a gain on purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Due to the nature of the Group's business, amounts paid or shares issued to sellers are often linked to their continued employment. An assessment is performed to determine whether the amounts are part of the exchange for the acquiree, or should be treated as a transaction separate from the business combination. Transactions that are separate from the business combination are accounted for in accordance with the relevant IFRSs which generally results in the amounts being treated as a post-combination remuneration expense.

b) Foreign currencies

Transactions and balances

Transactions in currencies other than sterling are recorded at the rates of exchange prevailing on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currency are recognised in the Income Statement.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into derivative financial instrument contracts, mainly forward foreign currency exchange contracts which are designated as cash flow hedges (see Note 4.4). For a qualifying hedge relationship, the fair value gain or loss on the hedging instrument is recognised as part of revenue when the underlying transaction is recognised in accordance with the Group's revenue recognition policy.

Translation to presentation currency

The presentational currency of the Group is sterling. Assets and liabilities of overseas subsidiaries, branches and associates are translated from their functional currency into sterling at the exchange rates ruling at the Balance Sheet date. Trading results are translated at the average rates for the period. Exchange differences arising on the consolidation of the net assets of overseas subsidiaries are recognised through other comprehensive income in the foreign currency translation reserve (see Note 6.4).

On disposal of a business, the cumulative exchange differences previously recognised in the foreign currency translation reserve relating to that business are transferred to the Income Statement as part of the gain or loss on disposal. The Group finances overseas investments partly through the use of foreign currency borrowings in order to provide a net investment hedge over the foreign currency risk that arises on translation of its foreign currency subsidiaries. For effective hedge relationships, the gain or loss on the hedging instrument is recognised in equity through other comprehensive income.

c) Impairment

The carrying amount of the Group's assets, other than financial assets within the scope of IFRS 9 and deferred tax assets, are reviewed for impairment as described below. If any indication of impairment exists, the asset's recoverable amount is estimated. The recoverable amount is determined based on the higher of value-in-use calculations and fair value less costs to sell, which requires the use of estimates. An impairment loss is recognised in the Income Statement whenever the carrying amount of the assets exceeds its recoverable amount.

Goodwill is reviewed for impairment at least annually. Impairments are recognised immediately in the Income Statement. Goodwill is allocated to cash-generating units for the purposes of impairment testing.

The carrying value of intangible assets with a finite life is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The carrying values of other intangible assets are reviewed for impairment at least annually or when there is an indication that they may be impaired.

Right-of-use assets are reviewed for impairment to account for any loss when events or changes in circumstances indicate the carrying value may not be fully recoverable.

Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Where an impairment loss subsequently reverses, the carrying amount of the assets, with the exception of goodwill, is increased to the revised estimate of its recoverable amount. This cannot exceed the carrying amount prior to the impairment charge. An impairment recognised in the Income Statement in respect of goodwill is not subsequently reversed.

d) Contingent assets

Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.

2 Performance-related information

Revenue recognition

Key judgement

Revenue recognition

IFRS 15 "Revenue from Contracts with Customers" requires judgement to determine whether revenue is recognised at a "point in time" or "over time" as well as determining the transfer of control for when performance obligations are satisfied.

For Chartering, in relation to single voyages, the Group has defined the performance obligation to be satisfied at the point in time where the negotiated contract between counterparties has been successfully completed, being the discharge of cargoes, and therefore revenue is recognised at this point in time. This is a critical judgement since revenue recognition would differ if the performance obligations were deemed to be satisfied over a time period, or at a different point in time. For time charters, the performance obligation is to provide operational support and act on behalf of the principal over the course of hire. As a result, the Group believes the performance obligation is satisfied over the period of hire and revenue is recognised accordingly.

Revenue is recognised in accordance with satisfaction of performance obligations. Revenue of the Group consists of:

i) Chartering desks – The Group acts as a broker for several types of shipping transactions, each of which gives rise to an entitlement to commission:

Deep Sea Tankers, Specialised Tankers and Gas, Dry Cargo and Offshore:

- for single voyage chartering, the contractual terms are governed by a standard charterparty contract in which the broker's performance obligation is satisfied when the cargo has been discharged according to the contractual terms; and
- for time charters, the commission is specified in the hire agreement and the performance obligation is spread over the term of the charter at specified intervals in accordance with the charter party terms.

ii) Risk Advisory desks

Securities:

- for income derived from commodity broking, the commission is recognised when a binding contractual arrangement is entered into between the two parties, at which point, the Group has fulfilled its performance obligation.

iii) Investment Advisory

Financial:

- income comprises retainer fees and success fees generated by corporate finance-related activities. Revenue is recognised in accordance with the terms agreed in individual client terms of engagement. Recurring monthly retainers allow customers to benefit from services when required, and as such, are generally recognised in the month of invoice. Success fees are recognised at the point when the performance obligations of the particular engagement are fulfilled.

Sale and Purchase:

- in the case of second-hand sale and purchase contracts, the broker's performance obligation is satisfied when the principals in the transaction complete on the sale/purchase and the title of the vessel passes from the seller to the buyer;
- with regard to newbuilding contracts, the commission is recognised when contractual stage payments are made by the purchaser of a vessel to a shipyard which in turn reflects the performance of services over the life of the contract; and
- for income derived from providing ship and fleet valuations, the Group recognises income when a valuation certificate is provided to the client and the service is invoiced.

Dividend income from investments is recognised when the right to receive payment is established.

2.1 Business segments

Based on the way in which information is presented to the Group's Chief Operating Decision Maker, the Group's operating segments are Chartering, Investment Advisory and Risk Advisory. The Chief Operating Decision Maker is considered to be the Group's board of directors. These three segments are managed separately on the basis of the nature of the services offered to clients and differences in the regulatory environment applicable to each segment.

The table below shows the make-up of the Groups segments by underlying component.

<u>Segment</u>	<u>Chartering</u>
Component	Deep Sea Tankers Specialised Tankers Offshore Dry Cargo

<u>Segment</u>	<u>Investment Advisory</u>
Component	Corporate Finance Sale and Purchase

<u>Segment</u>	<u>Risk Advisory</u>
Component	Securities

Each of Chartering, Investment Advisory and Risk Advisory are managed separately, and the nature of the services offered to clients is distinct between the segments. The Chartering segment includes the Group's shipbroking business, Risk Advisory includes the Group's regulated securities business and Investment Advisory focuses on transactional services.

The segmental analysis is consistent with the way the Group manages itself and with the format of the Group's internal financial reporting. The board considers the business from both service line and geographic perspectives. A description of each of the lines of service is provided in the Operating and Financial Review. The Group's main geographic markets comprise the UK, Singapore, the US, Australia, Switzerland, Germany and the Rest of the World. The Group's geographical markets are determined by the location of the Group's assets and operations.

Central costs relate to board costs and other costs associated with the Group's listing on the London Stock Exchange. All segments meet the quantitative thresholds required by IFRS 8 as reportable segments.

Underlying operating profit is defined as operating profit for continuing activities before specific items, including restructuring costs, gain/loss on disposal of investments and acquisition and disposal-related items.

The segmental information provided to the board for reportable segments for the year ended 29 February 2024 is as follows:

	Revenue		Operating profit	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Chartering	103,945	99,164	13,630	15,577
Investment Advisory	25,696	36,760	3,872	7,740
Risk Advisory	23,110	16,987	4,086	2,971
Trading segments revenue/results	152,751	152,911	21,588	26,288
Central costs			(5,040)	(6,213)
Underlying operating profit			16,548	20,075
Specific items included in operating profit			(7,504)	(8,406)
Operating profit			9,044	11,669
Share of associate's profit/(loss) for the year			12	(23)
Net finance expense			(1,533)	(2,195)
Profit before taxation			7,523	9,451

Geographical segment – by origin

The Group manages its business segments on a global basis. The operation's main geographical area and also the home country of the Company is the United Kingdom.

Geographical information determined by location of customers is set out below:

	Revenue	
	2024 £'000	2023 £'000
United Kingdom	81,088	80,353
Singapore	19,885	26,674
Australia	9,556	16,599
Switzerland	5,863	11,112
United States	20,479	6,255
Germany	1,287	2,951
Rest of the World	14,593	8,967
Total	152,751	152,911

Revenue analysis

The Group disaggregates revenue in line with the segmental information presented above and also by desk. Revenue analysed by desk is provided below.

	2024 £'000	2023 £'000
Tankers	54,656	41,602
Specialised Tankers	19,239	16,240
Dry Cargo	22,139	35,821
Offshore	7,911	5,501
Chartering total	103,945	99,164
Sales and purchase	23,543	32,060
Corporate finance	2,153	4,700
Investment Advisory total	25,696	36,760
Securities	23,110	16,987
Risk Advisory total	23,110	16,987
Total continuing operations	152,751	152,911

All revenue arises from the rendering of services. There is no single customer that contributes greater than 10% of the Group's revenue.

Remaining performance obligations

The Group enters into some contracts which are for a duration longer than twelve months and where the Group has outstanding performance obligations on which revenue has not yet been recognised at the Balance Sheet date. The amount of revenue that will be recognised in future periods on these contracts when those remaining performance obligations are satisfied is set out below:

Forward order book

	Within 12 months £'000	1–2 years £'000	More than 2 years £'000	Total £'000
2024				
Chartering	18,686	4,904	8,925	32,515
Sale and purchase	11,562	9,567	11,683	32,812
Total	30,248	14,471	20,608	65,327
2023				
Chartering	19,209	3,040	9,860	32,109
Sale and purchase	3,332	4,988	6,168	14,488
Total	22,541	8,028	16,028	46,597

2.2 Specific items

Specific items are significant items considered material in size or nature (including acquisition and disposal-related gains and losses) as well as items which are not considered to be part of the trading performance of the business in the current year. These are disclosed separately to enable a full understanding of the Group's ongoing financial performance, but may not be comparable with disclosures provided by other companies. The Group's adjusted performance measures are reviewed by the Group's Chief Operating Decision Maker and are used as the basis to determine the discretionary bonus pools and measure earnings per share performance related to targets for awards under the Group's Long Term Incentive Plan.

Key judgement

Classification and recognition of specific items

In reporting financial information, the Group presents Alternative Performance Measures (“APMs”) which are not defined or specified under the requirements of International Financial Reporting Standards (“IFRS”). The Group believes that these APMs, which are not considered to be a substitute for or superior to IFRS measures, provide stakeholders with additional helpful information and enable an alternative comparison of performance over time.

The Group excludes specific items from its underlying earnings measures. Management judgement is required as to what items qualify for this classification. There can also be judgement as to the point at which costs should be recognised and the amount to record to ensure that the understanding of the underlying performance is not distorted. Further details of the Group’s specific items are included in the note below.

	2024 £'000	2023 £'000
<i>Other operating income:</i>		
– Gain on purchase of Southport	-	3,643
– Gain on revaluation of Cory contingent consideration receivable	83	203
	83	3,846
<i>Operating costs:</i>		
– Commission obligation	-	(257)
– Investigation costs	(2,616)	-
– Board change costs	(190)	-
– Unlawful dividend rectification	(229)	-
– Impairment of financial assets	-	(848)
– Impairment of goodwill	-	(9,050)
– Other operating costs	(147)	(98)
	(3,182)	(10,253)
<i>Acquisition-related items:</i>		
– Consideration treated as an employment expense	(3,580)	(1,325)
– Madrid post-contractual obligation	(376)	(264)
– Acquisition of Naves Corporate Finance GmbH	-	(60)
– Amortisation of acquired intangible assets	(449)	(350)
	(4,405)	(1,999)
<i>Other items:</i>		
– Finance income - Cory Brothers earnout deferred consideration receivable	86	83
– Finance income/(expense) - foreign exchange and derivative gain/(loss) on Naves liability	333	(266)
	419	(183)
Total	(7,085)	(8,589)

Other operating income

A gain on purchase in relation to the acquisition of Southport was recognised in the prior year. The Group does not consider this gain to reflect the performance of the business in the year, and so is treated as a specific item.

Revaluation of the contingent receivable due in respect of the Cory Brothers disposal resulted in a gain of £0.1 million (2023: £0.2 million). See Note 4.9 for further details.

The tax charge on specific items included within other operating income was £nil (2023: £nil).

Operating costs

Investigation costs

During the preparation of the 2023 Annual Report, the board instigated an investigation into a transaction which originated in 2013 and involved payments being made through to 2017. The investigation engaged multiple external specialist firms and resulted in a significant cost to the business

of £2.6 million in the year to 29 February 2024 which the Group does not consider reflects the trading of the business in the year and as a result is treated as a specific item. No significant further costs are expected in FY25.

Board change costs

The Group appointed a new Chief Financial Officer with effect from 1 August 2023 to replace Nick Stone who left on 31 July 2023. The recruitment costs incurred of £0.2 million are not considered part of the trading performance of the business and so are treated as specific items.

Unlawful dividend rectification

Following the identification of the payment of historic unlawful dividends, the Group incurred costs of £0.2 million in relation to their rectification, which are not expected to recur, are not considered part of the trading performance of the business and so are treated as specific items.

Commission obligation

In the prior year, as set out in Note 7.1 Provisions, the Group recognised a provision in relation to an uncertain commission obligation. During the prior year, an amount of £0.3 million was recognised to increase the provision. Due to the nature of the provision being an historical transaction and not related to current trading, the Group treated the cost as a specific item.

Impairment of financial asset

In the prior year, an impairment charge of £0.8 million was recognised in relation to a disputed staff loan with an ex-employee of our Indian operations. Since no significant progress had been made with the ongoing legal case it is now the opinion of the directors that recovery of this debt is unlikely. Due to the size of the impairment and the fact that the original debt arose several years previously and is not related to trading, this impairment charge is not deemed to relate to the performance of the business and as such was treated as a specific item.

Impairment of goodwill

In the prior year, an impairment of goodwill of £9.1 million was recognised in relation to the goodwill allocated to the Corporate Finance business. The Group does not believe that this impairment reflected the performance of the business during the year, and as such, was treated as a specific item.

Other operating costs

In the current year, operating costs includes the fair value loss on the revaluation of the Group's investment in London Tanker Brokers Panel. Consistent with the previous revaluation gain being included as a specific item, the Group has treated the current year loss as a specific item as it does not relate to the trading performance of the business in the year. In the prior year, the final transaction costs of £0.1 million related to disposals in the preceding year were received.

The tax income on specific items included within operating costs was £0.7 million (2023: £0.1million)

Acquisition-related items

Consideration treated as an employment expense

Following the acquisition of Southport Maritime Inc. in December 2022, due to the requirement for ongoing employee service, the upfront cash payment of £6.0 million and IFRS 2 charge related to share awards made to the sellers and existing employees of Southport are treated as a post-combination remuneration expense. The total expense for the year related to amounts linked to ongoing employee service in connection with the acquisition of Southport was £3.6 million (2022: £1.3 million). The period of required employee service is three years from the acquisition date.

Madrid post-contractual obligation

As a result of the recruitment of a team of brokers based in Madrid, service agreements were entered into with employees. The recruitment of the broker team in Madrid included the following key elements:

- The Group assumed a liability of £0.3 million for a post-contractual payment to the employees, which was fully vested on signing the contracts.
- An upfront cash payment of £1.3 million with a further payment of £1.3 million made in December 2023.
- Share awards to a total value of £1.1 million which vest evenly in one, two and three years from December 2022

The upfront payments and share awards have a clawback mechanism which is linked to the continued employment of the brokers over a three-year period from December 2022. The costs associated with the upfront payments and share awards are not considered by the Group to be specific items as they relate to the recruitment of brokers and not a business combination, but are disclosed as acquisition-related expenditure given their size and will be amortised over three years to December 2025. In addition, certain brokers are entitled to a payment on termination in return for a non-compete obligation. The cost related to the post-contractual payment obligation is treated as a specific item because it is akin to a transaction cost with no requirement to provide service. The Group recognised a cost of £0.4 million during the year in relation to this obligation (2023: £0.3 million).

Acquisition of Naves Corporate Finance GmbH

In the prior year, the Group incurred total costs of £0.1 million in relation to employment costs due to the management sellers conditional on their ongoing service to the Group. As the service condition was satisfied in the prior year there is no further employment cost to be recognised.

Amortisation of acquired intangible assets

An amount of £0.4 million (2022: £0.4 million) relates to the amortisation of acquired intangible assets, primarily in relation to intangible assets recognised as a result of the acquisition of Southport Inc.

The tax income on acquisition-related items was £0.1 million (2023: £0.1 million). The tax effect of expenses not deductible for tax was £1 million.

Other specific items

Cory brothers earnout deferred consideration receivable

The unwinding of the discounting of the deferred receivable due in respect of the Cory Brothers disposal contributed interest income of £0.1 million (2023: £0.1m). See Note 4.9 for further information. This income is not related to the trading of the business in the period but is related to the disposal of the logistics business in a prior year. As a result, it is treated as specific item.

Foreign exchange and derivative movement on Naves liability

The foreign exchange gain and fair value gain on the Naves-related liabilities and derivative of £0.3 million (2023: £0.3 million loss) is included as a specific item as it relates to the acquisition of Naves and is not related to trading.

The tax charge on specific items included within other items was £nil (2023: £0.2 million). The tax effect of income not taxable was £0.2 million.

2.3 Operating profit from continuing operations

Operating profit represents the results from operations before finance income and costs, share of profit/(loss) in associate and taxation.

This is stated after charging/(crediting):

	Notes	2024 £'000	2023 £'000
Staff costs	2.4	109,557	110,166
Other staff costs – acquisition related	2.4	3,239	1,470
Depreciation of property, plant and equipment	3.5	3,127	2,823
Amortisation of computer software intangible assets	3.2	229	192
Bad debt charge	4.2	697	238
Auditor's remuneration	2.6	1,794	1,354
Other professional costs		5,627	3,410
Office costs		2,145	1,595
IT and communication costs		4,175	3,264
Insurance		1,083	1,069
Net foreign exchange losses/(gains)		1,118	(1,465)

2.4 Staff costs

a) Staff costs for the Group during the year (including directors)

	Note	2024 £'000	2023 £'000
Salaries, wages and short-term employee benefits		97,441	100,039
Other staff costs – acquisition related ¹	2.2	3,239	1,470
Other pension costs	5.1	2,247	1,811
Social security costs		3,427	3,796
Share-based payments	6.3	6,442	4,520
Total		112,796	111,636

¹ The acquisition related staff costs relate to upfront cash payments made in connection with the acquisition of Southport Maritime Inc. and the upfront payments made on the acquisition of Madrid Shipping Advisors SL, which are both treated as a remuneration expense. For further details on the upfront payments, see Note 2.2. The numbers above include remuneration and pension entitlements for each director.

b) Average number of employees

	2024 number	2023 number
Chartering	266	253
Risk Advisory	31	32
Investment Advisory	49	63
Central	63	36
Total	409	384

c) Key management compensation

The remuneration of key management, which the Group considers to be the directors, is set out below.

	2024 £'000	2023 £'000
Salaries, short-term employee benefits and fees	4,954	5,879

Other pension costs	85	52
Termination benefits	131	-
Share-based payments	548	1,226
Total	5,718	7,157

Pension costs relate to contributions made to a defined contribution pension scheme on behalf of four (2023: three) members of key management.

2.5 Finance income and costs

The tables below provide a breakdown of the key components of finance income and finance costs.

	Note	2024 £'000	2023 £'000
Finance income:			
– Interest on bank deposits	4.5	464	84
– Interest on lease receivables	3.6	16	35
– Interest income on the net defined benefit asset	5.1	85	-
– Gain on derivative instruments not eligible for hedge accounting	4.4	273	-
– Foreign exchange gain on non-GBP denominated credit facilities	4.6	33	-
– Gain on Naves related derivative instruments and liability	4.7	333	-
– Interest on of Cory earnout deferred consideration receivable	4.4	86	83
Total finance income		1,290	202
Finance costs:			
– Interest payable on revolving credit and overdraft facilities	4.6	(2,407)	(1,151)
– Interest payable on defined benefit liability	5.1	-	(54)
– Loss on derivative instruments not eligible for hedge accounting	4.4	-	(292)
– Foreign exchange loss on non-GBP denominated credit facilities	4.6	-	(49)
– Loss on Naves related derivative instruments and foreign exchange loss on liability	4.7	-	(250)
– Interest payable on convertible loan notes	4.7	(227)	(426)
Subtotal finance costs before interest on lease liabilities		(2,634)	(2,222)
– Interest on lease liabilities	3.6	(189)	(175)
Total finance costs		(2,823)	(2,397)
Finance costs – net		(1,533)	(2,195)

2.6 Auditor's remuneration

A more detailed analysis of the auditor's services is provided below:

	2024 £'000	2023 £'000
Audit services:		
– Fees payable to the Company's auditor for the audit of the Company's Financial Statements	625	740
Fees payable to the Group's auditor and its associates for other services:		
– The audit of the Group's subsidiaries pursuant to legislation	1,029	457
– Other services – interim review and reporting accountant services	140	157
	1,794	1,354

All fees paid to the auditor were charged to operating profit in both years. Included in the FY24 audit fees disclosed above is an amount of £0.4 million in relation to incremental audit cost related to the investigation work undertaken. See Note 2.2 for further detail.

2.7 Taxation

The taxation expense represents the sum of the current and deferred tax.

Tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Income Statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group and Company's liability for current tax is calculated using rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated Financial Statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax are recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

a) Analysis of charge in year

	2024 £'000	2023 £'000
Current tax		
UK corporation tax charged to the Income Statement	1,015	1,194
UK adjustment in respect of previous years	(340)	–
Overseas tax on profits in the year	2,668	4,559
Overseas adjustment in respect of previous years	(425)	394
Total current tax	2,918	6,147
Deferred tax		
UK current year origination and reversal of temporary differences	(97)	(190)
Due to change in rate of tax	(2)	–
UK adjustment in respect of previous years	(28)	(242)
Overseas current year origination and reversal of temporary differences	110	(712)
Overseas adjustment in respect of previous years	(2)	(148)
Total deferred tax	(19)	(1,292)
Taxation	2,899	4,855
Reconciliation between expected and actual tax charge		
Profit before tax from continuing operations	7,523	9,451
Profit before tax at standard rate of UK corporation tax of 24.49% (2023: 19%)	1,842	1,796
Utilisation of deferred tax asset at lower effective tax rate	(2)	22
Net expenses not deductible for tax purposes	1,827	1,580
Utilisation of previously unrecognised losses	(36)	(104)
Tax on overseas branch	115	672
Tax calculated at domestic rates applicable to profits in overseas subsidiaries	(565)	758
Other differences leading to a decrease in tax	-	(365)
Share scheme movements	446	316
Unrecognised deferred tax on losses ²	67	176
Prior year adjustments ¹	(795)	4
Total tax charge for the year	2,899	4,855

¹Included within the prior year adjustment, a £0.5 million credit arose in the UK as a result of a foreign tax credit claim. In addition, in the prior year, as part of the Group's estimate in relation to uncertain tax positions, the Group had applied a tax rate of 17% in Singapore, but after meeting the qualifying criteria a rate of 10.5% is applicable which has resulted in a credit of £0.4 million in the current year.

² The Group has £0.2 million of unrecognised deferred tax asset relating to £0.8 million of losses. The expiry date of operating losses carried forward is dependent upon the law of the various territories in which losses arise. As at 29 February 2024 the losses have no expiry. The prior year amount was incorrectly reported as a decrease of £0.2m but has been updated in the current year with the offsetting movement included in other differences leading to a decrease in tax.

Included within the total tax charge is £0.8 million credit (2023: £0.2 million) in respect of specific items disclosed separately on the face of the Income Statement. See Note 2.2.

The Group's future tax charge will be sensitive to the geographic mix of profits earned, the tax rates in force and changes to the tax rules in jurisdictions that the Group operates in. The UK main rate increased to 25% from 1 April 2023. The impact of UK rate changes on deferred tax were taken into account in the prior year.

b) Amounts recognised in OCI

	2024 £'000	2023 £'000
Items that will not be reclassified to profit or loss		
Actuarial gain in respect of defined benefit pension scheme	173	2,775
Deferred tax charge on defined benefit pension scheme	-	(414)
Sub-total	173	2,361
Items that will be reclassified to profit or loss		
Cash flow hedge	1,641	388
Deferred tax charge on cash flow hedge	(410)	(97)
Sub-total	1,231	291
Total tax recognised in OCI	(410)	(511)
Total amounts recognised in OCI	1,404	2,652

Within the UK current year origination and reversal of temporary differences there is no amount (2023: £414,000 debit) in respect of deferred tax on the actuarial gain on the Group's defined benefit pension scheme.

c) Deferred tax asset

Deferred Tax Asset	Accelerated capital allowances	Trading losses	Bonuses	Other provisions	Employee benefits	Total
At 1 March 2022	(48)	248	713	913	1,887	3,713
(Charge)/credit to Income Statement	48	(248)	710	219	-	729
Charge to Other Comprehensive Income	-	-	-	(511)	-	(511)
Credit to equity	-	-	-	-	863	863
At 28 February 2023	-	-	1,423	621	2,750	4,794
(Charge)/credit to Income Statement	86	215	(502)	(116)	-	(317)
Charge to Other Comprehensive Income	-	-	-	(410)	-	(410)
Charge to equity	-	-	-	-	(1,047)	(1,047)
Exchange translation differences	-	-	(66)	25	-	(41)
At 29 February 2024	86	215	855	120	1,703	2,979

	2024 £'000	2023 £'000
The movement in the net deferred tax asset		
Balance at beginning of year	4,450	3,713
Movement to Income Statement:		
Adjustments in respect of prior years	30	390
Arising on pension costs	-	99
Arising on bonuses	(502)	632
Arising on other	491	170
Total movement to Income Statement	19	1,291
Balance arising on business combinations	-	(906)
Movement to other comprehensive income:		
Related deferred tax asset	(410)	(511)
Exchange translation differences	(41)	-
Movement to equity	(1,047)	863
Total movement to equity and other comprehensive income	(1,498)	352
Balance at end of year	2,971	4,450

A deferred tax asset of £2.9 million (2023: £4.8 million) has been recognised as the directors believe that it is probable that there will be sufficient taxable profits in the future to recover the asset in full.

d) Deferred tax liability

Analysis of the deferred tax liabilities	As at 29 Feb 2024 £'000	As at 28 Feb 2023 £'000
Temporary differences	(8)	(344)
Balance at end of year	(8)	(344)

The movement in the deferred tax liability	As at 29 Feb 2024 £'000	As at 28 Feb 2023 £'000
Balance at beginning of year	(344)	-
Balance arising on business combinations	-	(906)
Current year origination and reversal of temporary differences	336	562
Balance at end of year	(8)	(344)

No deferred tax has been provided in respect of temporary differences associated with investments in subsidiaries and interests in joint ventures where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries, for which a deferred tax liability has not been recognised, is approximately £nil (2023: £nil).

2.8 Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares held by the Employee Share Ownership Plan and ordinary shares held by the ACM Employee Benefit Trust which are not treated as outstanding.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has dilutive ordinary shares, being those options granted to employees where the expected consideration is less than the average market price of the Company's ordinary shares during the period that they are outstanding, and convertible loan notes issued in respect of the acquisition of Naves.

Total operations	2024 £'000	2023 £'000
Profit for the year attributable to shareholders	4,624	4,596
	Pence	pence
Basic earnings per share	15.65	15.85
Effect of dilutive share options	(2.85)	(2.60)
Diluted earnings per share	12.80	13.25
Underlying operations	2024 £'000	2023 £'000
Underlying profit for the year attributable to shareholders	10,820	13,399
	pence	pence
Basic earnings per share	36.62	46.22
Effect of dilutive share options	(6.66)	(7.70)
Diluted earnings per share	29.96	38.52

A reconciliation by class of instrument in relation to potential dilutive ordinary shares and their impact on earnings is set out below:

	2024			2023		
	Weighted average number of shares	Underlying earnings £'000	Statutory earnings £'000	Weighted average number of shares	Underlying earnings £'000	Statutory earnings £'000
Used in basic earnings per share	29,547,810	10,820	4,624	28,990,885	13,399	4,596
RSP, DBP and LTIP	6,565,016	-	-	5,428,815	-	-
Options (SAYE)	-	-	-	216,764	-	-
Convertible loan notes	-	-	-	201,118	20	20
Used in diluted earnings per share	36,112,826	10,820	4,624	34,837,582	13,419	4,616

3 Balance sheet non-current assets

3.1 Goodwill

Business combinations are accounted for using the acquisition method. The goodwill recognised as an asset by the Group is stated at cost less any accumulated impairment losses.

On the acquisition of a business, fair values are attributed to the net assets (including any identifiable intangible assets) acquired. The excess of the consideration transferred, any non-controlling interest recognised and the fair value of any previous equity interest in the acquired entity over the fair value of net identifiable assets acquired is recorded as goodwill. Acquisition-related costs are recognised in the Income Statement as incurred in accordance with IFRS 3.

In relation to acquisitions where the fair value of assets acquired exceeds the fair value of the consideration, the excess fair value is recognised immediately in the Income Statement as a gain on purchase.

On the disposal of a business, goodwill relating to that business remaining on the Balance Sheet is included in the determination of the profit or loss on disposal. As permitted by IFRS 1, goodwill on acquisitions arising prior to 1 March 2004 has been retained at prior amounts and is tested annually for impairment.

Key estimate

Impairment of goodwill

Goodwill is tested for impairment on an annual basis, and the Group will also test for impairment at other times if there is an indication that an impairment may exist. Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which these assets have been allocated. The value-in-use calculation estimates the present value of future cash flows expected to arise for the cash-generating units. The key estimates are therefore the selection of suitable discount rates and the estimation of future growth rates which vary

between cash-generating units depending on the specific risks and the anticipated economic and market conditions related to each cash-generating unit.

As part of determining the value in use of each CGU group, Management has considered the potential impact of climate change on the business performance over the next five years, and the terminal growth rates. While there is considerable uncertainty relating to the longer term and quantifying the impact on a range of outcomes, management considers that environmental-related incremental costs are expected to have a relatively low impact. Recognising that there are extreme but unlikely scenarios, the Group considers that while exposed to physical risks associated with climate change (such as flooding, heatwaves, sea level rises and increased precipitation) the estimated impact of these on the Group is not deemed material. In addition, the Group is exposed to transitional risks which might arise, for example, from government policy, customer expectations, material costs and increased stakeholder concern. The transitional risks could result in financial impacts such as higher environmentally focused levies (e.g. carbon pricing). While the Group is exposed to the potential financial impacts associated with transitional risks, based on information currently available, these are not deemed to have a significant impact.

The key assumptions and the sensitivity of them to the carrying values are provided in the note below.

	£'000
Cost	
At 28 February 2022	87,550
Exchange adjustments	566
At 28 February 2023	88,116
Exchange adjustments	(300)
At 29 February 2024	87,816
Accumulated impairment	
At 28 February 2022	7,659
Impairment charge recognised in the year	9,050
At 28 February 2023	16,709
Exchange adjustments	(230)
At 29 February 2024	16,479
Net book value at 29 February 2024	71,337
Net book value at 28 February 2023	71,407

All goodwill is allocated to cash-generating units. The allocation of goodwill to groups of cash-generating units is as follows:

	2024 £'000	2023 £'000
Chartering	68,696	68,696
Corporate Finance (part of Investment Advisory segment)	2,641	2,711
	71,337	71,407

These groups of cash-generating units represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

All goodwill is denominated in the Group's reporting currency, with the exception of the Corporate Finance Division which is denominated in euros. Goodwill denominated in foreign currencies is revalued at the Balance Sheet date. The exchange adjustment at 29 February 2024 was a loss of £0.1 million (2023: gain of £0.6 million).

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value-in-use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

The key assumptions on which the value-in-use calculations are based relate to (i) business performance over the next five years, (ii) long-term growth rates beyond 2029 and (iii) discount rates applied.

- i) Business performance over the next five years - The estimated cash flows were based on the approved annual budget for the next financial year and projections for the following four years which are based on management's estimates of revenue growth and cost inflation which reflect past experience and management's expectation of future events given the specific risks and economic and market conditions of each cash-generating unit. The assumptions behind these projections are consistent with the viability

statement. Cash flows have been used over a period of five years as management believes this reflects a reasonable time horizon for management to monitor the trends in the business.

- ii) Long-term growth rates - This is the average growth rate used to extrapolate cash flows beyond the budget period.
- iii) Discount rates - The post-tax discount rate was determined based on a weighted average cost of capital ("WACC") and adjusted for CGU-specific risk factors specific to the CGU group.

The results of the impairment tests are as follows:

a) Chartering

The key assumptions and resulting net present values are as follows:

Chartering	2024	2023
Post-tax discount rate	11.86%	13.04%
Equivalent pre-tax discount rate	12.40%	16.47%
Average revenue growth rate years 2-5 ¹	3.0%	3.5%
Operating profit margin years 1-5	13.8% - 14.4%	15.0 – 15.4%
Long-term growth rate	1.7%	1.7%

¹No year-on-year revenue growth is assumed in year 1

At 29 February 2024, the net present value of the Chartering segment is significantly higher than the carrying value of the goodwill in respect of this cash-generating unit. At the Balance Sheet date, management concluded that there were no reasonably possible changes in the key assumptions used in the impairment review that would reduce headroom to £nil or result in an impairment.

b) Corporate Finance

Revenues for the Corporate Finance Division are challenging to forecast because of the highly variable nature of success fees. Management forecasts over the five year forecast period consider recent performance and reflect management's best estimate of success fee taken into account of volatility of the success fee. Growth rates used in the value-in-use test reflect this variability and were based on the best estimate of the Management.

Corporate Finance	2024	2023
Post-tax discount rate	13.84%	14.82%
Equivalent pre-tax discount rate	14.45%	20.66%
Average revenue growth rate years 2-5 ¹	5.0%	5.0%
Operating profit margin years 1-5	12.3% - 15.9%	11.6% - 14.4%
Long-term growth rate	1.7%	1.7%

¹Year-on-year growth in year 1 is 29%, which reflects recovery of revenue after lower than historically achieved performance in FY24

Sensitivity to impairment for Corporate Finance

To test the sensitivity of the results of the impairment review, the calculations have been re-performed, flexing the three key assumptions:

- revenue growth rate from year two to five;
- post-tax discount rate; and
- revenue outperforms or underperforms forecast in year 1 with subsequent revenue growth in line with the above assumptions in years two to five.

The recoverable amount of the Group's goodwill relating to Corporate Finance exceeds its carrying value by £0.6 million. The below table presents the net variance in the calculated value in use of Corporate Finance under each scenario:

	Change in revenue growth		Change in post-tax discount rate		Year 1 revenue outperforms or underperforms forecast	
	+1%	-1%	+2%	-2%	+15%	-15%
	£'000	£'000	£'000	£'000	£'000	£'000
Corporate Finance	318	(310)	(456)	637	1,438	(1,438)

Further, the break-even points of the impairment review which would result in an impairment when flexing these three key assumptions are as below:

	Change in assumption Increase/(decrease)
Revenue growth rate from year 2 to 5	(1.8%)
Post-tax discount rate	2.5%
Revenue underperforms forecast in year 1	(5.8%)

The effect on cash flows of climate change was considered but assessed to have no material impact at this time. Management does not believe that climate-related risks nor the potential impact of climate change on the Group's operations would materially affect the recoverability of goodwill in either of the cash-generating units (see Note 3.1).

3.2 Other intangible assets

Computer software

The Group capitalises computer software at cost. It is amortised on a straight-line basis over its estimated useful life of up to four years.

Other intangible assets

Intangible assets acquired as part of a business combination are stated in the Balance Sheet at their fair value at the date of acquisition less accumulated amortisation and any provision for impairment. The amortisation of the carrying value of the capitalised forward order book and customer relationships is charged to the Income Statement over an estimated useful life, which is between four months to twelve years. The amortisation in respect of capitalised brand assets is expensed to the Income Statement over an estimated useful life, which is between three and twelve years.

	Computer software £'000	Other intangible assets £'000	Total £'000
Cost			
At 28 February 2022 (restated) ²	5,586	1,040	6,626
Additions	90	–	90
Business combination	–	3,545	3,545
Disposals	(87)	–	(87)
Exchange rate adjustments	5	33	38
At 28 February 2023	5,594	4,618	10,212
Additions	32	-	32
Disposals	-	(245)	(245)
Exchange rate adjustments	(3)	(171)	(174)
At 29 February 2024	5,623	4,202	9,825
Amortisation			
At 28 February 2022 (restated) ¹	4,845	784	5,629
Charge for the year	192	349	541
Impairment	60	–	60
Exchange adjustments	1	1	2
At 28 February 2023	5,098	1,134	6,232
Charge for the year	229	449	678
Impairment	-	-	-
Disposal	-	(245)	(245)
Exchange adjustments	(1)	(24)	(25)
At 29 February 2024	5,326	1,314	6,640
Net book value at 29 February 2024	297	2,888	3,185
Net book value at 28 February 2023	496	3,484	3,980

¹ The gross cost and gross accumulated amortisation of other intangible assets at 28 February 2022 included fully amortised acquired order books relating to historical business combinations. The Group believes that once all orders in the order book have been satisfied and revenue recognised, there is no further asset to benefit from. For order books satisfied at 28 February 2022 the Group has restated the opening gross cost and gross accumulated amortisation to correct the opening gross positions in relation to other intangible assets. The impact of the restatement is a reduction of £8.5 million to the gross cost and gross accumulated amortisation at 28 February 2022, with no impact to net book values or amortisation expense in the current or prior year.

Other intangible assets brought forward from the prior year relate to forward books of income acquired in acquisitions which are amortised over the period that the income is recognised; customer relationships which are amortised over a period of up to twelve years; and brand which is amortised over a period of up to ten years.

The addition of £3.5 million in the prior year related to the acquisition of Southport, which gave rise to customer-related intangible assets of £3.1 million (including customer relationships of £2.8 million and order backlog of £0.3 million) and an asset of £0.4 million in relation to the trade name. The amortisation period for customer relationships is twelve years, order backlog is four months, and trade name is five years.

The customer relationships and order backlog were valued using an excess earnings method. Under the excess earnings method, a stream of revenue and expenses are identified as those associated with a particular group of assets. This group of assets includes the subject intangible asset as well as other assets (contributory assets) that are necessary to support the earnings associated with the subject intangible asset. By identifying and subtracting contributory assets, the residual earnings are estimated to be attributable to the subject intangible asset and are discounted to present value at an appropriate discount rate (estimated at 19%). The trade name was valued using a royalty savings method. The royalty savings method is a derivation of the income approach often used to value intangible property that may be licensed to third parties. Under this method, it is assumed that a company, without a similar asset, would license the right to use this intangible asset and pay a royalty related to

turnover achieved. The value of the asset is established by calculating the present value of the royalty stream (estimated at 4%) that the business is saving by owning the asset.

At 29 February 2024, the Group had no contractual commitments for the acquisition of computer software or other intangible assets (2023: £nil).

3.3 Investments

In accordance with IFRS 9, the Group's investments in unlisted equity investments are measured at fair value through profit or loss as the Group has not elected to recognise fair value gains and losses through other comprehensive income.

	2024 £'000	2023 £'000
Unlisted investments	1,633	1,780
Movement in unlisted investments	£'000	£'000
Opening balance	1,780	1,780
Fair value loss	(147)	-
Closing balance	1,633	1,780

A list of subsidiary undertakings is included in Note 7.3.

The Financial Statements of the principal subsidiary undertakings are prepared to 29 February 2024.

The Group's unlisted investments include 1,000 (2023: 1,000) ordinary £1 shares in London Tanker's Broker Panel Limited. The investment is carried at fair value of £1.6 million, see Note 4.4 for further details.

3.4 Investment in associate

Investments

Investments in associates and joint ventures where the Group has joint control or significant influence are accounted for under the equity method. Investments in associates are initially recognised in the Consolidated Balance Sheet at cost. Subsequently, associates are accounted for under the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the Income Statement and Statement of Comprehensive Income.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses arising from these transactions is eliminated against the carrying value of the associate.

Where the Group's share of the associate's identifiable net assets is greater than the cost of investment, a gain on purchase is recognised in the Income Statement and the carrying value of the investment in the Consolidated Balance Sheet is increased.

When the Group disposes of shares in associates or joint ventures, the Group recognises a profit or loss on disposal based on the net proceeds less the weighted average cost of the shares disposed of. On disposal, the Group reclassifies foreign exchange amounts previously recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

The most recent Financial Statements of an associate are used for accounting purposes unless it is impractical to do so. Where the Group and an associate have non-coterminous reporting dates, the associate's full-year accounts will be used for the purposes of the Group's reporting at 29 February with adjustments made for any significant transactions or events.

Investments where the Group has no significant influence are held at fair value, with movements in fair value recorded in profit and loss.

Zuma Labs Limited

Zuma Labs Limited is a private company incorporated in England and Wales and its registered address is Kemp House, 128 City Road, London, United Kingdom, EC1V 2NX. Zuma Labs Limited has one share class and each share carries one vote.

At 29 February 2024, the Group's shareholding was 2,500 shares, which equates to 20.0% of Zuma Labs Limited's share capital and 20.0% of voting rights (2023: 2,500 shares, 20% of share capital and 20% of voting rights). The Group has representation on the board of Zuma Labs Limited, and, as a result, the Group considers that it has the power to exercise significant influence in Zuma Labs Limited and the investment in it has been accounted for using the equity method.

A purchase price allocation exercise was undertaken to measure the fair value of the net assets on the date at which Zuma Labs Limited became an associate, and also at each date at which further shares were subscribed for. Based on the purchase price allocation exercise, the difference between the cost of the investment and the Group's share of the net fair value of Zuma Labs Limited's identifiable assets and liabilities is accounted for as goodwill. Amortisation of that goodwill is not permitted.

IAS 28 requires the most recent financial statements of an associate are used for accounting purposes, and that coterminous information should be used unless it is impractical to do so. Zuma Labs Limited has a year-end of 31 March and accounts up to 31 December 2023 have been made

available, so for practical reasons Zuma Labs Limited's management accounts for the nine months ended 31 December 2023 will be used for the purposes of the Group's full-year reporting at 29 February with adjustments made for any significant transactions and events. Zuma Labs Limited will prepare its next set of Financial Statements for the year ended 31 March 2024. At 29 February 2024 Zuma Labs Limited had no contingent liabilities.

Management has reviewed the carrying value of the investment in Zuma Labs Limited at 29 February 2024 and does not consider this to be impaired.

The movements in the investment in associates are provided below.

	Zuma £'000
At 28 February 2022	724
Share of loss in associate	(23)
At 28 February 2023	701
Share of profit in associate	12
At 29 February 2024	713

3.5 Property, plant and equipment

Property, plant and equipment are shown at historical cost less accumulated depreciation and any provision for impairment.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value of each asset, on a straight-line basis over its expected useful life as follows (except for long and short leasehold interests which are written off against the remaining period of the lease):

Computer equipment	– four years
Fixtures and equipment	– four years

	Land and buildings £'000	Computers £'000	Fixtures and equipment £'000	Total £'000
Cost				
At 28 February 2022	14,407	1,599	1,878	17,884
Additions at cost	757	374	334	1,465
Business combination	86	–	80	166
Disposals	(2,445)	(4)	(369)	(2,818)
Exchange differences	427	41	88	556
At 28 February 2023	13,232	2,010	2,011	17,253
Additions at cost	3,052	240	281	3,573
Disposals	(3)	(101)	(45)	(149)
Exchange differences	(279)	(28)	(55)	(362)
At 29 February 2024	16,002	2,121	2,192	20,315
Accumulated depreciation				
At 28 February 2022	8,199	1,061	1,546	10,806
Charge for the year	2,477	171	175	2,823
Disposals	(1,852)	(1)	(313)	(2,166)
Impairment	–	150	–	150
Exchange differences	234	25	61	320
At 28 February 2023	9,058	1,406	1,469	11,933
Charge for the year	2,662	246	219	3,127
Reclassification	(6)	-	6	-
Disposals	(3)	(91)	(45)	(139)
Exchange differences	(126)	(21)	(41)	(188)
At 29 February 2024	11,585	1,540	1,608	14,733
Net book value at 29 February 2024	4,417	581	584	5,582
Net book value at 28 February 2023	4,174	604	542	5,320

At 29 February 2024, the Group had no contractual commitments for the acquisition of property, plant and equipment (2023: £nil).

3.6 Leases

The Group as a lessee

The Group has various lease arrangements for properties, and other equipment. At inception of a lease contract, the Group assesses whether the contract conveys the right to control the use of an identified asset for a certain period of time and whether it obtains substantially all the economic benefits from the use of that asset, in exchange for consideration. The Group recognises a lease liability and a corresponding right-of-use asset with respect to all lease arrangements in which it is a lessee, except low-value leases and short-term leases of twelve months or less, costs for which are recognised as an operating expense within the Income Statement on a straight-line basis.

A right-of-use asset is capitalised on the Balance Sheet at cost, comprising the amount of the initial measurement of the lease liability and lease payments made at or before the commencement date, plus any initial direct costs incurred in addition to an estimate of costs to remove or restore the underlying asset. Where a lease incentive is receivable, the amount is offset against the right-of-use asset at inception. Right-of-use assets are depreciated using the straight-line method over the shorter of the estimated life of the asset or the lease term.

The lease liability is initially measured at the present value of future lease payments. Interest expense is charged to the Consolidated Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Generally, the interest rate implicit in the lease is not readily determinable, as such the incremental borrowing rate is used to discount future lease payments.

For the Group, lease payments generally comprise the following:

- Fixed payments, less any lease incentives receivable;

- Variable payments that are based on an index or rate; and
- Payments to be made under extension options which are reasonably certain to be exercised.

Lease payments made are apportioned between an interest charge and a capital repayment amount which are disclosed within the financing activities and the operating activities sections of the Consolidated Statement of Cash Flows respectively. When an adjustment to lease payments based on an index takes effect, the liability is remeasured with a corresponding adjustment to the right-of-use asset.

Contracts entered into by the Group have a wide range of terms and conditions but generally do not impose any additional covenants. Several of the Group's contracts include indexation adjustments to lease payments in future periods which are not reflected in the measurement of the lease liabilities at 29 February 2024. Many of the contracts entered into by the Group include extension or termination options which provide the Group with additional operational flexibility. If the Group considers it reasonably certain that an extension option will be exercised or a termination option not exercised, the additional period is included in the lease term.

A modification to a lease which changes the lease payment amount (e.g. due to a renegotiation or market rent review) or amends the term of the lease, results in a reassessment of the lease liability with a corresponding adjustment to the right-of-use asset.

The Group as a lessor

The Group classifies leases as either operating or finance leases based on the substance of the arrangement. At commencement of a finance lease, a receivable is recognised at an amount equal to the Group's net investment in the lease. Finance income is recognised reflecting a constant periodic rate of return on the net investment in the lease. Lease payments from operating leases are recognised as income on a straight-line basis.

Right-of-use assets

The Group leases a number of properties in the jurisdictions from which it operates. In some jurisdictions it is customary for lease contracts to provide for payments to increase each year by inflation and in other property leases the periodic rent is fixed over the lease term. The Group also leases certain items of plant and equipment which are typically motor vehicles. These contracts normally comprise only fixed payments over the lease term.

	Land and buildings £'000	Fixtures and equipment £'000	Total £'000
At 28 February 2022	5,182	12	5,194
Additions	711	59	770
Business combination	86	–	86
Depreciation	(2,079)	(8)	(2,087)
Disposals	(481)	(10)	(491)
Exchange differences	166	1	167
At 28 February 2023	3,585	54	3,639
Additions	2,898	172	3,070
Reclassification	6	(6)	-
Depreciation	(2,249)	(71)	(2,320)
Exchange differences	(145)	(1)	(146)
At 29 February 2024	4,095	148	4,243

Lease liabilities

	Total £'000
At 28 February 2022	8,506
Additions	770
Business combination	86
Disposal	(632)
Interest expense	175
Lease payments	(4,039)
Exchange differences	161
At 28 February 2023	5,027
Additions	3,021
Interest expense	189
Lease payments	(3,332)
Exchange differences	(127)
At 29 February 2024	4,778

In the prior year, right-of-use assets and lease liabilities arising on business combinations represents leases on property of £86,000. The total cash outflow for leases is £3,332,000 (2023: £4,039,000), of which £189,000 (2023: £175,000) represents payment of interest.

Lease receivables

	Gross £'000	Provision £'000	Net £'000
At 28 February 2022	1,512	(18)	1,494
Disposal	(39)	–	(39)
Interest income	35	–	35
Lease payments	(642)	–	(642)
Movement in provision	–	6	6
At 28 February 2023	866	(12)	854
Interest income	16	-	16
Lease payments	(642)	-	(642)
Movement in provision	-	12	12
At 29 February 2024	240	-	240
		2024 £'000	2023 £'000
Short-term lease expense		(222)	(217)
Short-term lease income		102	91

Lease liabilities

Contractual payments by maturity are provided in Note 4.4 (f).

Lease receivables

Contractual receipts by maturity are provided in the table below:

	Within 1 year £'000	1 to 2 Years £'000	2 to 5 years £'000	More than 5 years £'000	Total £'000	Unearned interest £'000	Provision £'000	Net receivable £'000
At 29 February 2024	241	-	-	-	241	(1)	-	240
At 28 February 2023	642	241	-	-	883	(17)	(12)	854

During the year, the financial effect of revising lease terms arising from the effect of exercising extension and termination options was an increase of £375,000 million (2023: increase of £98,000) in the recognised lease liabilities. As at 29 February 2024, undiscounted potential future cash outflows of £2.9 million (2023: £3.9 million) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

4 Balance sheet – Operating assets and liabilities

4.1 Other long-term receivables

For the accounting policy and further details on deferred and contingent consideration receivable, see Note 4.9. The accounting policy for finance lease receivables is set out in Note 3.6.

	2024 £'000	2023 £'000
Deferred consideration	1,304	2,540
Contingent consideration	532	1,004
Security deposits	304	16
Finance lease receivables	-	228
Prepayments	2,449	4,766
	4,589	8,554

Deferred consideration of £1.3 million and contingent consideration of £0.5 million relates to the earnout payments receivable in respect of the disposal of Cory Brothers, further detail is provided in Note 4.9. Prepayments includes an asset of £2.4 million (2023: £4.8 million) which is the non-current element of the clawback provision on joining incentives paid to certain employees. The receivable is amortised over the clawback period.

See Note 3.6 for a maturity analysis which reconciles the long-term finance lease receivables to the undiscounted lease receipts and unearned finance income.

4.2 Trade and other receivables

Trade receivables and contract assets

Trade receivables and contract assets are initially recognised at fair value (less transaction costs) and subsequently measured at amortised cost.

At the Balance Sheet date, there may be amounts where invoices have not been raised but performance obligations have been satisfied, and these are recognised as contract assets.

Specific provision is made where there is evidence that the balances will not be recovered in full. A provision for expected credit losses is made for trade receivables and contract assets using the simplified approach. A provision matrix is used to calculate an expected credit loss as a percentage of carrying value by age. The percentages are determined based on historical credit loss experience as well as forward-looking information. Expected credit loss provisions are made for other receivables based on lifetime expected credit losses using a model that considers forward-looking information and significant increases in credit risk.

Trade and other receivables are non-interest bearing and generally on terms payable within 30 to 90 days.

Other items

For the accounting policy and further details on deferred and contingent consideration receivable, see Note 4.9. The accounting policy for finance lease receivables is set out in Note 3.6.

Key estimate

Provision for impairment of trade receivables and contract assets

Trade receivables and contract assets are amounts due from customers in the ordinary course of business. Trade receivables and contract assets are classified as current assets if collection is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

The provision for impairment of trade receivables and contract assets represents management's best estimate at the Balance Sheet date. A number of judgements are made in the calculation of the provision, primarily the age of the invoice, the existence of any disputes, recent historical payment patterns and the debtor's financial position.

When measuring expected credit losses, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Probability of default constitutes a key input in measuring expected credit losses. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future market conditions. The expected loss rates applied to receivables are provided in this note.

	2024 £'000	2023 £'000
Trade receivables	26,964	31,989
Provision for impairment of trade receivables	(2,837)	(3,725)
Net trade receivables	24,127	28,264
Deferred consideration	1,316	1,097
Contingent consideration	550	403
Other receivables	3,949	4,148
Finance lease receivables	240	626
Contract assets	1,517	3,388
Prepayments	6,031	5,397
Total	37,730	43,323

Deferred consideration of £1.3 million and contingent consideration of £0.6 million relate to the earnout payments receivable in respect of the disposal of Cory Brothers; further detail is provided in Note 4.9.

Included in other receivables in both years are VAT and other sales tax receivables and employee loans. In the prior year, security deposits are also included.

Prepayments includes an asset of £3.5 million (2023: £4.0 million) in respect of the current portion of the clawback provision on joining incentives paid to certain employees which are being charged to the Income Statement in accordance with the clawback provisions of the underlying contracts. The receivable is amortised over the clawback period.

The movement in the asset between years is due to the invoicing of all prior year assets and the accrual of amounts relating to the current year.

The total receivables balance is denominated in the following currencies:

	2024 £'000	2023 £'000
US dollars	28,690	35,888
Sterling	6,675	6,114
Other	2,365	1,321
Total	37,730	43,323

The directors consider that the carrying amounts of trade receivables approximate to their fair value.

Trade receivables are non-interest bearing and are generally on terms payable within 30–90 days; terms associated with the settlement of the Group's trade receivables vary across the Group. Specific debts are provided for where recovery is deemed uncertain, which will be assessed on a case-by-case basis whenever debts are older than the due date, but always when debts are older than usual for the industry in which each business in the Group operates.

As at 29 February 2024, trade receivables of £2,339,000 (2023: £3,003,000) which were over 12 months old were treated as credit impaired and have been provided for. No provision (2023: £nil) has been made for specific trade receivables which are less than 12 months overdue.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the Group's historical credit losses and rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 365 days past due.

The ageing profile of trade receivables and the lifetime expected credit loss for provisions and contract assets is as follows:

2024	Trade receivables £'000	Expected loss rate %	Group provision £'000	ECL provision £'000	Total provision for impairment of trade receivables £'000
Up to 3 months	18,685	0.015	-	282	282
3 to 6 months	3,922	0.024	-	96	96
6 to 12 months	1,905	0.052	-	98	98
Over 12 months	2,452	0.954	2,286	53	2,339
Trade receivables	26,964	0.104	2,286	529	2,815
Contract assets	1,517	0.014	-	22	22
Total	28,481	0.100	2,286	551	2,837

2023	Trade receivables £'000	Expected loss rate %	Group provision £'000	ECL provision £'000	Total provision for impairment of trade receivables £'000
Up to 3 months	23,556	0.015	-	333	333
3 to 6 months	3,185	0.020	-	71	71
6 to 12 months	2,078	0.051	-	149	149
Over 12 months	3,170	0.591	3,033	99	3,132
Trade receivables	31,989	0.096	3,033	652	3,685
Contract assets	3,388	0.012	-	40	40
Total	35,377	0.020	3,033	692	3,725

Movements on the provision for impairment of trade receivables and contract assets were as follows:

	2024 £'000	2023 £'000
At 1 March	3,725	3,159
Bad debt charge	697	238
Receivables written off during the year as uncollectible	(1,585)	—
Reclassification of other provisions	—	328
At 29/28 February	2,837	3,725

Amounts receivable written off in the year relate to previously fully provided for amounts.

Contract assets

The Group's contract assets related to accrued income which has not yet been invoiced at the Balance Sheet date. Significant changes in contract assets during the period are analysed as follows:

	£'000
At 1 March 2023	3,388
Contract assets converted to receivables on completion	(3,292)
Contract assets arising on new contracts in-year	1,421
At 29 February 2024	1,517

4.3 Trade and other payables

Commissions payable to co-brokers are recognised in trade payables due within one year on the earlier of the date of invoicing or the date of receipt of cash. The accounting policy for lease liabilities is set out in Note 3.6.

	2024 £'000	2023 £'000
Current liabilities		
Trade payables	2,214	1,809
Lease liabilities	1,925	2,923
Other taxation and social security	560	1,869
Other payables	1,974	767
Contract liabilities	334	329
Accruals	36,604	49,613
Total	43,611	57,310

Accruals primarily includes accrued bonuses and other general accruals.

The directors consider that the carrying amounts of trade payables approximate to their fair value.

4.4 Financial instruments and risk management

The Group is exposed through its operations to the following financial risks:

- Currency risk;
- Interest rate risk;
- Credit risk; and
- Liquidity risk.

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout the Financial Statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies, and other processes for managing those risks or the methods used to measure them from previous periods.

a) Financial instruments

i) Principal financial instruments

The principal financial instruments used by the Group, from which financial risks arise, are as follows:

- Trade and other receivables;
- Cash and cash equivalents;
- Deferred consideration receivable;
- Contingent consideration receivable;
- Unlisted investments;
- Trade and other payables;
- Revolving credit facility;
- Lease liabilities; and
- Derivative financial instruments.

ii) Financial instruments by category

Financial instruments measured at fair value

The Group's financial assets and liabilities measured at fair value through profit and loss, including their fair value hierarchy, are as follows. Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction, other than in a forced or liquidated sale.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	As at 29 Feb 2024 £'000
<i>Financial assets:</i>				
Unlisted investment	-	-	1,633	1,633
Contingent consideration receivable	-	-	1,082	1,082
Derivative contracts ¹	-	1,536	-	1,536
Total	-	1,536	2,715	4,251
<i>Financial liabilities:</i>				
Derivative contracts ¹	-	218	-	218
Embedded derivative	-	-	140	140
Total	-	218	140	358

	Level 1 £'000	Level 2 £'000	Level 3 £'000	As at 28 Feb 2023 £'000
<i>Financial assets:</i>				
Unlisted investment	-	1,780	-	1,780
Contingent consideration receivable	-	-	1,407	1,407
Derivative contracts ¹	-	1,254	-	1,254
Total	-	3,034	1,407	4,441
<i>Financial liabilities:</i>				
Derivative contracts ¹	-	1,760	-	1,760
Embedded derivative	-	-	384	384
Total	-	1,760	384	2,144

¹Currency forwards with a fair value of £1.3 million (2023: £1.2 million) maturing within twelve months have been shown as current assets. Currency forwards with a fair value of £0.2 million (2023: £0.0 million) maturing within 12 to 24 months of the Balance Sheet date have been shown as non-current assets. Liabilities include currency forwards with a fair value of £0.2 million (2023: £1.1 million) maturing within twelve months shown as current liabilities and currency forwards with a fair value of £0.0 million (2023: £0.7 million) maturing within 12 to 24 months of the Balance Sheet date shown as non-current liabilities.

Fair value hierarchy

The level in the fair value hierarchy within which the financial asset or liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities are classified in their entirety into one of three levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data.

Valuation processes

The Group's finance team and Group Chief Financial Officer are responsible for fair value measurement of financial instruments and makes the decision as to the valuation technique to be applied, along with the level of external support required. The Group uses external specialists to value some of the financial instruments included within Level 3 of the fair value hierarchy. The results of those valuations are reviewed at each reporting date within the finance team.

The following table provides a reconciliation of movements in Level 3 financial assets during the year:

	Contingent consideration receivable £'000	Unlisted investments £'000
Opening fair value	1,407	-
Transfer into level 3	-	1,780
Unrealised fair value gain/(loss) recognised in operating costs	83	(147)
Cash settlement	(408)	-
Total	1,082	1,633

Unlisted investments

The unlisted investment primarily relates to the Group's investment in the London Tanker's Broker Panel, see Note 3.3. In the prior year the investment was carried at fair value, based on the value of the most recent comparable transaction and was therefore classified as Level 2 in the fair value hierarchy. Due to the time which has passed since the most recent comparable market transaction, the Group has valued the investment in the current year based on an income approach which has resulted in the fair value being deemed to be in Level 3 of the fair value hierarchy. The Group's policy is that the beginning of the financial year is considered the date of transfer between levels in the fair value hierarchy. The significant unobservable inputs into the valuation are:

- a discount rate of 16.4%; and
- expected income from the investment.

An increase in the discount rate of 2% would result in an increased fair value loss of £0.1 million recognised in the Income Statement, while a decrease in the discount rate of 2% would result in a gain of £0.2 million recognised in the Income Statement. A 10% increase/decrease in expected income would result in a £0.1 million gain/loss.

Contingent consideration receivable

The fair value of the contingent consideration receivable includes unobservable inputs and are therefore classified as Level 3. The contingent consideration receivable relates to the disposal of the Logistics Division whereby the Group is entitled to three future cash payments. The SPA provides for a minimum guaranteed amount in each of the three years; this amount has been classified as deferred consideration. The balance of the earnout consideration is contingent on the future performance of the combined business up to a maximum specified in the SPA; this has been classified as contingent consideration. The fair value of the contingent consideration has been calculated by reference to management's expectation of the future profitability of the combined business and discounted to present value using a discount rate of 5.29%. The discount rate is based on the credit risk of Vertom Agencies BV assessed by a third-party credit agency. See Note 4.9 for further details and a sensitivity analysis on the contingent element.

Derivative contracts

Contracts with derivative counterparties are based on ISDA Master Agreements. Under the terms of these arrangements, only in certain situations will the net amounts owing/receivable to a single counterparty be considered outstanding. The Group does not have the present legal ability to set-off these amounts and so they are not offset in the Balance Sheet. Of the derivative assets and derivative liabilities recognised in the Balance Sheet, an amount of £0.2 million (2023: £0.1 million) would be set off under enforceable master netting agreements.

Forward currency contracts

The fair value of the forward currency contracts are based on prices quoted by the counterparty within these contracts versus the market rate at the Balance Sheet date and have therefore been classified as Level 2 in the fair value hierarchy. See the currency risk section for further details.

Currency options

The fair value of the currency options are based on prices quoted by the counterparty within these contracts versus the market rate at the Balance Sheet date and have therefore been classified as Level 2 in the fair value hierarchy.

Embedded derivative

The convertible loan note instruments issued on the acquisition of Naves contain an embedded derivative, being a euro liability of principal and interest. The equity value of the underlying derivative is not considered closely related to the debt host, therefore the loan note is considered to be a financial liability host with an embedded derivative convertible feature which is required to be separated from the host. The fair value of the embedded derivative includes unobservable inputs and is therefore classified as Level 3. The key assumptions underpinning the fair value of the embedded derivative relate to the expected future share price of the Group and the GBP:EUR exchange rate. The fair value has been determined using a Black-Scholes valuation model.

A gain of £244,000 (2023: loss of £18,000) has been recognised in the Income Statement in respect of the fair value movement of the embedded derivative from 1 March 2023 to 29 February 2024.

Financial instruments not measured at fair value

The Group's financial assets and liabilities that are not measured at fair value are measured at amortised cost. Due to their short-term nature or frequent repricing, the carrying value of these financial instruments approximates their fair value. Their carrying values are as follows:

Financial assets	2024 £'000	2023 £'000
Cash and cash equivalents	27,951	34,735
Deferred consideration receivable	2,620	3,637
Trade and other receivables	30,159	41,448
Total	60,730	79,820

Financial liabilities	2024 £'000	2023 £'000
Trade and other payables	4,851	6,446
Convertible loan notes	2,978	3,551
Long term borrowings	26,966	27,815
Total	34,795	37,812

Deferred consideration receivable

The initial fair value of the deferred consideration receivable was determined by discounting the guaranteed minimum amounts as per the SPA to present value using a discount rate of 2.39% and it is subsequently measured at amortised cost.

b) Currency risk

Currency risk arises when Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their functional currency with the cash generated from operations in that currency. The Group's currency risk exposure arises mainly as a result of the majority of its earnings being denominated in US dollars while the majority of its costs are denominated in sterling. There is also some currency exposure related to convertible loan notes and deferred consideration denominated in euros and from the carrying values of its overseas subsidiaries being denominated in foreign currencies.

The Group manages its transactional exposures to foreign currency risks using forward exchange contracts and currency options. The Group is primarily exposed to fluctuations in US dollar to sterling exchange rates on foreign currency sales and hedges a proportion of those expected cash flows out to 17 months. The principal source of hedge ineffectiveness is the risk of changes in timing of the forecast transaction or that they do not occur, which is addressed by only hedging a proportion of future foreign currency sales. There were no hedged transactions forecast in the current year which did not occur (2023: £nil).

The Group's results, which are reported in sterling, are exposed to changes in foreign currency exchange rates across a number of different currencies with the most significant exposures relating to the US dollar. The Group is exposed to the underlying translational movements which remain outside the control of the Group. The Group's translational exposures to foreign currency risks relate to both the translation of income and expenses and net assets of overseas subsidiaries which are converted into sterling on consolidation. The Group finances overseas investments partly through the use of foreign currency borrowings in order to provide a net investment hedge over the foreign currency risk that arises on translation of its foreign currency subsidiaries.

The Group continues to apply hedge accounting to hedging instruments that meet the criteria set out in IFRS 9.

c) Hedge accounting

Derivatives are initially recognised at fair value and are subsequently remeasured at their fair value at each Balance Sheet date with gains and losses recognised immediately in the Income Statement unless hedge accounting is applied. Recognition of the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if it is, the nature of the item being hedged. Changes in the fair value of derivatives that do not qualify for hedge accounting are recognised immediately in the Income Statement within finance costs or income.

To qualify for hedge accounting, the terms of the hedge must be clearly documented at inception and there must be an expectation that the derivative will be highly effective in offsetting changes in the cash flow of the hedged risk. Hedge effectiveness is tested throughout the life of the hedge and if at any point it is concluded that the relationship can no longer be expected to remain highly effective in achieving its objective, the hedge relationship is terminated.

The fair value of derivative contracts is based either directly or indirectly on market prices at the Balance Sheet date.

Financial assets and liabilities are classified in accordance with the fair value hierarchy specified by IFRS 13. See Note 4.4.

Cash flow hedge accounting

Cash flow hedges are used to hedge the variability in cash flows of highly probable forecast transactions caused by changes in foreign currency exchange rates and interest rates. Where a derivative financial instrument is designated in a cash flow hedge relationship with a highly probable forecast transaction, the effective part of any change in fair value arising is deferred in the cash flow hedging reserve within equity, via the Statement of Comprehensive Income. The Group designates a portion, being the first US dollar amounts in a particular period, of forecast revenue transactions in cash flow hedges and reports any gain or loss as part of revenue when the revenue is recognised. The gain or loss relating to the ineffective part is recognised in the Income Statement within net finance expense. Amounts deferred in the cash flow hedging reserve are reclassified to the Income Statement in the periods when the hedged item is recognised in the Income Statement.

If a hedging instrument expires or is sold but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the Income Statement.

The critical terms of the hedging instruments match the hedged transactions in relation to currency, timing and amounts, meaning there is a clear economic relationship between the hedging instrument and hedged item as required under IFRS 9. Thereby, management qualitatively demonstrates that the hedging instrument and the hedged items will move equally in the opposite direction.

A gain of £2,231,000 (2023: £4,826,000 loss) in relation to effective hedges has been recognised in the Income Statement in respect of derivative contracts which have matured in the period. No ineffectiveness in relation to hedge accounting has been recognised in the period.

In the prior year the Group entered into currency options featuring a “cap and floor” feature. The intrinsic value of the options is designated in cashflow hedge relationships. The time value of the options is deferred in equity as a cost of hedging and reclassified to the Income Statement in the period that the hedged cash flow affects the Income Statement.

In a prior year the Group also entered into a currency option which was not designated in a cash flow hedge relationship and expired during the year (2023: £0.2 million liability). The £0.2 million movement in fair value in the period was charged to the Income Statement (2023: £0.2 million) and is included within Finance costs.

The effects of the foreign currency-related hedging instruments on the Group’s financial position and performance are as follows:

	2024	2023
Currency options		
Carrying amount of (liability)/asset	N/A	£(28,000)
Total notional amount	N/A	US \$1,500,000
Maturity dates	N/A	March 2023 to April 2023
Hedge ratio	N/A	1:1
Change in fair value of outstanding hedging instruments since inception of the hedge	N/A	£(23,000)
Change in value of hedged item used to determine hedge ineffectiveness	N/A	£23,000
Weighted average strike rate for outstanding hedging instruments	N/A	1.23 to 1.29

	2024	2023
Forward currency contracts		
Carrying amount of asset	£1,535,990	£1,254,000
Carrying amount of liability	£(217,622)	£(1,547,000)
Total notional amount	US \$118,950,000	US \$123,048,000
Maturity dates	March 2024 to July 2025	March 2023 to November 2024
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments since inception of the hedge	£1,318,368	£(218,000)
Change in value of hedged item used to determine hedge ineffectiveness	£(1,318,368)	£218,000
Weighted average strike rate for outstanding hedging instruments	1.25	1.22

Net investment hedge accounting

The Group uses its US dollar denominated borrowings as a hedge against the translation exposure on the Group’s net investment in overseas companies. The Group designates the spot rate of the loans as the hedging instrument. There was no ineffectiveness to be recognised on hedges of net investments in foreign operations. Where the hedge is fully effective at hedging the variability in the net assets of such companies caused by changes in exchange rates, the changes in value of the borrowings are recognised in the translation reserve within equity, via the Statement of Comprehensive Income. The ineffective part of any change in value caused by changes in exchange rates is recognised in the Income Statement within finance income or costs. The effective portion will be recycled into the Income Statement on the sale of the foreign operation.

The table below provides further information on the Group’s net investment hedging relationships:

	2024 £'000	2023 £'000
Hedge ratio	1:1	1:1
Change in value of hedging instruments due to foreign currency movements since 1 March	(249)	124
Change in value of the hedged item used to determine hedge effectiveness	249	(124)

The balances and movements into and out of the foreign currency translation reserve are shown in the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Changes in Equity respectively. The amount in the foreign currency translation reserve in relation to hedge accounting is a gain of £0.1 million (2023: £0.1 million loss) and is split as follows:

- continuing net investment hedges gain of £0.1 million (2023: £0.1 million loss); and
- hedging relationships for which hedge accounting is no longer applied, £nil (2023: £nil).

The effect on equity and profit before tax if the US dollar or the euro strengthened/(weakened) by 10% against sterling, with all other variables being equal, is as follows:

	Profit or loss		Equity, net of tax	
	+10% strengthening £'000	-10% weakening £'000	+10% strengthening £'000	-10% weakening £'000
29 February 2024				
US dollars	1,621	(1,621)	(9,474)	7,100
Euros	40	(40)	40	(40)
Total	1,661	(1,661)	(9,434)	7,060
28 February 2023				
US dollars	874	(1,220)	(4,529)	3,656
Euros	(36)	36	(36)	36
Total	838	(1,184)	(4,565)	3,692

d) Interest rate risk

The Group is exposed to interest rate risk from borrowings at floating rates. The Group minimises its short-term exposure to interest rate risk on its cash and cash equivalents by pooling cash balances across the Group's entities.

The Group has not entered into any financial instruments to fix or hedge the interest rates applied to its bank borrowings and overdrafts.

The following table sets out the carrying amount, by maturity, of the Group's financial instruments which are exposed to interest rate risk:

	Note	2024 £'000	2023 £'000
Floating rate:			
Within one year			
Cash and cash equivalents	4.5	27,941	34,735
Long-term borrowings	4.6	(27,237)	(27,815)
		704	6,920

Cash balances are generally held on overnight deposits at floating rates depending on cash requirements and the prevailing market rates for the amount of funds deposited. The other financial instruments of the Group are non-interest bearing.

The effect on equity and profit before tax of a 1% increase/(decrease) in the interest rate, all other variables being equal, is as follows:

	Profit or loss		Equity, net of tax	
	+1% increase £'000	-1% decrease £'000	+1% increase £'000	-1% decrease £'000
29 February 2024				
Cash and cash equivalents	308	(308)	308	(308)
Long-term borrowings	(266)	266	(266)	266
Total	42	(42)	42	(42)
28 February 2023				
Cash and cash equivalents	187	(187)	187	(187)
Long-term borrowings	(195)	195	(195)	195
Total	(8)	8	(8)	8

e) Credit risk

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets. Concentrations of credit risk with respect to trade receivables are limited due to the diversity of the Group's customer base. The directors believe there is no further

credit risk provision required in excess of normal provisions for doubtful receivables, estimated by Management based on prior experience and their assessment of the current economic environment. The Group seeks to trade only with creditworthy parties and carries out credit checks where appropriate. The maximum exposure is the carrying amount as disclosed in Note 4.4.

f) Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. Management receives rolling 13-week cash flow projections on a weekly basis to ensure the Group has sufficient liquidity.

The board receives rolling twelve month cash flow projections on a monthly basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The following table sets out the undiscounted contractual amounts due, in relation to the Group's financial liabilities which exposes the Group to liquidity risk:

	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total contractual amount £'000	Total carrying amount £'000
At 29 February 2024							
Trade and other payables	4,245	606	-	-	-	4,851	4,851
Loans and borrowings	487	1,460	28,586	-	-	30,533	26,966
Lease liabilities	846	1,253	1,013	2,062	44	5,218	4,778
Convertible loan notes	46	47	3,190	-	-	3,283	2,978
Total	5,624	3,366	32,789	2,062	44	43,885	39,573
Forward currency contracts							218
Gross outflows	1,779	7,946	1,818	-	-	11,543	
Gross inflows	(1,769)	(7,784)	(1,775)	-	-	(11,328)	
Currency options							-
Gross outflows	-	-	-	-	-	-	
Gross inflows	-	-	-	-	-	-	
Net outflow from derivative contracts	10	162	43	-	-	215	
At 28 February 2023							
Trade and other payables	4,971	1,388	87	-	-	6,446	6,446
Loans and borrowings	422	1,266	1,688	29,242	-	32,618	27,815
Lease liabilities	757	2,271	1,375	799	23	5,225	5,027
Convertible loan notes	66	764	109	3,726	-	4,665	3,551
Total	6,216	5,689	3,259	33,767	23	48,954	42,839
Forward currency contracts							1,547
Gross outflows	14,749	48,925	29,414	-	-	93,088	
Gross inflows	(14,553)	(48,866)	(28,521)	-	-	(91,940)	
Currency options							213
Gross outflows	3,107	5,593	1,864	-	-	10,564	
Gross inflows	(3,084)	(5,593)	(1,864)	-	-	(10,541)	
Net outflow from derivative contracts	219	59	893	-	-	1,171	

Loans and borrowings have been represented to show the expected interest payments payable on the revolving credit facility in addition to the repayment of the loan.

g) Capital management

The Group manages its capital structure so as to maintain investor and market confidence and to provide returns to shareholders that will support the future development of the business. The Group makes adjustments to the capital structure if required in response to changes in economic conditions. The Group considers its capital as consisting of ordinary shares and retained earnings. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group has a policy of maintaining positive cash balances and also has a revolving credit facility which it draws down as required to provide cover against the cyclical nature of the shipping industry.

The board monitors underlying business performance to determine the ongoing use of capital, namely executive and staff incentive schemes (and whether to fund this through cash or share incentives); acquisition appraisals ahead of potential business combinations; investment in property, plant and equipment; and the level of dividends.

No changes were made in the objectives, policies or processes during the years ended 29 February 2024 and 28 February 2023.

4.5 Cash and cash equivalents

Cash and cash equivalents included in the Balance Sheet comprise cash in hand, short-term deposits with an original maturity of three months or less and restricted cash.

Cash and cash equivalents included in the Cash Flow Statement include cash and short-term deposits. Bank overdrafts are included in the Balance Sheet within short-term borrowings.

	2024 £'000	2023 £'000
Cash at bank and cash in hand	27,951	34,735
Total	27,951	34,735

Cash and cash equivalents largely comprise bank balances denominated in sterling, US dollars, euros and other currencies for the purpose of settling current liabilities.

Cash includes an amount of £4.6 million (2023: £4.0 million) held in the bank accounts of regulated entities where there is a requirement to hold a certain amount of cash at any one time in order to cover future obligations. No charge or other restriction of use is held over this cash.

The Directors consider that the carrying amounts of these assets approximate to their fair value.

4.6 Long-term borrowings

Arrangement costs for loan facilities are capitalised and amortised over the life of the debt at a constant rate. Finance costs are charged to the Income Statement, based on the effective interest rate of the associated external borrowings and debt instruments.

Modification of terms of financial liabilities

When the terms of an existing financial liability are modified, management will consider both quantitative and qualitative factors to assess whether the modification is substantial. In the case that the modification of the terms of existing financial liability is considered to be substantial, the modification shall be accounted for as an extinguishment of that financial liability and the recognition of a new financial liability. If the modification is not considered substantial, then the existing financial liability is remeasured in accordance with its original classification and any gain or loss is recognised immediately in the Income Statement.

	2024 £'000	2023 £'000
Long-term borrowings		
Secured revolving credit facilities	26,966	27,815
Lease liabilities	2,853	2,104
Total	29,819	29,919

The Group's revolving credit facility ("RCF") is for £30.0 million plus an accordion limit of £10.0 million and has an initial termination date of November 2025 with an option, subject to lender approval, to extend the term of the facility by 24 months. Drawdown of the accordion facility is subject to additional credit approval. The RCF agreement has an EBITDA leverage covenant of 2.5x and a minimum interest cover of 4x. At 31 May 2023, 31 August 2023, 31 November 2023 and 29 February 2024 the Group met all financial covenant tests. Amounts can be rolled on a monthly basis until the facility expires subject to certain conditions, and on that basis the borrowings have been classified as non-current. The amounts drawn under the RCF bear interest based on SONIA, SOFR and EURIBOR from amounts drawn in sterling, US dollars and euros respectively, plus a credit margin dependent on the Group's leverage ratio.

All revolving credit facilities are drawn by Braemar Plc and appear in the accounts of the Company. See Note 4.5 for details of the Group's cash pooling arrangements and the net overdraft available to the Group.

The directors consider that the fair value of the revolving credit facility liability is equivalent to its carrying amount.

4.7 Convertible loan notes

The convertible loan notes are considered to be a financial liability host with an embedded derivative convertible feature which is required to be separated from the host. The Group has an accounting choice to record the instrument in its entirety at fair value through profit and loss but has not chosen to apply this treatment. Instead, the financial liability host is recognised as a euro liability initially recognised at fair value and prospectively accounted for applying the effective interest rate method. As the loan notes are denominated in euros, the conversion feature does not meet the definition of an equity instrument. As a result, it is treated as a separated embedded derivative and is recognised at fair value through profit and loss. Where there are conversion options that can be exercised within one year the liability is recognised as current.

In September 2017, the Group acquired the entire share capital of Naves Corporate Finance GmbH ("Naves"). Naves is an established and successful business, headquartered in Hamburg, Germany, which advises national and international clients on corporate finance related to the maritime industry, including restructuring advisory, corporate finance advisory, M&A, asset brokerage, interim/pre-insolvency management and financial asset management including loan servicing.

The acquisition agreement provided for consideration of £16.0 million (€18.4 million) payable as follows:

- i) at completion in cash of £7.3 million (€8.3 million), in shares of £1.3 million (€1.5 million) and in convertible loan notes of £6.4 million (€7.4 million); and
- ii) deferred consideration in cash of £0.5 million (€0.6 million) and convertible loan notes of £0.5 million (€0.6 million), payable in instalments over the three years after the acquisition.

The acquisition agreement also provided deferred amounts that would be payable to management sellers, conditional on their ongoing service in the business. IFRS 3 states that amounts paid to former owners which are conditional on ongoing service are for the benefit of the acquirer and not for the benefit of former owners. Consideration linked to the ongoing service of former owners is treated as remuneration for post-combination services and classified as acquisition-related expenditure under specific items in the Income Statement.

The deferred amounts payable to management sellers comprised:

- i) deferred cash of £1.3 million (€1.5 million) and deferred convertible loan notes of £4.3 million (€4.9 million) conditional only on the individual management seller's continued service payable in instalments over the five years after the acquisition; and
- ii) deferred convertible loan notes of up to £9.4 million (€11.0 million) conditional on the individual management seller's continued service and the post-acquisition Naves' EBIT in the three years post-acquisition. By February 2021, there was no contingency remaining and the total amount paid was £4.6 million (€5.3 million).

Following the issuance of new convertible loan notes in the prior year, at February 2024 no amounts are subject to future service conditions.

No post-acquisition remuneration associated with the acquisition was incurred during the year ended 29 February 2024 (2023: £0.1 million).

Convertible instruments

The Group issued convertible loan notes in connection with its acquisition of Naves in September 2017.

These convertible loan note instruments are unsecured, unlisted and non-transferable. The notes are euro denominated and carry a 3% per annum coupon. Each tranche is redeemable on or after two years from the date of issue by the Group or by the individual holder. The conversion prices were fixed at 390.3 pence for management sellers and 450.3 pence for non-management sellers.

The convertible loan note instruments carry certain accelerated conversion rights in the event of default on financial commitments associated with the instruments or business distress within the Group. The loan notes shall automatically convert or be redeemed in the event that any person or persons acting in concert hold more than 50% of the issued share capital of the Group or an impairment charge in excess of £43.9 million (€50.0 million) is reflected in the audited Financial Statements of the Group.

The embedded derivatives within the convertible loan notes are valued using level 3 hierarchy techniques under IFRS 13. See Note 4.4.

The total value of convertible loan note liabilities, including linked derivatives, is £3.1 million (2023: £3.9 million). The following table shows amounts in the Group balance sheet relating to the convertible loan notes issued on the acquisition of Naves.

	2024	2023
Represented in the Group Balance Sheet	£'000	£'000
<i>Current liabilities:</i>		
Convertible loan notes	632	699
<i>Non-current liabilities:</i>		
Convertible loan notes	2,346	2,852
Derivatives	140	384
	2,486	3,236
	3,118	3,935

The movement in the Naves-related balances in the Group Balance Sheet during the year is explained by the items below:

	2024	2023
	£'000	£'000
Total Naves-related balances at start of year	3,935	4,917
Finance expense	227	408
Derivative (gain)/loss	(244)	18
Post-acquisition remuneration	-	59
Foreign exchange movements	(89)	250
Cash paid	(711)	(1,606)
Equity issued	-	(111)
Total movements	(817)	(982)
Total Naves-related balances at year-end	3,118	3,935

The current year cash paid includes interest of £0.1 million (2023: £0.2 million).

The loan notes have the following maturities:

	Accounting value		Nominal value	
	2024	2023	2024	2023
	£'000	£'000	€'000	€'000
Due at the reporting date				
30-Sep-23	-	606	-	699
30-Sep-24	568	550	699	699
30-Sep-25	2,410	2,395	2,929	2,929
	2,978	3,551	3,628	4,327
Derivatives thereon	140	384		
Total liabilities on loan notes	3,118	3,935		

Note that current liabilities in respect of the loan notes differs from the amounts shown above maturing within one year due to interest payable within one year on non-current loans and the outstanding current liability to deliver cash and shares in respect of matured loan notes.

4.8 Reconciliation of liabilities from financing activities

	RCF borrowings £'000	Convertible loan notes	Deferred consideration £'000	Lease liabilities £'000	Total £'000
At 1 March 2023	27,815	3,551	-	5,027	36,393
Cash flows	(598)	(598)	-	(3,143)	(4,339)
Non-cash flows:					
– Interest accruing in the period	153	114	-	-	267
– Fees paid reported as operating cash flows	(122)	-	-	-	(122)
– New leases	-	-	-	3,021	3,021
– Effects of foreign exchange	(282)	(89)	-	(127)	(498)
At 29 February 2024	26,966	2,978	-	4,778	34,722
Current portion	-	632	-	1,925	2,557

	RCF ¹ borrowings £'000	Convertible ¹ loan notes £'000	Deferred consideration £'000	Lease liabilities £'000	Total £'000
At 1 March 2022	23,254	4,171	495	8,506	36,426
Cash flows ²	4,694	(1,448)	-	(3,864)	(618)
Non-cash flows:					
– Shares issued	-	(111)	-	-	(111)
– Derivatives issued	-	(71)	-	-	(71)
– Accrual of service cost	-	-	59	-	59
– Interest accruing in the period ²	32	250	-	-	282
– Fees paid reported as operating cash flows	(336)	-	-	-	(336)
– New leases	-	-	-	770	770
– Business combinations	-	-	-	86	86
– Lease terminations	-	-	-	(632)	(632)
– Amounts reclassified from deferred consideration to loans	-	615	(615)	-	-
– Effects of foreign exchange	171	145	61	161	538
At 28 February 2023	27,815	3,551	-	5,027	36,393
Current portion	-	699	-	2,923	3,622

¹ In the prior year, RCF borrowings and the convertible loan notes were disclosed in the aggregate. The movement in balances during the year ended 28 February 2023 has been updated to reflect the current year presentation which provides the reconciliation separately for the RCF and the convertible loan notes.

² In the prior year, 'Interest accruing in the period' included cash settled interest charges in relation to lease liabilities and the combined total for the RCF and convertible loan notes. These charges were offset by interest 'Cash flows' as reported in the reconciliation. The prior year numbers have been updated to remove these interest cash flows from both 'Interest accruing in the period' and 'Cash flows'. The effect is to reduce 'Cash flows' by £0.5 million and reduce 'Interest accruing in the period' by £0.2 million and include an additional item relating to fees paid of £0.3 million. There is no overall impact on total reported cash flows, opening or closing balances.

4.9 Deferred and contingent consideration receivable

Contingent consideration receivable is initially recognised at fair value and is subsequently remeasured at its fair value at each Balance Sheet date. The resulting gain or loss is recognised immediately in the Income Statement. Contingent consideration receivable is classified as Level 3 in accordance with the fair value hierarchy specified by IFRS 13. Deferred consideration is initially measured at its fair value and subsequently measured at amortised cost less provision for impairment.

Key estimate

On 28 February 2022, the Group sold Cory Brothers to Vertom Agencies BV for maximum consideration of £15.5 million. Initial cash proceeds of £6.5 million were received on completion of the transaction, and three contractual "earn out" payments will be made, being an agreed percentage of the future gross profits of the combined VertomCory business over three subsequent twelve month earn out periods. The remaining "earnout" payments are subject to a combined minimum of £2.7 million and a combined maximum of £6.4 million.

The minimum earnout consideration has been classified as deferred consideration receivable. The minimum amount is specified in the SPA and is therefore not an estimate, however an estimate of a discount rate is necessary to discount the deferred consideration receivable. A discount rate of 2.39% was used to calculate the net present value; this was based on the credit risk of Vertom Agencies BV following a credit check performed by management. Deferred consideration receivable is initially recognised at fair value and subsequently measured at amortised cost.

The balance of the earnout consideration, up to the maximum specified in the SPA has been classified as contingent consideration receivable because it is contingent on the future profitability of the combined business. The fair value of the contingent consideration receivable involves two critical estimates: the future profitability of the combined business and the discount rate used to calculate the net present value. The future profitability forecasts are based on a business plan prepared by the combined VertomCory business. Contingent consideration receivable is initially recognised at fair value and subsequently measures at fair value through profit and loss.

The fair value of the contingent consideration is calculated using the forecast gross profit for the combined VertomCory business for each earnout period, applying the agreed percentage, deducting the minimum payment and discounting the forecast contingent cashflows. The valuation of the contingent consideration involves two critical estimates: the future profitability of the combined business and the discount rate used to calculate the net present value. The future profitability forecasts are based on a business plan prepared by the combined VertomCory business and was reviewed by management as part of the financial due diligence process. A discount rate of 5.45% (2023: 5.29%) was used to calculate the net present value; this was based on the credit risk of Vertom Agencies BV following a credit check performed by management.

Set out below is a sensitivity analysis of the contingent consideration receivable to the discount rate and the assumptions of future profitability.

Fair value of Cory Brothers deferred and contingent consideration receivable

The agreed minimum earnout payment is presented as deferred consideration and measured at amortised cost, using a discount rate of 2.39% determined on initial measurement. The uncertain element of each earnout payment is measured at fair value through profit or loss and presented as contingent consideration.

Deferred and contingent consideration are included in other long-term receivables (see Note 4.1) and current other receivables (see Note 4.2). The amortised cost of the deferred consideration is £2.6 million (2023: £3.6 million). The fair value of the contingent consideration is £1.1 million (2023: £1.4 million).

During the year, the Group received £1.5 million (in the Group Cash Flow Statement, £1.4 million is allocated to investing activities and £0.1 million to interest received) in relation to the first deferred and contingent consideration payment. The receivable held on the Balance Sheet at 29 February 2024 in relation to the second earnout payment is £1.9 million (£1.3 million deferred consideration and £0.6 million contingent consideration).

Sensitivity analysis

Management have considered the sensitivity of the contingent consideration receivable arising from the second and third earnout payments to both changes in the estimate of future profitability of the VertomCory agency business, and the discount rate selected.

			Sensitivity to the estimate of future gross profits of the VertomCory agency business		Sensitivity to change in the discount rate selected	
	Carrying value as at 29 February 2024	Undiscounted value as at 29 February 2024	Decrease by 10%	Increase by 10%	Decrease by 1% p.a.	Increase by 1% p.a.
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Payment due on 31 May 2024	550	557	N/A	N/A	1	(1)
Payment due on 31 May 2025	532	569	(177)	177	6	(6)
Total	1,082	1,126	(177)	177	7	(7)

The 10% increase/decrease in future gross profits of the VertomCory agency business considered in the sensitivity analysis is selected to reflect a reasonably likely variation in outcomes, which lie within a range covered by the minimum and maximum earnout thresholds. The change in discount rate considered reflects the observed range of three-year GBP corporate bond rates with similar credit risk. No sensitivity is provided for the payment due on 31 May 2024 as the payment amount is based on actual reported performance.

5 Employee remuneration schemes

5.1 Long-term employee benefits

Key estimate

Valuation of defined benefit pension scheme

The Group uses an independent actuary to provide annual valuations of the defined benefit pension scheme. The actuary uses a number of estimates in respect of the scheme membership, the valuation of assets and assumptions regarding discount rates, inflation rates and mortality rates.

The membership details are provided by an independent trustee while the valuation of assets is verified by an independent fund manager. The discount rates, inflation rates and mortality rates are reviewed by management at each reporting date.

Critical judgement

Recoverability of defined benefit pension scheme net asset

As a result of actuarial movements during the year, including an increase in the discount rate from 4.9% at 28 February 2023 to 5.0% at 29 February 2024, the UK defined benefit scheme continues to be in an actuarial surplus position at 29 February 2024 (measured on an IAS 19 "Employee Benefits" basis) of £1.4 million (28 February 2023: £1.1 million). The surplus has been recognised on the basis that the Group has an unconditional right to a refund, assuming the gradual settlement of Scheme liabilities over time until all members have left the Scheme. The surplus will be subject to a tax charge on its recovery which the Group does not believe meets the definition of an income tax under IAS 12, and, as a result, the surplus has been presented net of the expected taxes payable of £0.8 million, at a rate of 35%. The free-standing tax charge will reduce from 35% to 25% from 6 April 2024, this measure was substantively enacted on 11 March 2024. The impact of the change in rate is not expected to have a material impact on the Group.

The Group has the following long-term employee benefits:

i) Defined contribution schemes

The Group operates a number of defined contribution schemes. Pension costs charged against profits in respect of these schemes represent the amount of the contributions payable to the schemes in respect of the accounting period. The assets of the schemes are held separately from those of the Group within independently administered funds. The Group has no further payment obligations once the contributions have been paid.

ii) Defined benefit schemes

The Group operates a defined benefit scheme, the ACM Staff Pension Scheme, with assets held separately from the Group. The cost of providing benefits under the scheme is determined using the projected unit credit actuarial valuation method which measures the liability based on service completed and allowing for projected future salary increases and discounted at an appropriate rate.

The current service cost, which is the increase in the present value of the retirement benefit obligation resulting from employee service in the current year, and gains and losses on settlements and curtailments, are included within operating profit in the Income Statement. The unwinding of the discount rate on the scheme liabilities which is shown as a net finance cost and past service costs are presented and recognised immediately in the Income Statement.

The pension asset or liability recognised on the Balance Sheet in respect of this scheme represents the difference between the present value of the Group's obligations under the scheme and the fair value of the scheme's assets. Actuarial gains or losses and return on plan assets net of tax, excluding interest, are recognised in the period in which they arise within the Statement of Comprehensive Income.

When the defined benefit plan is in a surplus, the asset is recognised at the lower of the surplus and the asset ceiling, less any associated costs, such as taxes payable.

iii) Other long-term benefits

The current service cost of other long-term benefits resulting from employee services in the current year is included within the Income Statement. The unwinding of any discounting on the liabilities is shown in net finance costs.

The Group operates a defined benefit scheme in the UK. A full actuarial valuation was carried out as at 31 March 2023 and updated by the IAS 19 valuation as at 29 February 2024. All valuations have been carried out by a qualified independent actuary.

The Group's obligations in respect of the funded defined benefit scheme at 29 February 2024 were as follows:

	2024 £'000	2023 £'000
Present value of funded obligations	10,609	10,558
Fair value of scheme assets, net of tax	(12,023)	(11,678)
Total surplus of defined benefit pension scheme	(1,414)	(1,120)

Funded defined benefit scheme

The Group sponsors a funded defined benefit scheme (the ACM Staff Pension Scheme) for qualifying UK employees. The Scheme is administered by a separate board of Trustees which is legally separate from the Group. The Trustees are composed of representatives of both the employer and employees. The Trustees are required by law to act in the interest of all relevant beneficiaries and are responsible for the investment policy with regard to the trust assets and the day-to-day administration of benefits.

Under the Scheme, employees are entitled to annual pensions on retirement at age 60 of 1/60th of final pensionable salary for each year of service. Pensionable salary is defined as basic salary plus the average of the previous three years' bonuses (capped at three times basic salary). Pensionable salaries for members who joined after 1 June 1989 are also subject to an earnings cap. Other benefits are payable, for example those provided on death.

The scheme was closed to future accrual and from 1 February 2016, post-retirement benefits are provided to these employees through a separate defined contribution arrangement.

Profile of the Scheme

The defined benefit obligation includes benefits for current employees, former employees, and current pensioners. Broadly, around 50% of the liabilities are attributable to deferred pensions for current and former employees, with the remaining 50% to current pensioners.

The Scheme duration is an indicator of the weighted average time until benefit payments are made. For the Scheme as a whole, the duration is around 14.8 years (2023: 15.3 years).

Funding implications

UK legislation requires that pension schemes are funded prudently. The most recent funding valuation of the Scheme was carried out by a qualified actuary as at 31 March 2023 and showed a surplus of £0.3 million.

Risks associated with the Scheme

The Scheme exposes the Group to a number of risks, the most significant of which are:

Asset volatility

The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The Scheme holds a significant proportion of growth assets which, though expected to outperform corporate bonds in the long term, create volatility and risk in the short term. The allocation to growth assets is monitored to ensure it remains appropriate given the Scheme's long-term objectives.

Changes in bond yields

An increase in corporate bond yields will decrease the value placed on the Scheme's liabilities for accounting purposes, although this will be partially offset by a Decrease in the value of the Scheme's bond holdings.

Inflation risk

A proportion of the Scheme's benefit obligations are linked to inflation and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy

The majority of the Scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in scheme liabilities.

The Company and Trustees have agreed a long-term strategy for reducing investment risk as and when appropriate. This includes moving assets to match pensioner liabilities when members reach retirement.

The Trustees insure certain benefits payable on death before retirement.

The principal assumptions used for updating the latest valuation of the Scheme were:

	2024 (% p.a.)	2023 (% p.a.)
Discount rate	5.0	4.9
CPI inflation	2.6	3.0
Pension increases:		
CPI capped at 2.5% p.a.	2.1	2.0
CPI capped at 5.0% p.a.	3.0	3.0
Deferred pension increases:		
CPI capped at 2.5% p.a.	2.1	2.0
CPI capped at 5.0% p.a.	3.0	3.0
	2024 Years	2023 Years
Life expectancy from age 60 for:		
Current 60-year-old male	25.6	25.1
Current 60-year-old female	28.0	27.7
Pre-retirement mortality	-	-
Post-retirement mortality	S2 PXA, CMI 2022/2021 (min 1.25%)	
Early retirement	No allowance for early retirement (2023: 33% of members retire at age 55, with the remainder retiring at age 60)	
Withdrawals from active service	No allowance	
Cash commutation	80% of members assumed to take maximum lump sum (2023: 100%)	

All members are assumed to retire at age 60.

The Scheme's assets are split by type of asset in the following table.

Scheme assets	2024 £'000	2023 £'000
Scheme assets are comprised as follows:		
UK equities	359	434
Overseas equities	4,387	4,374
Unquoted equities	-	78
High yield debt	986	1,019
Cash	1,031	707
Inflation-linked bonds	1,142	1,022
Corporate bonds	2,793	1,883
Government bonds	1,726	1,303
Other	360	1,462
Total	12,784	12,282

The Pension Scheme assets do not include any ordinary shares issued by the Company. All assets are held through pooled investment vehicles.

Expense recognised in the Income Statement (included in operating costs)	2024 £'000	2023 £'000
Current service cost	-	-
Interest (income)/expense on net asset/liability	(85)	54
Expense recognised in Income Statement	(85)	54

Remeasurements in other comprehensive expense:

(Gain)/loss on assets in excess of that recognised in net interest	(201)	1,061
Actuarial gains due to changes in financial assumptions	(179)	(4,594)
Actuarial loss/(gain) due to changes in demographic assumptions	127	(220)
Actuarial (gain)/loss due to liability experience	(77)	374
Deferred tax charge	-	414
Expected tax charge on recovery of assets	157	604
Gain recognised in other comprehensive income	(173)	(2,361)
Total amount recognised in Income Statement and other comprehensive expense	(258)	(2,307)

Changes to the present value of the defined benefit obligation are analysed as follows:

	2024 £'000	2023 £'000
Opening defined benefit obligation	10,558	15,156
Interest expense	517	402
Actuarial gains due to changes in financial assumptions	(179)	(4,594)
Actuarial loss/(gain) due to changes in demographic assumptions	127	(220)
Actuarial (gain)/loss due to liability experience	(76)	374
Net benefit payments from scheme	(338)	(560)
Closing value at 29 February (2023: 28 February)	10,609	10,558

Changes in the fair value of plan assets are analysed as follows:

	2024 £'000	2023 £'000
Opening fair value at 1 March	11,678	13,104
Interest income	602	348
Fair value gain/(loss) on assets	201	(1,061)
Contributions by employers	37	450
Net benefit payments from scheme	(338)	(559)
Expected tax charge on recovery of assets	(157)	(604)
Closing value at 29 February (2023: 28 February)	12,023	11,678

The Group does not expect to make any contributions to the scheme in the next twelve months (2023: £37,500).

	2024 £'000	2023 £'000
Actual return on Scheme assets		
Interest income on plan assets	602	348
Remeasurement gain/(loss) on assets	201	(1,061)
Actual return on assets	803	(713)

Sensitivity analysis

The table below illustrates the sensitivity of the Scheme liabilities at 29 February 2024 to changes in the principal assumptions. The sensitivities assume that all other assumptions remain unchanged and the calculations are approximate (full calculations could lead to a different result).

Change in assumption	Approximate increase in liabilities %	Approximate increase in liabilities £'000
Interest rate reduced by 0.5% p.a.	9.0	955
Inflation assumption increased by 0.5% p.a. ¹	5.9	626
Increase in life expectancy of one year for all members reaching 60	2.5	265

¹The inflation assumption sensitivity applies to both the assumed rate of increase in the CPI and the RPI, and includes the impact on the rate of increases to pensions, both before and after retirement.

Defined contribution schemes

There are a number of defined contribution schemes in the Group, the principal scheme being the Braemar Pension Scheme, which is open to all UK employees. Cash contributions paid into the defined contribution schemes are accounted for as an Income Statement expense as they are incurred. The total charge for the year in respect of this and other defined contribution schemes amounted to £2,247,000 (2023: £1,811,000) which was in respect of continuing operations.

Contributions of £180,000 were due to these schemes at 29 February 2024 (2023: £nil).

The assets of these schemes are held separately from those of the Group in funds under the control of the Trustees.

5.2 Share-based payments

The Group operates a number of equity-settled share-based payment schemes.

No awards may be granted under the schemes set out below which would result in the total number of shares issued or remaining issuable under all of the schemes (or any other Group share schemes), in the ten-year period ending on the date of grant of the option, exceeding 10% of the Company's issued share capital (calculated at the date of grant of the relevant option).

All of the Group's share schemes are accounted for as equity-settled share-based payments because they only entitle the employee to receive equity instrument issued by the Parent Company. The Group may provide a net settlement feature, whereby it withholds the number of equity instruments equal to the monetary value of the employee's tax obligation arising from the exercise (or vesting) of the award if the total number of shares that otherwise would have been issued to the employee. The Group has no contractual obligation to provide a net settlement option, and therefore the award is still accounted for as an equity-settled award in full and the value of the shares foregone by the employee is accounted for as a deduction from equity. Occasionally the Group, at its discretion, might repurchase vested equity instruments. In accordance with IFRS 2, such payments to employees are accounted for as a deduction from equity, except to the extent the payment exceeds the fair value of the equity instruments repurchased.

The net cost of the shares acquired for the shares held by the ESOP and the EBT are a deduction from shareholders' funds and represent a reduction in distributable reserves. Note 6.3 provides detail on the ESOP and the EBT and movements in shares to be issued.

Key estimate

Share option vesting

The fair value determined at the grant date of the equity-settled share-based payments is typically expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the Income Statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

A 1% increase in the forfeiture assumption for all awards which were not vested at 29 February 2024 would result in an additional charge to the Income Statement of £0.1 million in FY24, while a 5% increase in the forfeiture assumption would result in an additional charge of £0.6 million to the Income Statement in FY24. While the Group believes that a change in estimate of 5% or greater for all awards in any one year is unlikely, due to the fact that the value of awards are not uniform between employees, the Group believes that there is a significant risk that a revision to the forfeiture estimate could result in a material impact to the Income Statement in the next financial year depending on the profile of leavers.

Share Option Scheme

During the prior year the Company operated the Braemar Plc Savings-Related Share Option Scheme 2014 (the "SAYE Scheme") and the Braemar Plc International Savings-Related Share Option Scheme 2019 (the "International SAYE Scheme"). Options are granted at up to a 20% discount to the prevailing market price and entitle employees to purchase shares in the Company at a fixed price subject to continued employment. The fair value of share options granted under the SAYE schemes is determined using a binomial pricing model. The number of awards which are expected to vest is estimated by management based on levels of expected forfeitures.

Deferred Bonus Plan ("DBP")

The Company adopted a Deferred Bonus Plan in May 2020 (the "2020 DBP"), pursuant to which future discretionary bonus awards will be granted to staff including executive directors. Awards under the New DBP may be linked to an option granted under the new Braemar Company Share Option Plan 2020, which was also adopted by the Company in May 2020 (the "2020 CSOP"). Where an employee receives a linked award under the 2020 DBP, if the Company's share price rises over the vesting period, the 2020 CSOP award can be exercised with the value of shares delivered on the vesting of the 2020 DBP award being reduced by the exercise gain on the 2020 CSOP award. Awards under the 2020 DBP and the 2020 CSOP may be settled by the issue of new shares or by way of transfer of shares from the ESOP. Historical practice has been to settle via the transfer of shares from the ESOP and it is the current intention to continue to operate in this manner.

The number of awards granted under the Deferred Bonus Plan each year is related to the profits generated in the previous year. The cost of the award is therefore expensed from the beginning of that profit period until the vesting date which is usually three years after the date of award and is subject to continued employment. Awards made to new joiners are expensed over the period from date of joining to date of vesting. Their fair value is estimated based on the share price at the time of grant less the expected dividend to be paid during the vesting period. The number of awards which are expected to vest is estimated by management based on levels of expected forfeitures.

Restricted Share Plan ("RSP")

During the year ended 28 February 2015, the Company established a Restricted Share Plan ("RSP"). This scheme was set up to grant awards to certain key staff to try to retain them following the merger between Braemar and ACM Shipping Group Plc, but it can also be used where the Remuneration Committee considers it necessary to secure the recruitment of a particular individual. Executive directors of the Company are not eligible to participate in the RSP. RSP awards are made in the form of a nil cost option and there are no performance criteria other than continued employment. Their fair value is estimated based on the share price at the time of grant less the expected dividend to be paid during the vesting period. The number of awards which are expected to vest is estimated by management based on levels of expected forfeitures.

Long Term Incentive Plan ("LTIP")

The Company also operates an LTIP, which was approved by shareholders and adopted in 2014. LTIP awards under this plan take the form of a conditional right to receive shares at £nil cost. The awards normally vest over three years and are typically subject to a performance condition such as earnings per share ("EPS") or Total Shareholder Return ("TSR"), a market-based condition.

The fair value of awards with the EPS condition are non-market conditions and their fair value is estimated based on the share price at the time of grant less the expected dividend to be paid during the vesting period. The fair value of awards containing market conditions is determined using Monte Carlo simulation models. The number of awards which are expected to vest is estimated by management based on levels of expected forfeitures and the expected outcome of the EPS condition. For awards subject to market conditions, no adjustment is made to reflect the likelihood of the market condition being met nor the actual number of awards which lapse as a result of the condition not being met.

The Company operates a variety of share-based payment schemes which are listed below.

a) Share options

Details of the share options in issue and the movements in the year are given below:

Share scheme	Year option granted	Number at 1 March 2023	Granted	Exercised	Lapsed	Number at 29 February 2024	Exercise price (pence)	Exercisable between
SAYE	N/A	-	-	-	-	-	N/A	N/A

During the prior year, 433,528 options were exercised. The weighted average share price on exercise for awards exercised in the prior year was £2.82.

These options are valued using a binomial pricing model. The value of the awards was expensed over the period from the date of grant to the vesting date.

b) Deferred Bonus Plan

Details of the share awards in issue and the movements in the year are given below:

Share scheme	Number at 1 March 2023	Granted	Exercised	Forfeited	Number at 29 February 2024	Exercise price (pence)	Exercisable
Jul-20	2,833,067	-	(2,763,777)	(69,290)	-	nil	July 2023
Nov-20	315,975	-	(315,975)	-	-	nil	November 2023
Jun-21	1,172,051	-	-	(59,162)	1,112,889	nil	June 2024
Nov-21	239,415	-	-	-	239,415	nil	November 2024
Sep-22	934,694	-	-	(54,850)	879,844	nil	June 2025
Jan-23	400,679	3,568	(51,013)	(5,516)	347,718	nil	June 2025
Feb-23	137,132	-	-	(15,188)	121,944	nil	June 2025
Dec-23	-	1,647,204	-	-	1,647,204	nil	July 2026
Deferred Bonus Plan	6,033,013	1,650,772	(3,130,765)	(204,006)	4,349,014		

The weighted average share price on exercise for awards exercised during the year was £2.82 (2023: £3.32). The weighted average share price at grant date for awards granted during the year was £2.75 (2023: £2.98).

Under the DBP, sufficient shares to satisfy each award are bought over the course of the vesting period and held in an employee trust ("ESOP") until vesting. As at 29 February 2024, the ESOP held 2,303,211 ordinary shares (2023: 3,587,130). The ESOP holding is in line with expectations of how many shares will be needed to satisfy the current awards under this scheme. This amount is net of expected lapses in the scheme and the fact that recipients typically forego sufficient shares in order to satisfy the associated tax liability that arises on their vesting.

c) Restricted Share Plan

Details of the RSP share awards in issue and the movements in the year are given below:

Share scheme	Number at 1 March 2023	Granted	Exercised	Lapsed	Number at 29 February 2024	Exercisable between
July 2014	13,750	-	(7,500)	-	6,250	Jul 17 - Jul 24
August 2015	12,500	-	-	-	12,500	Aug 18 - Aug 25
Restricted Share Plan	26,250	-	(7,500)	-	18,750	

The weighted average share price on exercise for awards exercised during the year was £2.71 (2023: £3.32).

The fair value of the £nil cost options is approximated to the share price at the time of grant less the expected dividend to be paid during the vesting period.

The value of the awards is expensed over the period from the date of grant to the vesting date or if used as a recruitment incentive, from the date of joining to the vesting date. The awards are satisfied by the issue of new shares.

d) Long-Term Incentive Plan ("LTIP")

The Company also has LTIP awards, which allow for the form of a conditional right to receive shares at £nil cost. The awards normally vest over three years and are subject to various performance conditions based on earnings per share ("EPS") or segmental operating profit.

Details of the LTIP share awards in issue and the movements in the year are given below:

Share scheme	Number at 1 March 2023	Granted	Exercised	Lapsed	Forfeited	Number at 29 February 2024	Exercisable between
LTIP 2018	33,294	-	-	-	-	33,294	May 23 – Oct 28
LTIP 2019	202,853	-	-	-	(36,653)	166,200	Jul 24 – Jul 29
LTIP 2020	375,000	-	-	-	-	375,000	Jul 25 – Jul 30
LTIP 2021	389,379	-	-	-	(88,495)	300,884	Jun 26 – Jun 31
LTIP 2022 (granted FY23)	624,174	-	-	-	(78,326)	545,848	Jul 27 – Jul 32
LTIP 2023	-	369,958	-	-	-	369,958	
Long-Term Incentive Plan	1,624,700	369,958	-	-	(203,474)	1,791,184	

The weighted average share price at grant date for awards granted during the year was £2.75 (2023: £3.14).

The fair value of the LTIP 2021 award which has a TSR-based vesting condition has been calculated using a Monte Carlo simulation. The fair value of the other LTIPs is determined based on the share price at the time of grant less the expected dividend to be paid during the vesting period calculated using the market consensus dividend yield.

The value of the awards is recognised as an expense over the period from the date of grant to the vesting date. The awards are satisfied by the issue of new shares.

e) Other share-based payments

On 5 December 2022, 253,434 shares were awarded as a joining incentive to certain employees of Madrid Shipping Advisors SL and on 16 December 2022, 1,016,121 shares were issued to the former owners of Southport as part of the acquisition. In addition, on the acquisition of Southport, a further 872,821 shares were awarded to key employees of Southport. The fair value of the awards is determined based on the share price at the time of grant less the expected dividend to be paid during the three-year vesting period calculated using the market consensus dividend yield.

The value of the awards is recognised as an expense over the period from the date of grant to the vesting date. The Southport Maritime Inc. awards will be satisfied by the issue of new shares.

Share award	Number at 1 March 2023	Granted	Exercised	Lapsed	Forfeited	Number at 29 February 2024	Vesting
Southport Maritime Inc.	1,888,942	-	-	-	-	1,888,942	Dec 25
Madrid Shipping Advisors SL	253,434	-	-	-	-	253,434	Dec 23 – Dec 25

6 Share capital and other reserves

6.1 Share capital

	Ordinary shares		Ordinary shares	
	2024 Number	2023 Number	2024 £'000	2023 £'000
a) Authorised				
Ordinary shares of 10 pence each	34,903,000	34,903,000	3,490	3,490

	Ordinary shares		Ordinary shares		Share premium	
	2024 Number	2023 Number	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Fully paid ordinary shares of 10 pence each						
As at start of year	32,924,877	32,200,279	3,292	3,221	53,796	53,030
Capital reduction	-	-	-	-	(53,796)	-
Shares issued and fully paid (see below)	-	724,598	-	71	-	766
As at end of year	32,924,877	32,924,877	3,292	3,292	-	53,796

In the prior year, in connection with setting up a broker team in Madrid, 253,434 shares were issued to certain employees as a joining incentive; and 37,636 shares were issued to settle part of the deferred consideration payable in respect of the acquisition of Naves.

No shares remained unpaid at 29 February 2024 or 28 February 2023.

The Company has one class of ordinary shares which carry no right to fixed income.

6.2 Dividends

Amounts recognised as distributions to equity holders in the year:

	2024 £'000	2023 £'000
<i>Ordinary shares of 10 pence each</i>		
Final dividend of 8.0 pence per share for the year ended 28 February 2023 (2023: 7.0 pence per share)	2,440	2,018
Interim dividend (2023: 4.0 pence per share)	-	1,172
	2,440	3,190

The dividends paid by the Group during the year ended 29 February 2024 totalled £2.4 million (8.0 pence per share) relating to a final dividend in respect of the year ended 28 February 2023 paid on 9 February 2024. An interim dividend of £1.2 million (4.0 pence per share) was paid on 2 April 2024.

The right to receive dividends on the shares held in the ESOP has been waived (see Note 6.3). The dividend saving through the waiver is £0.2 million (2023: £0.4 million).

During the year ended 28 February 2023, the Group paid dividends totalling £3.2 million (11.0 pence per share), being a final dividend in respect of the year ended 28 February 2022 of £2.0 million (7.0 pence per share) paid on 14 October 2022 and an interim dividend for the year ended 28 February 2023 of £1.2 million (4.0 pence per share) paid on 4 January 2023.

In December 2022, the Company commenced a project to research various options for increasing the distributable reserves available to the Company in order to support the stated progressive dividend policy. After the payment of an interim dividend in January 2023, the outcome of the research identified an accounting practice of the Company used since IFRS 2 was introduced in 2005, which carried realised gains which could only be used in very limited circumstances with the consequence that a significant balance within retained earnings (that was not previously identified as created by unrealised gains) was incorrectly used by the Company in the calculation of distributable reserves.

Dividends paid between 2016 and 2023 were therefore paid by the Company without having sufficient distributable reserves from which to lawfully pay them. Having identified these issues, to rectify the gap in retained earnings and the unlawful payment of dividends, after the Balance Sheet date, the Company reduced its share premium account and capital redemption reserve and capitalised and reduced £19.8 million of the merger reserve ("Capital Reduction") and entered into releases from liability for the benefit of shareholders and directors (to ensure that no person was disadvantaged as a consequence of the payment of unlawful dividends).

On 15 February 2023 the Company entered into deeds of release in favour of shareholders receiving the unlawful dividends and the directors of the Company at the time the unlawful dividends were paid. These releases were conditional on various conditions including, shareholder approval for the Capital Reduction, the Capital Reduction becoming effective, and the terms of the deeds of release for shareholders and directors. At a General Meeting of the Company on 14 April 2023, shareholders approved the Capital Reduction and the deeds of release for shareholders and directors which allowed the Company to proceed with the process for the Capital Reduction by seeking approval from the High Court of Justice. On 9 May 2023 the High Court approved and confirmed the Capital Reduction and on 5 June 2023 the Capital Reduction became effective providing the Company with £73.9 million of distributable reserves at that time.

For the year ended 29 February 2024, a final ordinary dividend of 9.0 pence per share has been proposed totalling £3.0 million.

6.3 ESOP reserve

An Employee Share Ownership Plan (“ESOP”) was established on 23 January 1995. The ESOP has been set up to purchase shares in the Company. These shares, once purchased, are held in trust by the Trustee of the ESOP, SG Kleinwort Hambros Trust Company (CI) Limited, for the benefit of the employees. Additionally, an Employee Benefit Trust (“EBT”) previously run by ACM Shipping Group plc also holds shares in the Company. The ESOP and EBT are accounted for within the Company accounts.

The ESOP reserve represents a deduction from shareholders’ funds and a reduction in distributable reserves. The deduction equals the net purchase cost of the shares held in trust by the ESOP. Shares allocated by the ESOP to satisfy share awards issued by the Group are released at cost on a First in First Out basis.

	£'000
At 28 February 2022	6,771
Shares acquired by the ESOP	7,963
ESOP shares allocated	(4,127)
At 28 February 2023	10,607
Shares acquired by the ESOP	6,125
ESOP shares allocated	(9,592)
At 29 February 2024	7,140

As at 29 February 2024, the ESOP held 2,303,211 (2023: 3,579,630) ordinary shares of 10 pence each. The funding of the purchase has been provided by the Company in the form of a gift and the Trustees have contracted with the Company to waive the ESOP’s right to receive dividends. The fees charged by the Trustees for the operation of the ESOP are paid by the Company and charged to the Income Statement as they fall due.

As part of the acquisition of ACM Shipping Group plc in July 2014, the Company issued 125,621 shares into an Employee Benefit Trust (“EBT”) previously run by ACM Shipping Group plc. As at 29 February 2024, the EBT held 62,290 (2023: 62,290) ordinary shares of 10 pence each.

The total cost to the Company of shares and cash held in the ESOP and EBT at 29 February 2024 was £7.1 million (2023: £10.6 million) including stamp duty associated with the purchase. The shares owned by the ESOP and EBT had a market value at 29 February 2024 of £6.3 million (2023: £10.9 million). The distribution of these shares is determined by the Remuneration Committee.

3,440,115 shares (2023: 1,877,473) have been released to employees during the year. The shares acquired by the ESOP had an aggregate cost of £6.1 million (2023: £8.0 million).

6.4 Other reserves

	Capital redemption reserve £'000	Merger reserve £'000	Foreign currency translation reserve £'000	Hedging reserve £'000	Total £'000
At 28 February 2022	396	24,641	1,626	(533)	26,130
<i>Cash flow hedges:</i>					
– Transfer to income statement	–	–	–	4,826	4,826
– Fair value gain/losses in the period	–	–	–	(4,438)	(4,438)
Investment hedge	–	–	(124)	–	(124)
Exchange differences	–	–	2,522	–	2,522
Deferred tax on items taken to equity	–	–	–	(97)	(97)
At 28 February 2023	396	24,641	4,024	(242)	28,819
<i>Cash flow hedges:</i>					
– Transfer to income statement	–	–	–	(2,231)	(2,231)
– Fair value gain/losses in the period	–	–	–	3,872	3,872
Investment hedge	–	–	249	–	249
Exchange differences	–	–	(1,783)	–	(1,783)
Capital reduction	(396)	(19,755)	–	–	(20,151)
Deferred tax on items taken to equity	–	–	–	(410)	(410)
At 29 February 2024	–	4,886	2,490	989	8,365

The capital redemption reserve arose on previous share buy-backs by the Company. The merger reserve arose on transactions where the Company issued shares pursuant to an arrangement to acquire more than a 90% interest in another company and no share premium was recorded. The merger reserve arose principally in 2001 in relation to the acquisitions of Braemar Shipbrokers Limited and Braemar Tankers Limited. Further additions have arisen in respect of Naves and Atlantic Brokers. The amounts in the merger reserve are unrealised profits relating to the corresponding assets acquired by the Company on the issue of shares. These profits may become realised on the disposal or write-down of these

assets. During the year, following the Capital Reduction (see Note 6.2), the merger reserve was reduced by £19.8 million and the capital redemption reserve was reduced to £nil.

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments relating to hedged transactions that have not yet occurred of £1.3 million asset (2023: £0.3 million liability). The deferred tax movement recognised in equity in the year was a loss of £410,000 (2023: £97,000 loss).

7 Other supporting notes

7.1 Provisions

Provisions are recognised when the Group has a present obligation (legal or otherwise) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If material, the provisions are discounted using an appropriate current post-tax interest rate.

Short-term provisions for long service leave expected to be settled wholly within twelve months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

The provision for long service leave not expected to be settled within twelve months of the reporting date is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Key estimate

Uncertain commission obligations

In June 2023, the board commissioned an independent internal investigation into an historical transaction originating in 2013. The investigation was overseen by an Investigation Committee chaired by the Group's non-executive Chairman and was conducted by an independent specialist forensic accounting firm, and independent external counsel. The investigation was comprehensive and complex and ultimately encompassed several transactions between 2006 and 2013 which required further investigation.

As a result of the investigation, the Group has recognised a provision of £2.0 million in relation to the uncertain obligations connected to a number of the transactions and commission obligations identified as part of the investigation. Of the £2.0 million, £1.7 million relates to an historical unsettled commission payable which was recorded in 2017 upon completion of the relevant contracts which originated in 2013. This balance was reclassified from trade payables to provisions in the prior year. During the year, £0.2 million was added to the provision following the return of previously paid amounts connected to the uncertain commission obligation. While the board cannot forecast with certainty final outcomes in respect of these obligations, based on the Group's current information, the amount recognised is the current best estimate of the amount required to settle the obligations at the balance sheet date, taking into account the risks and uncertainties surrounding the obligations, including interpretation of specific laws and likelihood of settlement.

As the ultimate potential obligations and outcomes are uncertain in relation to the transactions subject to the internal investigation, there remains a risk that the final outcomes could materially impact the recognised balance within the next or in future financial years. It is impracticable to provide sensitivity estimates of potential downside variances at this time.

	Dilapidations £'000	Uncertain commission obligation £'000	Other £'000	Total £'000
At 28 February 2022	682	-	601	1,283
Reclassification	18	1,707	(346)	1,379
Provided in the year	-	257	462	719
Utilised in the year	-	-	(15)	(15)
Reversal of provision in the year	(124)	-	-	(124)
Exchange differences	16	-	51	67
At 28 February 2023	592	1,964	753	3,309
Provided in the year	20	-	-	20
Provision added in year	-	209	-	209
Utilised in the year	-	-	(134)	(134)
Reversal of provision in the year	-	-	(154)	(154)
Exchange differences	(7)	(79)	(26)	(112)
At 29 February 2024	605	2,094	439	3,138
Current	547	2,094	439	3,080
Non-current	58	-	-	58
At 29 February 2024	605	2,094	439	3,138

Dilapidations relate to future obligations to make good certain office premises upon expiration of the lease term. The provision is calculated with reference to the location and square footage of the office.

Employee entitlements of £0.4 million is included in other, which relate to statutory long service leave in Braemar Shipbroking Pty Limited. This is based on the principle that each Australian employee is entitled to eight weeks of leave over and above any annual leave on completion of ten years' continuous service. The provision is calculated with reference to the number of employees who have at least seven years of continuous service.

7.2 Contingent liabilities

From time to time the Group may be engaged in litigation in the ordinary course of business. The Group carries professional indemnity insurance. There are currently no liabilities expected to have a material adverse financial impact on the Group's consolidated results or net assets.

7.3 Events after the reporting date

The Company paid an interim dividend of £1.2 million (4p per share) on 2 April 2024. There were no other adjusting or significant non-adjusting events between the reporting date and the date these Financial Statements were authorised.

Five-year financial summary (unaudited)

Consolidated Income Statement

Continuing operations	12 months to 29 Feb 2024 £'000	12 months to 28 Feb 2023 £'000	12 months to 28 Feb 2022 £'000	12 months to 28 Feb 2021 £'000	12 months to 29 Feb 2020 £'000
Group revenue	152,751	152,911	101,310	83,695	117,655
Other operating expenses	(136,203)	(132,836)	(91,250)	(75,976)	(106,625)
Specific items (net)	(7,504)	(8,406)	(514)	(1,097)	(3,344)
Total operating expenses	(143,707)	(141,242)	(91,764)	(77,073)	(109,969)
Operating profit/(loss)	9,044	11,669	9,546	6,622	7,686
Gain on revaluation of investment	-	-	172	-	-
Net interest expense	(1,533)	(2,195)	(1,156)	(1,486)	(1,853)
Share of associate profit for the period	12	(23)	(19)	-	436
Profit before taxation	7,523	9,451	8,543	5,136	6,269
Taxation	(2,899)	(4,855)	(1,839)	(1,574)	46
Gain/(loss) for the year from discontinued operations	-	-	7,215	970	(2,299)
Profit/(loss) after taxation	4,624	4,596	13,919	4,532	4,016
Dividends					
Interim	1,222	1,172	610	-	1,564
Final proposed	2,963	2,440	2,254	1,495	-
	4,185	3,612	2,864	1,495	1,564
Earnings per ordinary share – pence					
Basic – underlying from continuing operations	36.62p	46.22p	23.06p	15.60p	29.45p
Diluted – underlying from continuing operations	29.96p	38.52p	18.79p	12.91p	26.62p

Five-year financial summary (unaudited)

Consolidated Balance Sheet

	As at 29 Feb 2024 £'000	As at 28 Feb 2023 £'000	As at 28 Feb 2022 £'000 (restated)	As at 28 Feb 2021 £'000 (restated)	As at 29 Feb 2020 £'000 (restated)
Assets					
Non-current assets					
Goodwill	71,337	71,407	79,891	83,955	83,812
Other intangible assets	3,185	3,980	997	2,129	2,411
Property, plant and equipment	5,582	5,320	7,078	9,841	11,928
Other investments	1,633	1,780	1,780	1,962	1,962
Investment in associate	713	701	724	3,763	7,315
Financial assets	-	-	-	-	1,184
Derivative financial instruments	249	30	8	200	-
Deferred tax assets	2,979	4,794	3,713	2,900	3,620
Pension surplus	1,414	1,120	-	-	-
Other long-term receivables	4,589	8,554	5,636	1,888	2,467
	91,681	97,686	99,827	106,638	114,699
Current assets					
Trade and other receivables	37,730	43,323	35,792	33,416	39,541
Financial assets	-	-	-	746	-
Derivative financial instruments	1,287	1,224	54	1,573	-
Current tax receivable	2,925	973	-	-	-
Assets held for sale	-	-	-	436	-
Cash and cash equivalents	27,951	34,735	13,964	14,111	28,749
	69,893	80,255	49,810	50,282	68,290
Total assets	161,574	177,941	149,637	156,920	182,989
Liabilities					
Current liabilities					
Derivative financial instruments	175	1,122	688	-	437
Trade and other payables	43,611	57,310	39,183	47,833	47,209
Short-term borrowings	-	-	-	-	25,116
Current tax payable	1,625	4,141	1,608	1,318	1,334
Provisions	3,080	2,575	486	307	201
Convertible loan notes	632	699	1,416	4,461	4,444
Deferred consideration	-	-	-	-	177
Liabilities directly associated with assets classified as held for	-	-	-	125	-
	49,123	65,847	43,381	54,044	78,918
Non-current liabilities					
Long-term borrowings	29,819	29,919	28,331	31,634	34,585
Deferred tax liabilities	8	344	-	174	903
Derivative financial instruments	183	1,022	335	56	4
Trade and other payables	58	542	-	-	-
Provisions	416	734	797	690	765
Convertible loan notes	2,346	2,852	2,755	2,681	2,639
Deferred consideration	-	-	495	882	2,293
Pension deficit	-	-	2,052	3,819	3,672
	32,830	35,413	34,765	39,936	44,861
Total liabilities	81,953	101,260	78,146	93,980	123,779
Total assets less total liabilities	79,621	76,681	71,491	62,940	59,210
Equity					
Share capital	3,292	3,292	3,221	3,174	3,167
Share premium	-	53,796	53,030	52,510	52,510
ESOP reserve	(7,140)	(10,607)	(6,771)	(1,362)	(2,498)
Other reserves	8,365	28,819	26,130	27,100	25,862
Retained earnings	75,104	1,381	(4,119)	(18,482)	(19,831)
Total equity	79,621	76,681	71,491	62,940	59,210

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