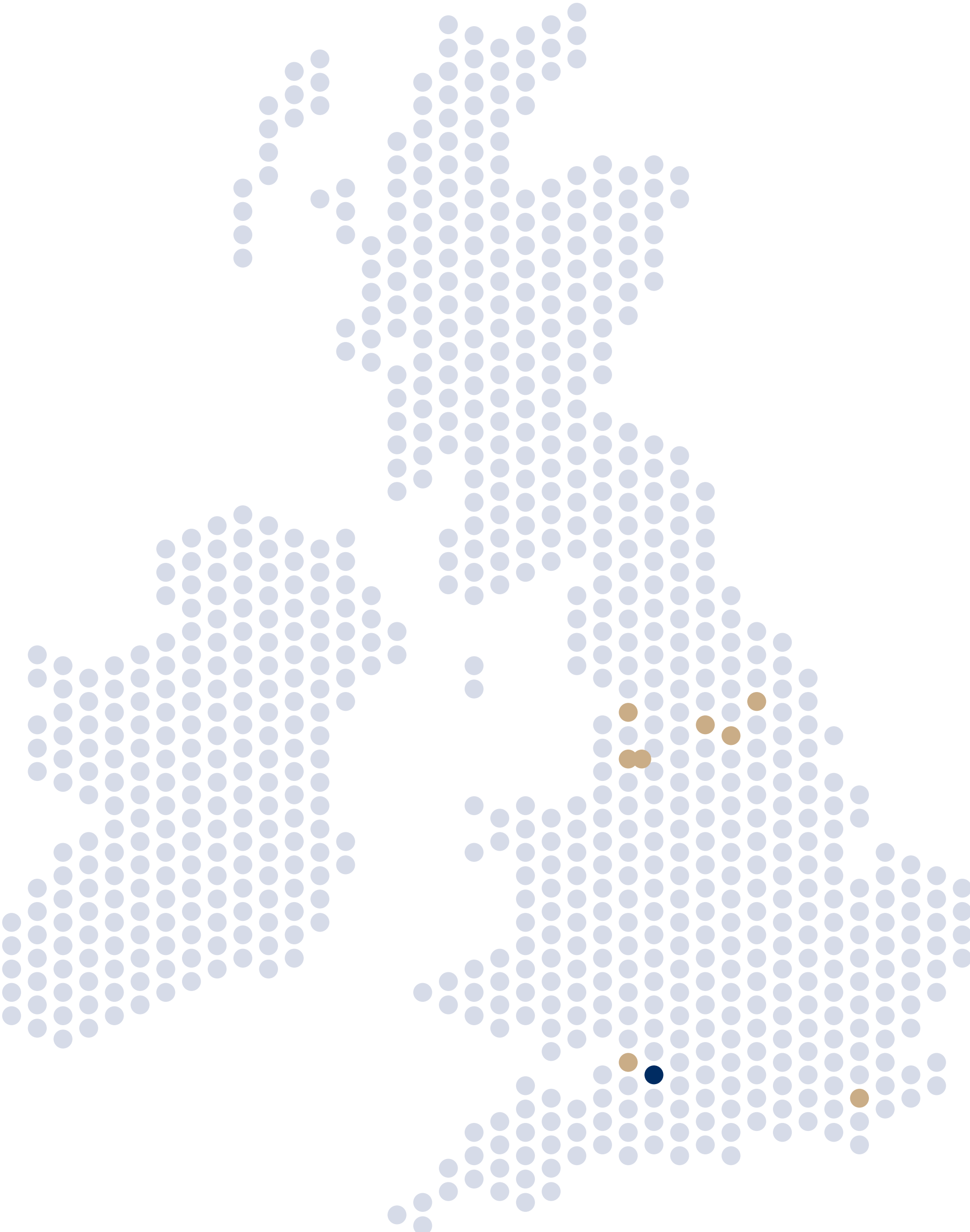
CEPS PLC

Partnering for success



Annual Report 2024

Contents

Chairman's Statement

I am pleased to present to shareholders the CEPS PLC ('CEPS' or 'Company') final report and accounts for the year ended 31 December 2024.

Macro overview

Since the EU Referendum in 2016 and especially in the last few years, each of our financial years has been punctuated by extraordinary UK domestic events and seemingly 'cataclysmic' world events that have absorbed the mainstream media, filled newspaper column inches, occupied discussion programmes on television and, of course, the ever burgeoning, active and provocative social media.

The year we are reporting on has been no different. We have had the continuation of the war between Russia and Ukraine, which has now been ongoing for more than three years; discussions have recently commenced to try and draw an end to this bloody and destructive conflict. Whilst Russia might well end up retaining the territory it has taken, this relatively small increase in land mass comes at a great cost in terms of Russian and Ukrainian life and destruction of the Country's infrastructure. It is to be hoped that discussions between Ukraine and Russia develop positively and that the conflict comes to an end with a sustainable peace agreement.

The conflict between Israel and Hamas has led to increased political volatility in the Middle East and voter polarisation within certain constituencies in the recent UK General Election.

Over the course of 2024, we saw the expected further decline in inflation from 4% at the beginning of the year to a low of 1.7% in August; this was followed by an uptick to 3.5% by the end of April 2025. The April inflation figure contains a number of one-off policy driven changes, such as an increase in water bills, energy bills (driven by the base effect of a 12% fall in prices in April 2024) and air fares (reflecting the timing of Easter this year) as opposed to fundamental increases driven by the UK economy. The Bank of England is forecasting a rise to 3.7% by September this year followed by a decline thereafter to 2%. Whilst the Bank of England had started to reduce interest rates, having cut its base rate from 5.25% in four 0.25% reductions to 4.25%, the European Central Bank, over the same period, has reduced its rates from 4.5% to 2.25%. Domestic energy prices are projected to decline in July 2025, raising hopes that the Bank of England will implement one or two additional interest rate cuts over the remainder of the year, potentially bringing the base rate down to 4% or lower. It is to be hoped that the minority members of the Monetary Policy Committee who voted for a 0.5% reduction at the last rate setting will hold more sway going forward.

Further cuts are important to CEPS as elevated rates have an impact on consumer spending and the public's disposable income. With 'inflation busting' pay rises and the significant increase of 28.5% in the National Living Wage over the past three years, wages are now recovering some previous losses and, with inflation expected to trend down to 2%, positive real wage growth has re-emerged. Coupled with a gentle reduction in mortgage rates, the pressure on most household budgets should start to ease in conjunction with rate reductions.

The arrival of a new Labour Government on 5 July 2024 with a large majority was fully anticipated after 14 years of Conservative rule. It was expected, and hoped, that the new government would arrive in office with fully thought through plans to create the conditions for economic growth, which had been a major theme of the Labour manifesto. What has been disappointing to date has been the apparent lack of any clear plan coupled with the introduction of a series of measures which are unlikely to generate any growth or wealth, but which have absorbed the Government's capacity, time and maybe even its limited cash resources. The biggest direct impact for CEPS, in common with every business in the UK, has been the changes to the National Living Wage and National Insurance rates and thresholds, which the directors estimate will increase Group costs by approximately £385,000 on an annual basis. Since the Autumn Budget, most UK companies have developed plans to mitigate this cost by a combination of a reduction in employment, a moderated increase in wage rates for 2025 and further sales price increases.

Chairman's Statement continued

Macro overview continued

The recent turmoil caused by the President of the United States through the introduction of specific tariffs across the world, followed by a 90-day pause with countries including China, has led to even further uncertainty. Given the CEPS companies sell nothing to the USA, it is difficult to see any direct negative consequences of these actions. In fact, it may be that the products sourced in China by Aford Awards become cheaper because China's major market has become more expensive to access, and manufacturers will seek new markets. In addition, as almost all overseas buying is priced in USD, the recent weakness in the USD against Sterling should also provide a positive tailwind. However, all this turmoil and uncertainty could well lead to a reduction in economic activity.

The latest GDP figures showing growth of 0.2% in March 2025 following an increase of 0.5% in February should be viewed with caution, as they were published before the full effects of the latest tariff farrago. The economy has been growing, albeit modestly, across most sectors since the latter part of 2023. From our experience of dealing largely with UK centric companies there is a mood, outside of the mainstream media, that the UK 'is getting on with getting on', and that companies are managing what is being presented to them, continuing to drive cost savings, and investing and innovating to produce productivity growth.

Records show that British households have had an elevated savings ratio since the first lockdown for Covid in 2020. Households have increased their savings, and these increases have coincided with cost-of-living pressures, weak consumer confidence and slower growth in household consumption. It is hoped that, as inflation falls and interest rates reduce, some of these funds will be released to provide a boost to the UK economy.

Financial review and performance of the CEPS Group

Despite all these issues at the macro level, total CEPS revenue increased by 6.4% from £29.7m in 2023 to £31.6m in 2024. Gross profits also increased by 6.4% from £12.5m to £13.3m over the same period. However, operating profits declined marginally from £2.6m to £2.4m, a reduction of 5.1%. This was largely due to an 8% increase in administration costs to support expansion at ICA and Aford Awards, coupled with a heightened level of inflation over this period. In addition, in 2023 there was an exceptional credit of £137,000 included in Group net costs which reduced this figure to £329,000. In 2024 Group net costs have returned to a more normal level of £455,000. Earnings per share increased by 4.2% from 2.65p to 2.76p.

The background to this modest increase in earnings per share is set out below when we look at the financial performance of the underlying companies in more detail.

Aford Awards

The market in which Aford Awards operates has had a tough year. Wholesale distributors, a good barometer of market demand, have stated that the market may have declined by as much as 20%. Consequently, in our view, the performance by Aford Awards to produce a same again EBITDA for 2024 of £556,000 is a creditable performance.

The company has invested in new production equipment and processes and has expanded its product range; in so doing it is building a stronger, more diversified and better controlled business. We noted that this was planned in the last report, and are delighted to report that these new products are in the market and are taking Aford Awards into new areas of business. It is these developments that have helped bolster the year's financial performance.

A new warehouse has been secured locally to free up more space for the production unit at Maidstone and to improve the efficiency of stock flow. This extra space is essential to increase capacity and to improve efficiency given the increase in orders and the intention to acquire other businesses to relocate and absorb into the Maidstone facility.

A further small business, Millennium Awards trading as Online Trophies, was acquired towards the end of the year and sales are currently exceeding expectations. There are,

Chairman's Statement continued

Financial review and performance of the CEPS Group continued

as ever, further discussions ongoing with a few other potential opportunities in an industry which continues to consolidate.

Sales in 2024 were £3.7m as compared to £3.5m in 2023. The associated EBITDAs were £556,000 and £556,000 respectively.

Signature Fabrics, the holding company for Friedman's and Milano International

The two trading companies together had sales of £6.5m as compared to £6.8m in 2023. The associated EBITDAs were £567,000 and £1.1m. Sales were down by £200,000 in Friedman's and £100,000 in Milano.

Shareholders will be aware of some of the changes at Signature Fabrics during the period. In the early part of the year, David Kaitiff, the founder of Friedman's, informed CEPS of his wish to exit the business after 37 years. Aware that this was likely to happen at some time, we had been encouraging the strengthening and development of the management team. However, the impact of Covid on the trading performance of both companies, and the need to return the business back to its historic high level of profitability, was the primary goal.

We also became aware of operational issues at Milano and so, not only have we replaced David Kaitiff on a fulltime basis with an expanded team, but we have also taken the opportunity to change the senior personnel at Milano. David Kaitiff has been retained on a reduced remuneration basis to ensure that there is full transfer of his knowledge and experience to the new team. One of the principal issues has been that some of the traditional client base at Friedman's, which had been serviced very successfully for many years, appeared to collectively decide that the Covid experience was a step too far and gradually closed their businesses.

The operational efficiency at Friedman's remains intact and all efforts are being directed to expand the customer base and to return the gross margin to its previous levels. This year, the gross margin fell below the historic c.48% achieved in previous periods as a result of several one-off cost items, mainly associated with the sourcing of fabric during a period of shortages and elevated and fluctuating prices.

Milano has been significantly improved operationally since it was acquired at the end of 2019. However, it is still not 'firing' on all cylinders. Whilst it is early days, the new team has started well and we are optimistic that the business will continue to improve and grow.

The transaction to buy out David Kaitiff's shareholding was announced at the end of October 2024. A new company was established in the manner of the CEPS' usual approach. CEPS increased its shareholding from 55% in the old company to a directly held 67.5% of the new company. Helen Kaitiff with 22.5% directly held and a newly formed Signature Fabrics Employee Share Ownership Trust with 10% intended to be issued to key employees, make up the other shareholders. At 31 December 2024 the Trust had not yet granted beneficial ownership to employees and the Group had effective control of 75% of the company. In addition, CEPS received £2.1m of vendor loan stock.

ICA Group (formerly known as Hickton Group)

The newly named ICA Group has had another very strong year building on the consolidation achieved in 2022 and the subsequent growth in 2023. Sales were £21.4m in 2024 as compared to £19.4m in 2023. The associated EBITDAs were £2.65m and £2.07m respectively.

Shareholders will have seen the announcement on 1 April 2025 by ICA which covered several important matters. Firstly, it outlined an attractive 'bolt-on' acquisition of Align Building Control and Align Group (UK) ('Align'). Align fills a geographical gap in ICA's nationwide coverage and, whilst the brand name will be retained, its operations will be absorbed into the existing group. Align made a total of £356,000 unaudited profit before

Chairman's Statement continued

Financial review and performance of the CEPS Group continued

tax for the year ended 31 December 2024. The acquisition was funded by a new loan from ICA's existing banker, Santander.

At the same time, a modest share reconstruction was announced which essentially locks in an equity share valuation of £12m for existing holders and then, if and when ICA is sold in the future, the balance of the consideration above £12m will be participated in by the existing shares and by a new class of shares which will be held by the working directors and certain senior employees. Essentially, this structure is the equivalent of the introduction of a share option scheme. To summarise: up to a value for the equity of £12m CEPS will receive 55.6% of the consideration and for the portion above £12m CEPS will receive 50.7%.

Share capital

There was no share issuance in the current year and, therefore, the issued share capital remains at 21,000,000 shares as it has since September 2021.

The balance sheet reconstruction was completed on 15 May 2024 as detailed in the Interim Report 2024.

As we also stated in the Interim Report 2024, we have put in place the necessary steps to introduce an Employee Share Ownership Trust which we expect to be operational by the fourth quarter of this year.

Debt structure

The debt in CEPS, the parent company, has been reduced by the repayment of the loan from me of £192,000. The outstanding debt now totals £4.95m and is made up of a £2.0m loan from a third party (with a coupon of 9% and due to be repaid by 30 June 2026), and a loan from Chelverton Asset Management Limited of £2.95m with a coupon of 5% which is repayable with a notice period of 18 months.

Cash held by the Company at the financial year end was £212,000 (2023: £185,000) and Group cash was £677,000 (2023: £916,000). Cash in CEPS at the end of April 2025 was an elevated £793,000.

In CEPS we have external debt, as referred to above, of some £4.95m (2023: £5.14m) and loan notes and loans owed by the three subsidiaries of some £6.48m (2023: £4.49m).

Shareholder value creation

Continuing the approach from last year's Chairman's Statement, I summarise the profit/value creation events:

1 Expected increase in the profits of the three subsidiaries

Very strong growth in the profitability of the biggest subsidiary ICA.

A solid performance in Aford Awards with a more positive outlook for 2025.

A disappointing performance in Signature Fabrics made up of Friedman's and Milano. However, a change in the operational management team is expected to make an improvement in 2025.

2 Self-funded 'bolt-on deals' in each of the three subsidiaries in the manner that has occurred over the past five years

The acquisition made by Aford Awards of Millennium Awards trading as Online Trophies, which completed on 11 November 2024, has already started to contribute ahead of expectations.

The larger 'bolt-on' acquisition by ICA of Align Building Control and Align Group (UK) will contribute to ICA for nine months in 2025.

3 Repayment of loan stocks from the subsidiaries, absent any acquisitions, leading firstly to the repayment of the £2m third party loan in 2025 and then, finally, the Chelverton Asset Management loan of £2.95m

In the year, an outstanding loan from myself of £192,000 was repaid.

Chairman's Statement continued

Shareholder value creation
continued

The outstanding loan stock owed to the original owners of Milano International of £100,000 was repaid.

4 Increase in CEPS' shareholdings in its subsidiary companies

The restructuring of the share capital of Signature Fabrics Holdings, the holding company of Friedman's and Milano International, meant that CEPS has increased its shareholding from 55% to a current 75% (which will reduce to 67.5% after the 10% held by the employee share ownership trust is allocated to key members of the Signature Fabrics Holdings management team) and received an additional £2.1m of loan stock.

The restructuring of the share capital of ICA means that if ICA were to be sold at equity values up to £12m CEPS will receive 55.6% as opposed to its previous 53.8%. To incentivise the working directors and senior management team, for an equity consideration above £12m CEPS' share of the consideration will reduce to 50.7%. The crossover valuation, for which CEPS' equity holding is equal to its previous 53.8%, is £19.9m.

5 Share buy backs and cancellation

In the future as the small shareholders may wish to sell their shares with CEPS acting as the buyer of last resort. This shrinking of the share capital will, at the right price, and over time, prove to be very accretive to earnings.

There were no share buy backs in the year. In the fourth quarter of 2025 we expect that an employee share ownership trust will be put in place to effect share purchases of small parcels of shares.

6 Offer to buy a subsidiary

As we grow the businesses, it is likely that we will be approached by larger corporates and private equity funds to buy one or more of the subsidiaries. This would likely be for a significant one-off gain.

Share price

In the Autumn budget the Chancellor, Rachel Reeves, changed the rates for Inheritance Tax Relief on AIM traded shares from zero percent to 20%. Whilst CEPS, because of its small size, had not attracted the weight of money of some larger AIM traded shares, it is clearly not helpful as a means of attracting investors.

Outlook

Going forward in 2025 we are hopeful that the anticipated decline in inflation during Q4 will lead to a steady, but regular, reduction in interest rates. Historically, this type of environment has been very positive for small company trading performance, confidence and ultimately share prices.

As mentioned in the introduction, things remain very uncertain across the world; however, increasingly people are putting forward the view that the UK is more stable than many other parts of the world. The Government has another four years in power and enjoys a huge majority in Parliament. After an unsteady first six months, it looks like the market is limiting the Government's scope of action and, therefore, a period of stability and, hopefully, gentle improvement is to be expected.

With the management teams in the subsidiaries focused on creating sales at higher margins and driving further product development and efficient production, supplemented by further 'bolt-on' acquisitions, we expect our companies to outperform 2024. A long overdue period of stability will assist them in their endeavours.

David Horner
Chairman
28 May 2025

Strategic Report

The directors present their Strategic Report on the Group for the year ended 31 December 2024.

The business model

The principal activities of CEPS PLC are that of a holding company for service and manufacturing companies, acquiring stakes in stable and steadily growing entrepreneurial companies. Its objective is to generate capital growth by aggregating the steadily growing profits from the subsidiary companies using their cash flows to repay acquisition debt. In due course, the objective is to provide a robust and steadily growing dividend stream from an increasing number of growing, profitable and cash generative entrepreneurial companies.

The companies that have been acquired are in a range of sectors and operate in niche markets, thereby diversifying the risk. Aford Awards is a sports trophy and engraving company; Friedman's is a convertor and distributor of specialist lycra and Milano International, trading as Milano Pro-Sport, is a designer and manufacturer of leotards; ICA Group, comprising Hickton Quality Control, Cook Brown, Morgan Lambert and Qualitas Compliance, provides services to the construction industry. Segmental analysis is given in note 4 to the accounts.

Review of the business

A review of the business and its prospects are set out in the Chairman's Statement on pages 2 to 6.

The Group's internal reporting system enables the Board to assess the strategic direction of the Group against agreed targets. The table below shows the most important key performance indicators used by the Group:

	2024	2023
Revenue	£31,558,000	£29,675,000
Segmental result (EBITDA) (page 40)	£3,768,000	£3,692,000
Profit before tax	£1,731,000	£1,791,000
Profit after tax	£1,298,000	£1,224,000
Total equity	£4,966,000	£5,593,000
Net debt (total borrowings less cash) (page 37)	£5,422,000	£6,026,000
Gearing ratio (net debt/total equity)	109%	108%

The Chairman has commented on the main key performance indicators in his Statement on pages 2 to 6.

The Board also monitors matters relating to health and safety and the environment and reviews them at its regular meetings. The risks to the business arising from changes to the trading environment and employee retention and training are also regularly monitored and reviewed.

The Board operates a continuous process for identifying, evaluating and managing risk. The Board is responsible for the Group's system of internal controls and for reviewing its effectiveness. The system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's strategic objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board monitors financial controls through the setting and approval of annual budgets throughout the Group and the regular review of monthly management accounts.

Each Group company has defined authorisation levels for expenditure, the placing of orders and signing authorities. The daily cash movements of the Group companies are reconciled and monitored by their finance departments. The Group's cash flow is monitored by the Board.

Strategic Report continued

Review of the business
continued

Each year on behalf of the Board, the Finance Director attends audit review meetings at each of the Group companies at which the external auditors present their findings, including a comprehensive review of risks/potential risks which cover both financial and non-financial issues which could potentially affect a Group company.

If any issues are identified by the Group companies at the regular company board meetings these are raised at the next CEPS Board meeting. However, depending on the severity of the issue, information may be disseminated to the Board immediately.

The key risks the Board seeks to mitigate are: competition, dependence on key personnel and the supply chain.

Competition – while the Group's trade is differentiated, there is still significant pricing pressure and the barriers to entry are relatively low. As a result there is the risk that competitors could emerge to challenge the products offered by the Group. This could result, over time, in price competition and margin pressure. In order to mitigate this pressure, local management seek to hold regular discussions with customers and actively monitor the market for changes in competitors' prices.

Dependence on key personnel – the Group's performance is largely dependent on its subsidiary staff and managers. The success of the Group will continue to be dependent on the expertise and experience of the directors and the management teams, and the loss of personnel could still have an adverse effect on the Group. This risk is mitigated by ensuring that key personnel are suitably incentivised and contractually bound.

Supply chain – the differentiated nature of the Group's trade means that it is exposed to a reliance on a small number of suppliers. The Group mitigates this risk through effective supplier selection and procurement practices.

See note 2 for an assessment of the financial risks.

Directors' duties

The directors of the Company are required to act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows: 'A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole'.

The directors are aware of their obligations with regard to the matters under section 172, namely:

a) the likely consequences of any decision in the long term;
b) the interest of the Company's employees;
c) the need to foster the Company's business relationships with suppliers, customers and others;
d) the impact of the Company's operations on the community and the environment:
e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
f) the need to act fairly between members of the Company.

The Board regularly receives reports from management on issues in respect of shareholders, suppliers, the community, the environment and regulators, which it takes into account in its decision-making process. In addition to this, the Board seeks to understand the interests and views of the organisations' stakeholders by engaging with them directly as appropriate.

The Board recognises its prime responsibility under UK corporate law is to promote the success of the Group for the benefit of its shareholders as a whole.

Strategic Report continued

Directors' duties continued

At 31 December 2024 the Group employed 282 people and they remain the Group's most important asset. It is the policy of the Group that there should be no unfair discrimination in considering applications for employment, including those from disabled persons. All employees are given equal opportunities for career development and promotion. Health and safety committee meetings are held within the operating businesses.

The Board believes that the growth strategies of the companies will be beneficial to customers and suppliers. They build relationships with suppliers and the policy is to pay consistently and meet payment terms. High standards of service are a key measure for customers and maintain reputation and relationships.

In addition to this, the Board seeks to understand the interests and views of the organisations' stakeholders by engaging with them directly as appropriate.

Future developments

A review of the business and its prospects are set out in the Chairman's Statement on pages 2 to 6.

By order of the Board
V E Langford
Company Secretary
28 May 2025

Directors' Report

The directors have pleasure in submitting their report and the audited consolidated financial statements of the Group for the year ended 31 December 2024.

Directors

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

D A Horner (65) is an executive director and Chairman. He qualified as a Chartered Accountant in 1985 with Touche Ross & Co. In 1986 he joined 3i Corporate Finance Limited. In 1997 he set up Chelverton Asset Management Limited which specialises in managing portfolios of investments in private companies and small to medium size public companies. He manages the Chelverton UK Dividend Trust Plc and is a director of a number of private companies. In 2013 he resigned his membership of the Institute of Chartered Accountants in England and Wales, as his career is now fully involved in fund management.

V E Langford (63) is Group Finance Director. She is a Chartered Accountant and is also the Company Secretary of CEPS PLC. She has management experience across a wide range of business functions, typically with finance at the core, but also including HR, compliance and IT. She has significant project management experience with expertise in financial analysis, contract negotiation and company acquisitions.

D E Johnson (65) is a non-executive director. He has worked in the investment sector for a number of years. Between 2003 and 2013 he worked for Panmure Gordon as Head of Sales from 2006 and then Head of Equities from 2009. More recently he has acted as a non-executive director of both private and AIM quoted companies. He is Chairman of Diversified Energy Company PLC.

K J Allen (69) was appointed as a non-executive director on 1 August 2024. He is a qualified accountant with over 30 years' experience as a director in both public and private companies across a range of sectors. His appointment will be ratified at the next Annual General Meeting.

G C Martin (80) retired as a non-executive director on 1 August 2024.

The director retiring by rotation in accordance with the Company's articles of association is D E Johnson who, being eligible, offers himself for re-election.

The Company purchased and maintained throughout the financial year and up to the date of this report, Directors' and Officers' liability insurance in respect of itself and its directors.

Significant shareholdings

The following shareholders held more than 3% of the Company's ordinary shares at 17 April 2025:

	Shares	%
Charles Stanley & Co Ltd Rock (Nominees) Ltd [1 4]	4,764,882	22.69
D A Horner	2,534,834	12.07
Barnard Nominees Ltd [2]	1,834,541	8.74
Mrs M C Horner [3]	1,000,000	4.76
Altonover Enterprises Limited	1,000,000	4.76
Ionic Investments SA	968,539	4.61
Lawshare Nominees Limited [5]	929,221	4.42

[1] Included within this holding are shares held on behalf of D A Horner and close family members. Holdings are on behalf of D A Horner (1,455,338 shares, 6.93%) and on behalf of Mrs M C Horner (22,500 shares, 0.11%).

[2] Included within this holding are 1,086,328, 5.17%, shares held on behalf of D A Horner.

[3] The overall holding for Mrs M C Horner is 1,022,500 shares, 4.87%, being 1,000,000 shares held personally and 22,500 shares held in Charles Stanley & Co Ltd Rock (Nominees) Ltd. The overall beneficial holding of the Horner family is 6,299,000 Ordinary Shares, representing 29.99% of the Company's issued share capital.

[4] Included within this holding are 1,200,000 shares, 5.71%, held by M E Thistlethwayte and his wife Mrs M Thistlethwayte.

[5] Included within this holding are 689,376 shares of which M D Pollard is the beneficial owner, 3.28%.

Directors' Report continued

Financial and treasury policy

The Group finances its operations by a combination of retained profits, management of working capital, debtor backed working capital facilities and medium-term loans. The disclosures for financial instruments are made in note 26a.

For further details of Group financial risk and management thereof see note 2.

No dividend was paid in 2024 (2023: £nil).

Disclosure of information to auditor

So far as each director is aware, there is no relevant information of which the Company's auditor is unaware. Relevant information is defined as 'information needed by the Company's auditor in connection with preparing their report'. Each director has taken all the steps (such as making enquiries of other directors and the auditor and any other steps required by the director's duty to exercise due care, skill and diligence) that he/she ought to have taken in his/her duty as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditor

Saffery LLP was appointed by the Board as the Group's auditor on 2 August 2024 and reports on the 2024 financial statements. The re-appointment of Saffery LLP for the year ending 31 December 2025 will be subject to the approval by shareholders at the Annual General Meeting to be held on 23 June 2025.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and parent company financial statements in accordance with UK-adopted International Accounting Standards (UK-adopted IAS). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

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

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

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

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

The Company is compliant with the AIM Rule 26 regarding the Company's website.

Directors' Report continued

Employees

The Group employed 282 (2023: 265) employees at the year end.

The Group's policy is to actively involve its employees in the business to ensure that matters of concern to them, including the Group's aims and objectives and the financial and economic factors which impact them are communicated in an open and regular manner.

The directors are committed to delivering the highest standards of health and safety for employees, customers and others that might be affected by the Group's activities.

The Group is committed to employing the right people, training them well and promoting from within wherever possible. Well trained and motivated employees are key to delivering good service to the Group's customers and are fundamental to the long-term success of the business.

The Group operates an equal opportunities policy that aims to treat individuals fairly and not to discriminate on the basis of sex, race, ethnic origin, disability or any other basis. Applications for employment are fully considered on their merits, and employees are given appropriate training and equal opportunities for career development and promotion.

Post balance sheet events

On 1 April 2025, the Company's subsidiary, ICA Group Limited, acquired Align Building Control Limited and Align Group (UK) Limited for a total consideration of £1.3m, of which £0.9m was paid at completion. The book net assets acquired were approximately £0.9m but the Group has not yet completed the acquisition accounting and identification of any intangible assets other than the goodwill. A new £2.5m bank loan was drawn down to assist in financing this acquisition, to fund £375,000 for a buy back being made of 3.1% of ICA Group Limited's share capital and to fund overall investment plans. The new bank loan is repayable quarterly over four years.

On 1 April 2025, ICA Group Limited also issued 25,900 B £0.01 ordinary shares at par to incentivise key employees. The B £0.01 shares only share in the capital value of ICA Group Limited to the extent it grows from the 1 April 2025 value.

On 9 May 2025 a 12 month extension was agreed with the third party provider of the £2.0m loan. The loan is repayable on or before 30 June 2026 and the interest rate has increased from 7% per annum to 9% per annum with effect from 15 May 2025. All other terms of the loan remain the same.

Future developments

Reference to future developments is included in the Strategic Report on page 9.

By order of the Board
V E Langford
Company Secretary
28 May 2025

Corporate Governance

It is the Board's intention to comply with the QCA Corporate Governance Code for Small and Mid-Size Quoted Companies, as far as is reasonably practicable for a company of its size.

The Board recognises that its decisions will impact the corporate culture of the Group and that this will affect the performance of the business. The Board is also very conscious that the tone and culture that it sets will greatly impact all aspects of the Group and the way employees behave and operate. The importance of sound ethical values and behaviours is crucial to the ability of the Group to successfully achieve its corporate objectives.

The Board has regular interaction with Group company employees and monitors corporate culture in this way. Additionally, it ensures its sound ethical practices and behaviours are deployed at Group company board meetings.

The Group is also aware of its responsibilities for ensuring adherence to key internal and external policies including those relating to slavery, diversity, anti-corruption, bribery and whistleblowing.

For details around how the Group applies specific principles of the Code please refer to the company's website www.cepsplc.com. The principal procedures are summarized below.

The Board

The Group is controlled through the Board of Directors which comprises two executive directors, the Chairman and the Finance Director, and two independent non-executive directors. Further details of the Board members are given in the Directors' Report on page 10.

The Board sets the Group's strategic aims and ensures that necessary resources are in place in order for the Group to meet its objectives. All members of the Board take collective responsibility for the performance of the Group and all decisions are taken in the interests of the Group.

The Board has a formal schedule of matters reserved to it and meets at least six times a year. It is responsible for overall Group strategy, acquisition and disposal policy, approval of major capital expenditure and consideration of significant financing matters. It monitors the exposure to key business risks and reviews the strategic direction of its trading businesses, their annual budgets and their capital expenditure programmes. The Board also considers environmental and employee issues and key appointments.

In the year to 31 December 2024 there were six formal Board meetings held and all directors were in attendance for all meetings. In addition, there were two Audit Committee meetings, two Nomination Committee meetings and two Remuneration Committee meetings.

All directors are subject to retirement by rotation and re-election by the shareholders in accordance with the Articles of Association.

The Company seeks constructive dialogue with shareholders and stakeholders. The Board believes that the Annual Report and the Interim Report published at the half-year play an important part in presenting all shareholders with an assessment of the Group's position and prospects. The Annual General Meeting gives the opportunity for all shareholders to attend and ask questions.

Directors' and officers' liability insurance has been purchased by the Group during the year.

The Board has established three committees: The Audit Committee, the Nomination Committee and the Remuneration Committee.

Corporate Governance continued

Audit Committee

This committee comprises K J Allen (Chair) and D E Johnson. The audit committee is responsible for the appointment of the external auditor, agreeing the nature and scope of the audit and reviewing and making recommendations to the Board on matters related to the issue of financial information to the public. It assists all directors in discharging their responsibility to ensure that accounting records are adequate and that the financial statements give a true and fair view.

During the audit of the 2024 results the specific areas of audit risk considered were revenue recognition, management override of controls, and valuation of goodwill and intangibles. From the work performed, there were no areas of concern highlighted.

Nomination Committee

This committee is comprised of D E Johnson (Chair) and D A Horner. It is responsible for making recommendations to the Board on any appointment to the Board.

Remuneration Committee

This committee is comprised of D E Johnson (Chair) and K J Allen. The remuneration committee sets the remuneration and other terms of employment of executive directors. Remuneration levels are set by reference to individual performance, experience and market conditions with a view to providing a package appropriate for the responsibilities involved.

Directors' contracts are designed to provide the assurance of continuity which the Company desires. There are no provisions for pre-determined compensation on termination. Pensions for directors were based on salary alone and were provided by the Company defined contribution scheme and defined benefits scheme. Contributions were paid to these schemes in accordance with independent actuarial recommendations or funding rates determined by the remuneration committee as appropriate to the type of scheme. From 2010 no benefits have accrued to directors under these schemes. Non-executive directors have no service contracts and no pension contributions are made on their behalf.

Internal financial control

The Board has overall responsibility for the system of internal financial control which is designed with regard to the size of the Company to provide reasonable, but not absolute, assurance against material misstatement or loss.

Monthly management accounts are produced by the subsidiary companies which are reviewed and then summarised by the Group Finance Director on a monthly basis for distribution to and scrutiny by the Board. The Group has a Financial Position and Prospects Procedures ('FPPP') which is reviewed and updated on a regular basis. The FPPP deals with processes such a dual authorisation, forecasting and budgeting procedures and financial accounting procedures. There is an annual budget which is approved by the directors. The results are reported monthly and compared to the budget. Any large financial transactions are approved by the whole Board and are subject to financial review regarding impact on CEPS PLC. Cash flows are updated and forecasts are reviewed on a monthly basis.

The Board reviews the effectiveness of the internal controls and has concluded that the internal financial control environment is appropriate, with no significant matters noted. The organisational structure of the Group gives clear management responsibilities in relation to internal financial control. The audit committee receives a report from the external auditors annually.

Going concern

The directors continue to adopt the going concern basis in preparing the financial statements for the reasons explained in Notes to the Financial Statements under Note 1, Accounting policies, on page 28.

By order of the Board
V E Langford
Company Secretary
28 May 2025

Independent Auditor's Report to the members of CEPS PLC

Opinion

We have audited the financial statements of CEPS PLC (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2024 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards.

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the Group and of the parent company as at 31 December 2024 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with UK-adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Our approach to the audit

We tailored the scope of our audit to ensure that we obtained sufficient evidence to support our opinion on the financial statements as a whole, taking into account the structure of the Group and the parent company, the accounting processes and controls, and the industry in which they operate.

As part of our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involve making assumptions and considering future events that are inherently uncertain.

Our Group audit scope included the audit of the Group and parent company financial statements. The Group consists of the parent company and 14 legal entities, and each was assessed as a separate component. Based on our risk assessment, we determined that ICA Group Limited, Hickton Quality Control Limited, Cook Brown Building Control Limited, Morgan Lambert Limited, Signature Fabrics Holdings Limited, Signature Fabrics Limited, Milano International Holdings Limited, Milano International Limited, Friedman's Limited, Aford Awards Group Holdings Limited and Aford Awards Limited, represented the principal business units within the Group due to their size or risk characteristics.

For all these components, a full scope audit was performed centrally by the Group engagement team. Cook Brown Energy Limited and Qualitas Compliance Limited were not material to the Group and no audit procedures were carried out.

The components within the scope of our audit work, therefore, covered 98% of the Group's revenue and 99% of the Group's total assets.

Key audit matters

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

Independent Auditor's Report to the members of CEPS PLC continued

Key audit matters continued

Revenue recognition on long-term contracts

The Group has several complex revenue streams each with distinct revenue recognition criteria.

The revenue stream associated with Cook Brown Building Control poses the highest risk of material misstatement due to the inherent subjectivity involved in the assessment of the stage of completion at the year end.

Due to the significance of revenue to the financial statements and the high level of subjectivity and judgements in its recognition, we consider this to be a key audit matter.

While the other revenue streams within the Group are still considered to carry a risk of material misstatement due to the importance of revenue as a key performance indicator (KPI), they do not involve the same degree of subjectivity and are, therefore, not considered to be key audit matters.

How our scope addressed this matter

As part of our performed procedures we:

- Performed walkthrough procedures across the Group on all material revenue streams in which we identified and evaluated the design effectiveness and implementation of controls;
- Tested the recognition of contract revenue on contracts substantively by critically analysing the stage of completion calculations and agreeing revenue to underlying contracts and other third party audit evidence;
- Assessed the potential for contracts to be loss making through analytical review procedures across the entire contract population;
- Reviewed the consistency of application and appropriateness of disclosure of revenue recognition policies and application of IFRS 15 in the year;
- Performed a reconciliation of the contract liability recognised at the year end and corroborated this to third party evidence for a sample of contracts to ensure correct recognition at the year end;
- Reviewed a sample of contracts with customers to ensure that contractual terms were considered when determining the appropriate recognition criteria of revenue in line with IFRS 15;
- Reviewed orders/contracts around the year end to ensure they were recorded in the correct accounting period and that revenue was complete and accurate at the year end; and
- Undertook enquiries with management, read minutes of board and committee meetings held throughout the year and performed journal entry testing using audit data analytics tools in order to address the residual risk of management override.

Based on our audit procedures performed, we did not identify any material misstatement in relation to revenue recognition. We assessed that the accounting policies applied for revenue recognition were in accordance with IFRS 15.

Carrying value of goodwill

As at 31 December 2024, goodwill of £10.8m was recognised in the Group Statement of Financial Position. No impairment was recognised in the year.

Goodwill is assessed annually for impairment in accordance with IAS 36 *Impairment of Assets*. This is a judgemental process which requires significant estimates and assumptions to be made by management.

Independent Auditor's Report to the members of CEPS PLC continued

Key audit matters continued

Management's impairment assessment is based on a number of key estimates and assumptions, including future cash flows, growth assumptions and the discount rate applied.

Due to the significance of goodwill to the Group Statement of Financial Position and the inherent subjectivity involved in performing the impairment assessment, we consider it to be a key audit matter.

How our scope addressed this matter

As part of our performance procedures we:

- Performed walkthrough procedures over management's process for the goodwill impairment assessment in which we identified and evaluated the design effectiveness and implementation of controls;
- Verified that goodwill is allocated to appropriate Cash Generating Units (CGUs) in line with the requirements of IAS 36 *Impairment of Assets* and that the impairment assessment is conducted at this level;
- Reviewed the impairment assessment models for each Cash Generating Unit (CGU) to ensure they were consistent with the requirements of IAS 36 and had been appropriately sensitised;
- Tested the mathematical accuracy of the model;
- Obtained corroborative evidence for data used in the preparation of the model and significant judgements applied by management and assessed for evidence of contradictory information;
- Critically assessed the appropriateness of the discount rate where it was material to the result of the impairment assessment, which involved the use of an auditor's expert;
- Performed our own sensitivity analysis on the key assumptions;
- Reviewed disclosures made regarding the impairment assessment carried out in accordance with IAS 36 *Impairment of Assets*; and
- Undertook enquiries with management and read minutes of board and committee meetings held through the year and performed journal entry testing using audit data analytical tools in order to address the residual risk of management override.

Based on our audit procedures, we did not identify any material misstatements arising from the carrying value of goodwill recognised in the financial statements.

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our opinion. Our overall objective as auditor is to obtain reasonable assurance that the financial statements as a whole are free from material misstatement where it could reasonably be expected to influence the economic decisions of the users of the financial statements.

Based on our professional judgement and taking into account the possible metrics used by investors and other readers of the accounts, we have determined an overall Group materiality of £470,000 and a parent company materiality of £107,000. Group materiality is based on 1.5% of consolidated revenues for the year ended 31 December 2024. Parent company materiality was based on 2% of gross assets for 2024.

Performance materiality was set at £353,000 for the Group, representing 75% of overall materiality. Performance materiality for the parent company was set at £80,000, representing 75% of overall materiality. We agreed with the Audit Committee to report all individual audit differences in excess of £23,000, being 5% of Group materiality, which is also applicable to the parent company, as well as any other identified misstatements that warranted reporting on qualitative grounds.

Independent Auditor's Report to the members of CEPS PLC continued

Conclusions relating to going concern

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

- Agreeing the terms for the renewal of facilities with lenders to signed agreements;
- Obtaining management's going concern assessment, confirming that it covers an appropriate period of at least 12 months from the date of approval of the Annual Report 2024 and financial statements, checking its mathematical accuracy and agreeing information within to supporting documentation;
- Reviewing and critically assessing the appropriateness of the underlying assumptions in management's model, such as growth forecasts, based upon available evidence and the sensitivity of the outcome of the forecast to those assumptions;
- Performing sensitivity analysis on the model to confirm that the Group has sufficient resilience to withstand reasonably possible events such as a downturn in trading across Group subsidiaries;
- Reviewing compliance with loan covenants in the year and expected future compliance;
- Reconciling the opening forecast position to the actual cash at bank;
- Considering how the ongoing impact of the current economic environment has been factored into the forecasts including potential mitigating actions that could be taken to reduce the impact and the timing of such actions and assessing the likelihood that management would be able to successfully implement the mitigating actions;
- Reviewing and discussing post balance sheet events to assess their impact on the going concern assessment; and
- Assessing the disclosures in the financial statements, including the accounting policy which describes the going concern basis of accounting, to ensure accurate reflection of the basis for which the Group is a going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the Annual Report 2024, other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the members of CEPS PLC continued

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Statement of directors' responsibilities set out on pages 11 and 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Identifying and assessing risks related to irregularities:
We assessed the susceptibility of the Group and parent company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the Group and parent company by discussions with directors and by updating our understanding of the sectors in which the Group and parent company operate.

Independent Auditor's Report to the members of CEPS PLC continued

Auditor's responsibilities for the audit of the financial statements continued

Laws and regulations of direct significance in the context of the Group and parent company include The Companies Act 2006, the AIM Rules for Companies and UK Tax legislation.

Audit response to risks identified:
We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items, including a review of Group and parent company financial statement disclosures. We reviewed the parent company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the parent company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and, thus, the capacity to identify non-compliance with laws and regulations and fraud.

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

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

Use of our report

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

Jamie Lane (Senior Statutory Auditor)

for and on behalf of Saffery LLP
Statutory Auditors
Midland House, 2 Poole Road, Bournemouth BH2 5QY
28 May 2025

Consolidated Statement of Comprehensive Income

	Notes	2024 £'000	2023 £'000
Revenue	4	31,558	29,675
Cost of sales		(18,268)	(17,187)
Gross profit		13,290	12,488
Other operating income	5	–	7
Exceptional income and expenses	5	(37)	137
Administration expenses		(10,837)	(10,086)
Operating profit	5	2,416	2,546
Analysis of operating profit			
Trading		2,871	2,875
Group net costs		(455)	(329)
		2,416	2,546
Finance income	10	5	38
Finance costs	11	(690)	(793)
Profit before tax		1,731	1,791
Taxation	12	(433)	(567)
Profit for the financial year		1,298	1,224
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Actuarial gain on defined benefit pension plans	9	–	13
Other comprehensive income for the year, net of tax		–	13
Total comprehensive income for the financial year		1,298	1,237
Income attributable to:			
Owners of the parent		580	556
Non-controlling interests		718	668
		1,298	1,224
Total comprehensive income attributable to:			
Owners of the parent		580	569
Non-controlling interests		718	668
		1,298	1,237
Earnings per share			
basic and diluted (pence)	14	2.76p	2.65p

All activity relates to continuing operations.

The notes on pages 27 to 72 form part of the financial statements.

Consolidated and Company Statements of Financial Position

Company number 00507461

		Notes	Group 2024 £'000	Group 2023 £'000	Company 2024 £'000	Company 2023 £'000
Assets	Non-current assets					
	Property, plant and equipment	15	931	974	16	19
	Right-of-use assets	16	1,760	2,025	–	–
	Intangible assets	18	11,603	11,605	–	–
	Investments	19	–	–	4,885	3,333
			14,294	14,604	4,901	3,352
	Current assets					
	Inventories	20	2,346	2,388	–	–
	Trade and other receivables	21	4,484	4,837	1,839	1,806
	Cash and cash equivalents	22	677	916	212	185
			7,507	8,141	2,051	1,991
	Total assets		21,801	22,745	6,952	5,343
Equity	Capital and reserves attributable to owners of the parent					
	Called up share capital	28	63	2,100	63	2,100
	Share premium	28	–	7,017	–	7,017
	Retained earnings		2,754	(6,931)	1,452	(9,503)
			2,817	2,186	1,515	(386)
	Non-controlling interests in equity		2,149	3,407	–	–
	Total equity		4,966	5,593	1,515	(386)
Liabilities	Non-current liabilities					
	Borrowings	25	5,278	6,889	2,950	4,950
	Lease liabilities	25	1,436	1,721	–	–
	Trade and other payables	23	68	60	–	–
	Provisions	27	412	400	389	400
	Deferred tax liability	27	312	372	–	–
			7,506	9,442	3,339	5,350
	Current liabilities					
	Borrowings	25	3,432	2,178	2,000	192
	Lease liabilities	25	505	449	–	–
	Trade and other payables	23	3,789	3,683	94	184
	Current tax liabilities	24	1,603	1,400	4	3
			9,329	7,710	2,098	379
	Total liabilities		16,835	17,152	5,437	5,729
	Total equity and liabilities		21,801	22,745	6,952	5,343

The comprehensive income within the parent company financial statements for the year was a profit of £1,901,000 (2023: loss of £110,000).

The notes on pages 27 to 72 form part of the financial statements.

The financial statements on pages 21 to 72 were approved by the Board of Directors on 28 May 2025 and signed on its behalf by

D A Horner
Director

Consolidated and Company Statements of Cash Flows

Group

	Notes	2024 £'000	2023 £'000
Cash flows from operating activities			
Profit for the financial year		1,298	1,224
Adjustments for:			
Depreciation and amortisation	15,16,18	902	821
(Profit)/loss on disposal of fixed assets		(4)	21
Cash pension contributions less than administrative charge		–	50
Net finance costs	10,11	685	755
Taxation charge	12	433	567
Changes in working capital:			
Movement in inventories	20	42	(250)
Movement in trade and other receivables	21	353	(965)
Movement in trade and other payables	23	312	652
Movement in provisions	27	12	400
Cash generated from operations		4,033	3,275
Corporation tax paid		(488)	(450)
Net cash generated from operations		3,545	2,825
Cash flows from investing activities			
Interest received		5	1
Acquisition of businesses and subsidiaries including deferred consideration paid	17	(172)	(320)
Purchase of property, plant and equipment	15	(142)	(610)
Proceeds from sale of assets		51	70
Purchase of intangible assets	18	(32)	(80)
Purchase of loan notes in subsidiary from holder		–	(57)
Net cash used in investing activities		(290)	(996)
Cash flows from financing activities			
Purchase of subsidiary shares from minority holders	29	(790)	(2)
Proceeds from borrowings		–	502
Repayment of borrowings		(1,425)	(1,253)
Dividends paid to non-controlling interests		(67)	(157)
Interest paid		(690)	(889)
Lease liability payments		(522)	(398)
Net cash used in financing activities		(3,494)	(2,197)
Net decrease in cash and cash equivalents		(239)	(368)
Cash and cash equivalents at the beginning of the year		916	1,284
Cash and cash equivalents at the end of the year	22	677	916

Major non-cash movements: there were £293,000 of non-cash additions to right-of-use assets and lease liabilities in the year (2023: £733,000 of non-cash additions to right-of-use assets and lease liabilities). In connection with the restructuring of the Signature Fabrics group of companies £1,068,000 of loans were assumed by the minority shareholders (2023: none).

The notes on pages 27 to 72 form part of the financial statements.

Consolidated and Company Statements of Cash Flows

continued

Company

	Notes	2024 £'000	2023 £'000
Cash flows from operating activities			
Profit/(loss) for the financial year		1,901	(123)
Adjustments for:			
Depreciation	15	3	4
Profit on disposal of a subsidiary		(2,127)	–
Pension contributions less than administrative charge		–	50
Dividends received		(83)	(193)
Net finance income		(57)	(67)
Changes in working capital:			
Movement in trade and other receivables	21	383	(391)
Movement in trade and other payables	23	(89)	43
Movement in provisions	27	(11)	400
Cash used in operations		(80)	(277)
Cash flows from investing activities			
Interest received		344	318
Purchase of property, plant and equipment		–	(23)
Dividends received		83	193
Investment in subsidiary share capital		–	(2)
Purchase of loan notes in subsidiary from holder		–	(57)
Loan repayments from subsidiary company		658	189
Loans to subsidiary companies		(499)	–
Net cash generated from investing activities		586	618
Cash flows from financing activities			
Loan repayment to director	29	(192)	–
Interest paid		(287)	(412)
Net cash used in financing activities		(479)	(412)
Net increase/(decrease) in cash and cash equivalents		27	(71)
Cash and cash equivalents at the beginning of the year		185	256
Cash and cash equivalents at the end of the year	22	212	185

The notes on pages 27 to 72 form part of the financial statements.

Consolidated and Company Statements of Changes in Equity

Group

	Share capital £'000	Share premium £'000	Retained earnings £'000	Attributable to owners of the parent £'000	Non-controlling interest £'000	Total equity £'000
At 1 January 2023	2,100	7,017	(7,526)	1,591	2,924	4,515
Actuarial gain	–	–	13	13	–	13
Profit for the year	–	–	556	556	668	1,224
Total comprehensive income for the financial year	–	–	569	569	668	1,237
Changes in ownership interest in subsidiaries	–	–	26	26	(27)	(1)
Dividends paid in respect of non-controlling interests	–	–	–	–	(158)	(158)
At 31 December 2023	2,100	7,017	(6,931)	2,186	3,407	5,593
Profit for the year	–	–	580	580	718	1,298
Total comprehensive income for the financial year	–	–	580	580	718	1,298
Capital reduction in the year (note 28)	(2,037)	(7,017)	9,054	–	–	–
Changes in ownership interest in subsidiaries (note 19)	–	–	51	51	(1,909)	(1,858)
Dividends paid in respect of non-controlling interests	–	–	–	–	(67)	(67)
At 31 December 2024	**63**	**–**	**2,754**	**2,817**	**2,149**	**4,966**

Share capital comprises the nominal value of shares subscribed for.

Share premium represents the amount above nominal value received for shares issued, less transaction costs.

Retained earnings comprise accumulated comprehensive income for the current year and prior periods attributable to the parent, less dividends paid.

Non-controlling interest represents the element of retained earnings which is not attributable to the owners of the parent.

The notes on pages 27 to 72 form part of the financial statements.

Consolidated and Company Statements of Changes in Equity

continued

		Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Company	At 1 January 2023	2,100	7,017	(9,393)	(276)
	Loss for the financial year	–	–	(123)	(123)
	Actuarial gain	–	–	13	13
	Total comprehensive loss for the financial year	–	–	(110)	(110)
	At 31 December 2023	2,100	7,017	(9,503)	(386)
	Profit for the financial year	–	–	1,901	1,901
	Total comprehensive income for the financial year	–	–	1,901	1,901
	Capital reduction in the year (note 28)	(2,037)	(7,017)	9,054	–
	At 31 December 2024	63	–	1,452	1,515

The notes on pages 27 to 72 form part of the financial statements.

Notes to the Financial Statements

1. Accounting policies

CEPS PLC (the 'Company') is a company incorporated and domiciled in England and Wales. The Company is a public company limited by shares, which is listed on the AIM market of the London Stock Exchange. The address of the registered office is 11 Laura Place, Bath BA2 4BL.

The principal activities of the Company are that of a holding company for service and manufacturing companies, acquiring stakes in stable, profitable and steadily growing entrepreneurial companies. The activities of the Company's trading subsidiaries are described in note 19. Segmental analysis is given in note 4.

The financial statements are presented in British Pounds Sterling (£), the currency of the primary economic environment in which the Group's activities are operated and are reported in £'000. The Group comprises CEPS PLC and its subsidiary companies as set out in note 19. The financial statements are to the year ended 31 December 2024.

The registered number of the Company is 00507461.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied throughout the year, unless otherwise stated.

Basis of preparation

These financial statements have been prepared on a going concern basis under the historical cost convention in accordance with UK-adopted International Accounting Standards (UK-adopted IAS), IFRIC interpretations and the Companies Act 2006 as applicable to companies reporting under UK-adopted IAS.

The Group's business activities and financial position likely to affect its future development, performance and position are set out in the front end of the report.

The preparation of financial statements in conformity with IAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

The Company has taken advantage of the exemption under the Companies Act 2006 not to present its own Statement of Comprehensive Income. Information about the Company result for the year is shown under the statement of financial position.

Standards and interpretations

Amendments to IFRS 16 (*Lease liability in a sale and leaseback)*, IAS1 (*Classification of liabilities with covenants)* and IAS7 (*Supplier finance arrangements)* became effective in the year. Their adoption has not had any impact on the amounts or disclosures in these financial statements.

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2025 and which the Group has chosen not to adopt early. These include the following standards which may be relevant to the Group:

- *Lack of Exchangeability (Amendments to IAS 21) Effective 1 January 2025*; and
- *Annual Improvements to IFRS Accounting Standards – Volume II Effective 1 January 2026*.

As a result of initial review of the new standards, interpretations and amendments which are not yet effective in these financial statements, none is expected to have a material effect on the Company or Group's future financial statements.

Notes to the Financial Statements continued

1. Accounting policies continued

Going concern

The directors have considered the trading performance and financial position of the Company and of the Group together with detailed forecasts for the period to the end of 2026.

The Aford Awards, Signature Fabrics and ICA Group sub-groups service their bank and shareholder held debt from cash generated in the trading subsidiaries which continue to trade profitably. The Group is generating cash from operations with significant headroom in the applicable banking covenants and mitigating actions could be taken to compensate for the current inflationary pressures and a degree of fluctuation in the economy.

The Company had cash balances at 31 December 2024 and is receiving interest and fees from the trading subsidiary groups. In addition, the Company has agreed a 12 month extension with the third party provider of the £2.0m loan such that it is repayable on or before 30 June 2026. Further detail is given in note 31.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to operate and to meet liabilities for a period of at least 12 months from the approval of these financial statements. Accordingly, the going concern basis of preparation continues to be adopted in the financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (the ‘Group’).

The financial statements of the subsidiaries are prepared for the same reporting year as the parent company using consistent accounting policies. Control is achieved where the Group is exposed, or has rights, to variable returns from its involvement with the investee entity and has the ability to affect these returns through its power over the investee. Control is lost when the Group no longer has rights to variable returns from its involvement with an investee entity and no longer has the ability to affect those returns as it no longer has power over the investee. When control is lost the subsidiaries are de-recognised and no longer consolidated.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate. For subsidiaries entering administration, the disposal date is taken to be the date the administrator is appointed.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the Consolidated Statement of Comprehensive Income.

Notes to the Financial Statements continued

1. Accounting policies
continued

Entities in which the Group has a participating interest and over whose operating and financial policies the Group exercises significant influence are treated as associates. Associates are accounted for using the equity method and subject to impairment.

Inter-company transactions including dividends, balances and unrealised gains or losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Changes in ownership interests in subsidiaries without change of control
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions; that is, as transactions with owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share of the carrying value of net assets of the subsidiaries acquired or disposed of is recorded in equity.

Segmental reporting
A business segment is a group of assets and operations engaged in providing a range of specific products or services that are subject to risks and returns that are different from those of other business segments.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, the Board, and used to assess performance. Information is given for all operating segments where discrete financial information is available.

Discontinued operations
In the event of a sale or administration of a material element of the Group's operations in the year the Consolidated Statement of Comprehensive Income discloses the separate results of the continued and discontinued operations as well as the totals. The comparative results are also restated on this basis and an analysis of the disposal assets, liabilities and consideration received is included in the notes.

Revenue recognition
Revenue is measured at the transaction price received or receivable when performance obligations are satisfied and represents the amount receivable for goods and services supplied, net of returns, discounts and rebates allowed by the Group and value added taxes.

Revenue from the sale of goods by Aford Awards, Friedman's and Milano International is recognised when the customer has taken control of the goods and is able to benefit from or direct the use of the goods, which is usually when the goods are delivered to the customer. Any deposits paid in advance are recognised as a contract liability.

The revenues of the ICA Group subsidiary companies are earned as building industry surveying and compliance services are provided, and recognised by reference to the value of the performance obligations satisfied by the period end date. This is measured by applying the percentage of costs incurred compared to the total costs to the total transaction price where a series of services is carried out under one contract or on delivery of services where a single service is performed for a customer. Performance obligations are clearly defined from the terms of each customer contract and the cost elements are considered to be reliably measurable from experience gained in delivering similar services.

The Company earns revenue from providing management services to its subsidiaries for which fees are invoiced, recognised over the period to which they relate.

Notes to the Financial Statements continued

1. Accounting policies
continued

Invoicing for all revenue streams is undertaken in accordance with the terms of the agreement with the customer. When an invoice is due for payment at the Statement of Financial Position date but the associated performance obligations have not been fulfilled, the amounts due are recognised as trade receivables and a contract liability is recognised for the sales value of the performance obligations that have not been provided. If payment is received in advance of the delivery of the associated performance obligation a contract liability is recognised.

Exceptional items
Exceptional items are non recurring charges or credits that fall within the ordinary activities of the Group, but are presented separately due to their size or incidence.

Foreign currencies
The results are recorded in British Pounds Sterling which is considered to be the functional currency of the Company and all its subsidiaries.

Foreign currency transactions are expressed in Sterling at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the rates of exchange ruling at the date of the Statement of Financial Position. Differences arising from changes in exchange rates during the year are taken to the Consolidated Statement of Comprehensive Income.

Pensions
The Group operated a defined benefit pension scheme for the benefit of some of its former employees, the assets of which are held separately from those of the Group in independently administered funds. The scheme liabilities were bought out and secured by contracts with an insurance company in 2023 and it ceased to operate in 2024.

Pension scheme assets were measured using market value. Pension scheme liabilities were measured using the projected unit actuarial method and discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the Group's defined benefit pension schemes expected to arise from employee service in the period was charged to operating profit. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions were recognised in the Consolidated Statement of Comprehensive Income.

Pension scheme surpluses were only recognised in the Statement of Financial Position when the Group had an unconditional right to the refund of surpluses under the scheme.

Defined benefit pension costs were recognised in the Consolidated Statement of Comprehensive Income. Contributions to the defined contribution schemes were charged to the Consolidated Statement of Comprehensive Income as incurred.

Current and deferred taxation
The tax charge for the year comprises current and deferred tax. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the Statement of Financial Position in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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 income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other

Notes to the Financial Statements continued

1. Accounting policies
continued

than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of the Statement of Financial Position 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 are recognised to the extent that it is probable that future taxable profits will be generated enabling the utilisation of the temporary timing differences.

Property, plant and equipment
Property, plant and equipment is stated at initial cost, less accumulated depreciation and impairment losses. Cost includes the original price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated on an appropriate basis over the deemed useful economic life of an asset and is applied to the cost less any residual value. The asset classes are depreciated over the following periods:

Plant and machinery	Between five and 10 years, or between 15% to 33% on a reducing balance basis
Motor vehicles:	Between three and five years straight line, or 25% reducing balance
Leasehold property improvements:	Over the term of the lease on a straight line basis

The residual values, useful lives and depreciation method are reviewed and adjusted if appropriate at each date of the Statement of Financial Position.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administration expenses in the Consolidated Statement of Comprehensive Income.

Repairs and maintenance are charged to the Consolidated Statement of Comprehensive Income during the period in which they are incurred.

Intangible assets
a) Goodwill
Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the identifiable net assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to appropriate cash generating units (those expected to benefit from the business combination) and is not amortised, but is tested annually for impairment at the operating segment level.

b) Customer relationship assets
Customer relationship assets including customer lists acquired in a business combination are recognised at fair value at the acquisition date. Customer assets are assessed to have an estimated life of six to eight years. Impairment reviews are undertaken annually or if changes in circumstances indicate a potential impairment.

c) Computer software and websites
Website assets acquired in a business combination are stated at their fair value on acquisition less accumulated amortisation. Amortisation is charged over the useful life of five years.

Notes to the Financial Statements continued

1. Accounting policies
continued

Computer software and costs incurred in the development of websites are stated at cost less accumulated amortisation. Non-integral computer software purchases are capitalised at cost. These costs are amortised over their estimated useful lives (between three and 10 years). Costs associated with implementing or maintaining computer software applications are recognised as an expense as incurred.

Costs incurred in the development of new websites are capitalised only where the cost can be directly attributed to developing the website to operate in the manner intended by management and only to the extent of the future economic benefits expected from its use. These costs are amortised over their useful lives (between three and five years). Costs associated with maintaining websites are recognised as an expense as incurred.

d) Licences for the distribution of certain products
The cost of licences for the distribution of certain products is amortised evenly over three years.

Impairment of intangible assets and property, plant and equipment
Intangible assets that have an indefinite useful life are not subject to amortisation, but are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Any impairment losses relating to goodwill are not reversed.

Investments
Investments in subsidiaries and associates are stated at cost, which reflects the fair value of the consideration paid. The investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Financial instruments
The Group and Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets, including trade and other receivables, cash and cash equivalent balances are initially recognised at transaction price. Such assets are subsequently carried at amortised cost using the effective interest method. Cash and cash equivalents comprise cash held at bank which is available on demand.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses ('ECLs') using a lifetime expected credit loss provision for trade receivables. Default is considered to occur when a receivable is outstanding beyond the normal payment period taken. The Group measures loss allowances at an amount equal to lifetime ECL, which is estimated using past experience of the Group's historical credit losses experienced over the three year period prior to the period end. Historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers, such as inflation rates. The potential default of receivables from other Group companies is measured using a 12 month ECL and assessment for any significant changes in risk related to changes in underlying trading or prospects. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Notes to the Financial Statements continued

1. Accounting policies continued

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost. The Group has determined that at the reporting date there remains a highly immaterial impact of ECLs in the historical financial information.

Cash and cash equivalents include cash in hand, short-term bank deposits. Bank overdrafts in the Group are considered to have been utilised primarily for financing purposes and form part of the financing facilities shown in current liabilities as borrowings. All are carried at cost in the Statement of Financial Position.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowing costs
The Group has no borrowing costs with respect to the acquisition or construction of qualifying assets. All other borrowing costs are recognised as an expense as incurred and in accordance with the effective interest rate methods.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Inventories

Inventories are valued at the lower of cost and net realisable value. Raw materials are valued on a first in first out basis at net invoice values charged by suppliers. The cost recognised for work in progress and finished goods includes the direct cost of materials and labour together with an appropriate proportion of factory overheads, where applicable. This is derived, where considered materially accurate, from selling prices less gross margins achieved. Provision is made against the value of inventory, where relevant, to reduce the carrying value of slow moving, obsolete and defective inventory to its net realisable value.

Leases

Under IFRS 16, leases including finance lease and hire purchase obligations are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is first available for use by the Group.

Assets and liabilities arising from a lease are initially measured at the present value of the lease payments and payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease or the incremental borrowing rate that the lessee would have to pay to borrow the funds necessary to obtain an asset with similar terms, security and conditions.

Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to the Consolidated Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Short term rentals payable under lease agreements continue to be charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term.

Notes to the Financial Statements continued

1. Accounting policies
continued

Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Further details on provisions recognised are disclosed in note 27.

Share capital
Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The parent company's ordinary shares are classified as equity instruments.

Non-controlling interests
Non-controlling interests represent the interest of shareholders in subsidiaries which are not wholly owned by the Group. Dividends paid to non-controlling interests are shown as a reduction in their interests.

Notes to the Financial Statements continued

2. Financial risk management

2.1 Financial risk factors

The Group and Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group and Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

a) Market risk

i) Foreign exchange risk

The Group undertakes transactions internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and US Dollar and Sterling. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. A 10% movement in the Euro or US Dollar exchange rates could potentially impact profits by £140,000 or £100,000 respectively.

Management has a policy to require Group companies to manage their foreign exchange risk against their functional currency. The policy is to match, as far as possible through the normal course of trade, the level of sales and purchases in foreign currencies and, where applicable, to enter forward foreign exchange contracts as hedges of foreign exchange risk on specific assets, liabilities or future transactions.

ii) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. All lease liabilities reflect fixed interest rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

Group policy is to maintain an appropriate balance between borrowings expressed in fixed rates and those at variable rates. All of the Group's borrowings are denominated in Sterling. The strategy of CEPS PLC is, as far as possible, to use the assets of businesses in which it makes investments to secure the necessary borrowings for those investments. As the majority of borrowings are at fixed rates, the exposure to interest rate movements is considered immaterial.

	2024	2023
	£'000	£'000
Fixed rate instruments		
Liabilities	7,801	7,407

	2024	2023
	£'000	£'000
Floating rate instruments		
Liabilities	909	1,660

Notes to the Financial Statements continued

2. Financial risk management continued

2.1 Financial risk factors continued

b) Credit risk
The Group is exposed to the credit risk inherent in non-payment by either its customers or the counterparties of its financial instruments. The Group utilises credit insurance policies to mitigate its risk from some of its trading exposure, especially in overseas markets, and in all cases seeks satisfactory references and the best possible terms of payment. It mitigates its exposure on financial instruments by only using instruments from banks and financial institutions with a minimum rating of 'A-1+'.

c) Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and having available an adequate amount of committed credit facilities.

Management monitors rolling forecasts of the Group's available liquidity on the basis of expected future cash flows. Forecasts are generated in the first instance at local level in the operating subsidiaries of the Group.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the date of the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, including interest payable. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
At 31 December 2024				
Trade and other payables	2,596	68	–	–
Other loans	3,180	4,881	279	–
Bank loans	61	53	63	276
IFRS 16 lease liability	631	584	790	275
Overdrafts and trade receivables backed working capital facilities	620	–	–	–
	7,088	5,586	1,132	551
At 31 December 2023				
Trade and other payables	2,796	60	–	–
Other loans	1,318	6,134	627	–
Bank loans	244	146	96	297
IFRS 16 lease liability	553	515	1,041	372
Overdrafts and trade receivables backed working capital facilities	1,080	–	–	–
	5,991	6,855	1,764	669

Notes to the Financial Statements continued

2. Financial risk management continued

2.2 Capital risk management

The Group's objectives when managing capital (being the equity and reserves of the Group) are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may pay dividends to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio measures net debt as a proportion of total equity as shown in the Statement of Financial Position. Net debt is calculated as total borrowings less cash and cash equivalents.

The gearing ratios at 31 December 2023 and 2024 were as follows:

	2024 £'000	2023 £'000
Total borrowings	6,099	6,942
Less: cash	(677)	(916)
Net debt	5,422	6,026
Total equity	4,966	5,593
Gearing ratio	109%	108%

In order to provide a more meaningful gearing ratio, total borrowings have been revised to be the sum of bank borrowings and third party debt, excluding loan notes used to finance the Group's acquisitions. The prior year comparatives are also calculated on this basis.

2.3 Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of the financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current interest rate.

The fair values of all financial assets and liabilities approximate to their carrying values.

Notes to the Financial Statements continued

3. Critical accounting assumptions, judgements and estimates

The directors make estimates and assumptions concerning the future. They are also required to exercise judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are assessed below:

a) Impairment of intangible assets (including goodwill)
The Group tests annually whether goodwill has suffered any impairment, and evaluates other intangible assets for indicators of impairment in accordance with the accounting policy stated in note 1. The recoverable amounts of the cash-generating units have been determined based on value-in-use calculations. The calculations require the use of estimates (note 18).

b) Impairment of investments (including loans)
The Company assesses the impairment of investments whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include a significant underperformance of a trading subsidiary relative to historical or projected future operating results and significant negative industry or economic trends.

The assessment would include judgement over industry trends and forecasts using estimates.

c) Leases
Management utilise judgement in respect of any option clauses in leases and whether such an option to extend would be reasonably certain to be exercised. Management consider all facts and circumstances including past practice, costs of alternatives and future forecasts to determine the lease term. Management also apply judgement and estimation in assessing the discount rate, which is based on the incremental borrowing rate. These judgements impact on the lease term and associated lease liabilities.

d) Recognition of revenue in respect of services
Revenue is recognised in the period in which the services are provided in accordance with the stage of completion of the contract. This requires a degree of estimation in respect of the stage of completion and time required to complete the services, but is based on significant experience and data from completed services.

e) Acquisitions
Fair values have been applied on the acquisition of businesses which involve a degree of judgement and estimation, in particular in the identification and evaluation of intangible assets including customer relationships. The values recognised are derived from discounted cash flow forecasts and assumptions based on experience and estimated factors relevant to the nature of the business activity.

Where contingent consideration arises in respect of acquisitions, the best estimate of further payments to be made is accrued. The actual trading results may result in different amounts being payable and subsequent adjustments to the deferred consideration.

f) Provisions
Dilapidations provisions are by their nature specific to individual properties, can be open to interpretation of the lease terms and to a degree of estimation in respect of the potential reinstatement costs. As a result, the outcome of such claims can vary from the provisions made.

Notes to the Financial Statements continued

4. Segmental analysis

The Chief Operating Decision-Maker ('CODM') of the Group is its Board. Each operating segment regularly reports its performance to the Board which, based on those reports, allocates resources to and assesses the performance of those operating segments.

The operating segments set out below are the only level for which discrete information is available or utilised by the CODM.

Operating segments and their principal activities are as follows:

Aford Awards, an engraving and colour print company specialising in sports and corporate awards;

Signature Fabrics, comprising Friedman's, a convertor and distributor of specialist lycra, and Milano International (trading as Milano Pro-Sport), a designer and manufacturer of leotards;

ICA Group, comprising Hickton Quality Control, Cook Brown, Morgan Lambert and Qualitas Compliance, providers of services to the construction industry.

Group costs, assets and liabilities incurred at Head Office level to support the activities of the Group.

The United Kingdom is the main country of operation from which the Group derives its revenue and operating profit and is the principal location of the assets and liabilities of the Group.

The Board assesses the performance of each operating segment by a measure of adjusted earnings before interest, tax, Group costs, depreciation and amortisation and, when applicable, exceptional costs (EBITDA). Other information provided to the Board is measured in a manner consistent with that in the financial statements.

Notes to the Financial Statements continued

4. Segmental analysis
continued

i) Results by segment

	Aford Awards 2024 £'000	Signature Fabrics 2024 £'000	ICA Group 2024 £'000	Total 2024 £'000
Revenue (see note 1)	3,658	6,509	21,391	31,558
Expenses	(3,102)	(5,942)	(18,746)	(27,790)
Segmental result (EBITDA)	556	567	2,645	3,768
Depreciation and amortisation charge	(159)	(219)	(120)	(498)
IFRS 16 depreciation	(82)	(167)	(150)	(399)
Group costs				(455)
Net finance costs (including IFRS 16)				(685)
Profit before taxation				1,731
Taxation				(433)
Profit for the year				1,298

	Aford Awards 2023 £'000	Signature Fabrics 2023 £'000	ICA Group 2023 £'000	Total 2023 £'000
Revenue (see note 1)	3,476	6,826	19,373	29,675
Expenses	(2,920)	(5,759)	(17,304)	(25,983)
Segmental result (EBITDA)	556	1,067	2,069	3,692
Depreciation and amortisation charge	(142)	(208)	(125)	(475)
IFRS 16 depreciation	(75)	(168)	(99)	(342)
Group costs				(329)
Net finance costs (including IFRS 16)				(755)
Profit before taxation				1,791
Taxation				(567)
Profit for the year				1,224

Notes to the Financial Statements continued

4. Segmental analysis
continued

ii) Assets and liabilities by segment as at 31 December

	Segment assets		Segment liabilities		Segment net assets	
	2024	2023	**2024**	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
CEPS Group	**265**	626	**(5,436)**	(5,729)	**(5,171)**	(5,103)
Aford Awards	**4,087**	3,828	**(1,858)**	(1,769)	**2,229**	2,059
Signature Fabrics	**7,016**	7,872	**(3,472)**	(2,709)	**3,544**	5,163
ICA Group	**10,322**	10,419	**(5,958)**	(6,945)	**4,364**	3,474
Total – Group	**21,690**	22,745	**(16,724)**	(17,152)	**4,966**	5,593

iii) Revenue by geographical destination

	2024	2023
	£'000	£'000
UK	**30,038**	27,943
Europe	**1,095**	1,265
Rest of world	**425**	467
	31,558	29,675

iv) Revenue by nature

	2024	2023
	£'000	£'000
Products – recognised at a point in time	**10,167**	10,302
Services – recognised over time delivered	**21,391**	19,373
	31,558	29,675

Notes to the Financial Statements continued

5. Operating profit

	2024 £'000	2023 £'000
Operating profit is stated after charging/(crediting):		
In other operating income:		
Rent receivable	–	(7)
In administration expenses:		
(Profit)/loss on disposal of property, plant and equipment	(4)	21
Exchange (gains)	(26)	(6)
Short term lease rentals	154	300
Acquisition expenses	–	16
Exceptional pension charge/(credit) (note 9)	37	(537)
Exceptional dilapidations provision (note 27)	–	400

	2024 £'000	2023 £'000
Expenses by nature		
Raw materials and consumables (in cost of sales)	4,382	4,132
Employee benefit expenses	12,847	11,703
Depreciation on owned assets (note 15)	201	216
Depreciation on right-of-use assets (note 16)	495	402
Amortisation of intangible assets (note 18)	206	203
Short term lease rental payments	154	300
Subcontracted inspector or surveyor costs	6,572	6,365
Other expenses	4,248	3,952
	29,105	27,273

6. Auditor's remuneration

	2024 £'000	2023 £'000
Fees payable to the Company's auditor		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	40	50
Fees payable to the Company's auditor and its associates for other services:		
Audit of the accounts of subsidiaries	105	133
	145	183
Taxation compliance services to subsidiaries	–	30
Total fees	145	213

Notes to the Financial Statements continued

7. Employees

The average monthly number of persons employed by the Group during the year was:

	2024 Number	2023 Number
Management and administration	104	98
Production and sales	178	167
	282	265

The aggregate costs of these persons were:

	2024 £'000	2023 £'000
Wages and salaries	11,234	10,188
Social security costs	1,173	1,102
Other pension costs (note 9)	440	413
	12,847	11,703

Key management personnel are deemed to be members of the Board and local management in the Group and their compensation was as follows:

	2024 £'000	2023 £'000
Short term employee benefits	1,644	1,649
Post employment benefits	202	157
	1,846	1,806

The average monthly number of persons employed by the Company during the year was:

	2024 Number	2023 Number
Management and administration	4	4

The aggregate costs of these persons were:

	2024 £'000	2023 £'000
Wages and salaries	154	136
Social security costs	9	7
	163	143

Notes to the Financial Statements continued

8. Directors' emoluments and interests

The aggregate remuneration of the directors was:

	2024 £'000	2023 £'000
Short-term employee benefits	143	136

The remuneration of the Chairman, D A Horner, and of the other directors who served during the year was:

	Salaries and fees	
	2024 £'000	2023 £'000
D A Horner	–	–
V E Langford	105	100
K J Allen	8	–
G C Martin	11	18
D E Johnson	19	18
	143	136

Of those directors who remain in office at the year end, their beneficial interests, including those of their families, in shares of the Group were:

	at 31 December 2024 shares	at 31 December 2023 shares
D A Horner (and close family)	6,299,000	6,299,000
V E Langford	150,000	150,000
K J Allen	221,762	221,762
D E Johnson	250,000	250,000

D A Horner's (and close family) shareholding is made up as follows:

	at 31 December 2024 shares		at 31 December 2023 shares	
D A Horner	3,621,162		3,621,162	
Held by Charles Stanley & Co Ltd Rock (Nominees) Ltd on behalf of D A Horner's SIPP	1,320,838		1,320,838	
Held by Charles Stanley & Co Ltd Rock (Nominees) Ltd on behalf of D A Horner	84,500		84,500	
Held by Charles Stanley & Co Ltd Rock (Nominees) Ltd on behalf of D A Horner's ISA	50,000		50,000	
Mrs M C Horner (wife)	1,000,000		1,000,000	
Held by Charles Stanley & Co Ltd Rock (Nominees) Ltd on behalf of Mrs M C Horner (wife)	22,500		22,500	
H R Horner (son)	100,000		100,000	
T A Horner (son)	100,000		100,000	
	6,299,000	29.99%	6,299,000	29.99%

The register of directors' interests, which is open to inspection, contains full details of directors' shareholdings.

Notes to the Financial Statements continued

9. Pension costs

The Group operates a number of defined contribution schemes. The assets of the schemes are held in independently administered funds. The pension cost charge represents contributions payable to the funds and amounted to £440,000 (2023: £413,000). At 31 December 2024 £97,000 (2023: £66,000) of pension contributions remain outstanding.

The Group also operated a defined benefits scheme (Dinkie Heel Defined Benefit Pension Scheme). The scheme was closed to new members in 1988. The assets of the scheme were held separately from those of the Group in a deposit administration contract underwritten by an insurance company. Contributions to the scheme were determined by a qualified external actuary on the basis of triennial valuations using, for accrued service, the 'projected unit' method and, for future service, the 'attained age' method. The most recent actuarial valuation was at 1 July 2019 and the main actuarial assumptions were investment returns of 2.0% before retirement and 2.0% after retirement. The valuation showed that the total value of the scheme assets was £5,353,000 and that the level of funding on an ongoing basis was 117%. Based on these results, no recovery plan was necessary.

With effect from 28 July 2017 CEPS PLC transferred the Dinkie Heel Defined Benefit Pension Scheme from its former subsidiary, Davies Odell Limited, to CEPS PLC. This was an intra-Group transfer and there was no change in the overall liability of the CEPS Group. CEPS PLC was the existing guarantor of the scheme.

The Trustee of the scheme entered into a buy-in contract with Aviva in December 2021 whereby the insurer took over responsibility for the majority of the liabilities and this contract converted to a full buy-out policy in 2023 when the insurer took on all liabilities. It was agreed that the surplus was repaid to the Company and, after remaining expenses, an amount of £403,000 (£537,000 net of £134,000 of tax) was expected to be paid to the Company after the year end. This was included as a £537,000 exceptional credit in comprehensive income, £134,000 of tax and £403,000 in other debtors at 31 December 2023. Additional expenses reduced the surplus received with the £37,000 shown as an exceptional charge in 2024, together with a tax credit of £9,000.

The Group commissioned an independent qualified actuary to update to 31 December 2023 the results of the actuarial valuation at 1 July 2019. This is required by accounting standards although any changes in assumptions would have no impact on the Group and the amount disclosed above represented the expected final realisation of the surplus with no valuation applicable at 31 December 2024. The results of the 2023 update are as follows:

	2023
Assumptions at 31 December	
Interest rate for discounting liabilities	4.30%
Expected return on plan assets	4.30%
RPI price inflation	3.40%
CPI price inflation	2.90%
Pensions increase	3.30%
Mortality pre and post retirement	S3PxA
Improvements based on	CMI 2022
	1.25%
Life expectancies (years)	
For a 65 year old male	21.4
For a 65 year old female	23.9
For a 65 year old male, currently aged 45	22.7
For a 65 year old female, currently aged 45	25.3

The expected return on plan assets has been determined by the current rate of return on the plan, less allowances for future uncertainties on the plan and an allowance for costs to be incurred in administering the plan.

Notes to the Financial Statements continued

9. Pension costs continued

The following amounts were measured in accordance with the requirements of IAS 19:

	2023 £'000
Amounts recognised in the Statement of Financial Position are as follows:	
Fair value of plan assets	565
Present value of defined benefit obligation	–
Actuarial surplus not recognised	–
Net surplus (recognised in other debtors net of tax)	565

The actuarial surplus arising on the defined benefit pension scheme was not previously recognised as the Group did not have an unconditional right to refunds of surpluses arising in the scheme.

	2023 £'000
Included in the Consolidated Statement of Comprehensive Income for the year	
Pension administrative expenses	(50)
Pension scheme finance income	
Interest on obligation	(122)
Interest income on plan assets	159
	37
	(13)
Included in the Consolidated Statement of Other Comprehensive Income	
Financial assumption actuarial loss	(135)
Experience loss on assets	(76)
Movement in actuarial surplus not recognised	224
Total gain	13
Movement in Statement of Financial Position for the year	
Net pension liability at the start of the year	–
Employer's pension cost	(13)
Other comprehensive income	13
Net pension liability at the end of the year	–
Reconciliation of the defined benefit obligation	
Defined benefit obligation at the start of the year	2,600
Interest cost	122
Actuarial loss from changes in financial assumptions	135
Benefits paid	(117)
Settlements	(2,740)
Defined benefit obligation at the end of the year	–

Notes to the Financial Statements continued

9. Pension costs continued

	2023 £'000
Reconciliation of plan assets	
Fair value of plan assets at the start of the year	3,389
Expected return on plan assets	159
Experience losses on assets	(76)
Non investment expenses	(50)
Benefits and expenses paid	(117)
Settlements	(2,740)
Fair value of plan assets at the end of the year	565

	2023
Asset categories at the end of the year	
Cash	100.0%
Annuities	0.0%

10. Finance income

	2024 £'000	2023 £'000
Other interest receivable	5	1
Pension scheme net finance income (note 9)	–	37
Total finance income	5	38

11. Finance costs

	2024 £'000	2023 £'000
Interest payable on bank loans and overdrafts (note 25)	63	154
Interest payable on other loans (note 25)	466	476
Other interest payable	26	13
Amortisation of finance cost	–	21
Lease liability financing charges	135	129
Total finance expense	690	793

Notes to the Financial Statements continued

12. Taxation

	2024 £'000	2023 £'000
Analysis of taxation in the year:		
Current tax		
Tax on profits of the year	508	410
Tax deducted at source on pension surplus	–	134
Tax credit on additional pension costs	(9)	–
Tax in respect of prior years	28	(11)
Total current tax	527	533
Deferred tax		
Current year deferred tax movement	(59)	5
Tax in respect of prior years	(35)	29
Total deferred tax	(94)	34
Total tax charge	433	567

The tax assessed for the year is equal to (2023: higher than) the average standard rate of corporation tax in the UK of 25% (2023: 23.5%).

	2024 £'000	2023 £'000
Factors affecting tax:		
Profit before taxation	1,731	1,791
Profit multiplied by the average standard rate of UK tax of 25% (2023: 23.5%)	433	421
Effects of:		
Expenses not deductible	15	20
Additional capital allowances	–	(1)
Higher tax rate on pension credit	–	8
Adjustments to tax in prior periods	(7)	18
Adjustments to deferred tax rate	–	2
Deferred tax not recognised	(8)	99
Total tax charge	433	567

In May 2021 a change in rate to 25% from April 2023 was substantively enacted. The rate of 25% is accordingly applied to UK deferred taxation balances at 31 December 2024 (2023: 25%).

There are tax losses carried forward in the Company of approximately £1.7m (2023: £1.5m).

Notes to the Financial Statements continued

13. Dividends

No dividends were paid during the year (2023: £nil).

14. Earnings per share

Basic earnings per share is calculated on the profit for the year after taxation attributable to the owners of the parent of £580,000 (2023: £556,000) and on 21,000,000 (2023: 21,000,000) ordinary shares, being the weighted number in issue during the year.

There are no potentially dilutive shares in the Group.

Notes to the Financial Statements continued

15. Property, plant and equipment

Group

	Freehold property £'000	Leasehold property improvements £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
Cost					
at 1 January 2023	–	487	873	21	1,381
Additions at cost	398	24	188	–	610
Disposals	–	–	(143)	(21)	(164)
at 31 December 2023	398	511	918	–	1,827
Additions at cost	–	1	135	6	142
Transfer from right-of-use assets	–	–	105	–	105
Disposals	–	–	(94)	–	(94)
at 31 December 2024	**398**	**512**	**1,064**	**6**	**1,980**
Accumulated depreciation					
at 1 January 2023	–	276	423	11	710
Charge for the year	8	46	161	1	216
Disposals	–	–	(61)	(12)	(73)
at 31 December 2023	8	322	523	–	853
Charge for the year	8	42	150	1	201
Transfer from right-of-use assets	–	–	71	–	71
Disposals	–	–	(76)	–	(76)
at 31 December 2024	**16**	**364**	**668**	**1**	**1,049**
Net book amount					
at 31 December 2024	**382**	**148**	**396**	**5**	**931**
at 31 December 2023	390	189	395	–	974

Notes to the Financial Statements continued

15. Property, plant and equipment continued

Company

	Plant and machinery £'000
Cost	
at 1 January 2023	–
Additions at cost	23
at 31 December 2023	23
Additions at cost	–
at 31 December 2024	**23**
Accumulated depreciation	
at 1 January 2023	–
Charge for the year	4
at 31 December 2023	4
Charge for the year	3
at 31 December 2024	**7**
Net book amount	
at 31 December 2024	**16**
at 31 December 2023	19

Notes to the Financial Statements continued

16. Right-of-use assets

Group

	Leasehold property £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 January 2023	2,367	251	–	2,618
Additions at cost	284	252	197	733
Disposals at the end of the lease term	(230)	(11)	–	(241)
At 31 December 2023	2,421	492	197	3,110
Additions at cost	98	156	39	293
Transfer to owned fixed assets	–	(105)	–	(105)
Disposals at the end of the lease term	(80)	(33)	–	(113)
At 31 December 2024	**2,439**	**510**	**236**	**3,185**
Accumulated depreciation				
At 1 January 2023	814	110	–	924
Charge for the year	314	79	9	402
Disposals at the end of the lease term	(230)	(11)	–	(241)
At 31 December 2023	898	178	9	1,085
Charge for the year	330	106	59	495
Transfer to owned fixed assets	–	(71)	–	(71)
Disposals at the end of the lease term	(80)	(4)	–	(84)
At 31 December 2024	**1,148**	**209**	**68**	**1,425**
Net book amount				
At 31 December 2024	**1,291**	**301**	**168**	**1,760**
At 31 December 2023	1,523	314	188	2,025

At the year end, assets held under hire purchase contracts and capitalised as plant and machinery right-of-use assets have a net book value of £330,000 (2023: £318,000).

The depreciation of £96,000 (2023: £60,000) in respect of these has been charged to cost of sales in the Consolidated Statement of Comprehensive Income.

Company

Throughout 2023 and 2024 the Company held no right-of-use assets.

Notes to the Financial Statements continued

17. Business combinations

Acquisition in 2024 of Millennium Awards Limited trading as Online Trophies

On 11 November 2024, a subsidiary, Aford Awards Limited, acquired the trade and customer lists of Millennium Awards Limited trading as Online Trophies. This supplies trophies, awards and medals.

This acquisition of a business has been accounted for using the acquisition method of accounting. Fair value adjustments were made in respect of customer relationships amounting to all of the consideration of £138,000, together with a related deferred tax liability of £34,000, resulting in goodwill of £34,000.

The following table shows the fair value of assets and liabilities included in the consolidated statements at the date of acquisition:

	Fair value £'000
Identifiable assets and liabilities	
Intangible assets	138
Deferred taxation	(34)
	104
Goodwill	34
	138
Consideration	
Cash consideration paid at completion	35
Deferred contingent consideration	103
	138

The cash outflow at the date of acquisition was £35,000 with forecast deferred contingent consideration payable of £103,000 contingent on sales over the five years following the acquisition. Deferred consideration is included in other payables.

The business contributed £11,000 of revenue for the two months in 2024 after the acquisition date. It is integrated into the overall Aford Awards business and generates similar margins. If it had been included from 1 January 2024, Group revenue would have been £130,000 higher and operating profit approximately £50,000 higher.

£137,000 of deferred consideration was also paid in 2024 (2023: £320,000) in respect of businesses acquired in earlier periods.

Notes to the Financial Statements continued

18. Intangible assets

Group

	Goodwill £'000	Customer relationship assets £'000	Website assets £'000	Software, licences and website assets £'000	Total £'000
	Business combination assets				
Cost					
at 1 January 2023	10,942	981	190	432	12,545
Additions at cost	–	–	–	80	80
at 31 December 2023	10,942	981	190	512	12,625
On acquisition	34	138	–	–	172
Additions at cost	–	–	–	32	32
at 31 December 2024	**10,976**	**1,119**	**190**	**544**	**12,829**
Accumulated amortisation and impairment					
at 1 January 2023	172	356	27	262	817
Amortisation charge	–	124	38	41	203
at 31 December 2023	172	480	65	303	1,020
Amortisation charge	–	128	38	40	206
at 31 December 2024	**172**	**608**	**103**	**343**	**1,226**
Net book amount					
at 31 December 2024	**10,804**	**511**	**87**	**201**	**11,603**
at 31 December 2023	10,770	501	125	209	11,605

Company

Cost				
at 1 January 2023, 31 December 2023 and 31 December 2024	**80**	**–**	**17**	**97**
Accumulated amortisation				
at 1 January 2023, 31 December 2023 and 31 December 2024	**80**	**–**	**17**	**97**
Net book amount				
at 31 December 2023 and 2024	**–**	**–**	**–**	**–**

Goodwill is not amortised under IFRS, but is subject to impairment testing. Any impairment charges are included in administration expenses and disclosed as an exceptional cost.

Customer relationship related assets and other intangibles in respect of computer software, website costs and licences are amortised over their estimated economic lives. The annual amortisation charge is expensed to cost of sales in the Consolidated Statement of Comprehensive Income.

Notes to the Financial Statements continued

18. Intangible assets continued

Impairment tests for goodwill and intangible assets

The Group tests goodwill arising on the acquisition of a subsidiary annually for impairment or more frequently if there are indications that goodwill may be impaired.

For the purpose of impairment testing, goodwill is allocated to the Group's cash generating units (CGUs) on a business segment basis:

	Aford Awards £'000	Signature Fabrics £'000	ICA Group £'000	Total £'000
Goodwill				
At 31 December 2024	**1,872**	**3,167**	**5,765**	**10,804**
At 31 December 2023	1,838	3,167	5,765	10,770

The recoverable amount of each CGU is based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond five years are assumed to increase only by a long-term growth rate of 1.5%. A discount rate of 13.7% (2023: 13.4%), representing the estimated pre-tax cost of capital, has been applied to these projections for all three CGUs.

Management has determined the budgeted revenue growth and gross margins based on past performance and their expectations of market developments in the future. Long-term growth rates are based on the lower of the UK long-term growth rate and management's general expectations for the relevant CGU.

In respect of all three CGUs, the value-in-use calculation gives rise to sufficient headroom such that reasonable changes in the key assumptions do not eliminate the headroom.

Notes to the Financial Statements continued

19. Investments

Company

	Shares in Group subsidiaries £'000	Loans to Group subsidiaries £'000	Total investments in subsidiaries £'000
Cost and net book value			
at 31 December 2022	207	3,067	3,274
Additions	2	57	59
at 31 December 2023	209	3,124	3,333
Additions	67	2,133	2,200
Repayment of loans	–	(575)	(575)
Disposals	(73)	–	(73)
at 31 December 2024	**203**	**4,682**	**4,885**

The loans to Group subsidiaries' balance is represented by £4,157,000 of 8% loan stock, £375,000 of 7% loan stock and £150,000 of 6% loan stock which have no set repayment dates (2023: £2,599,000 of 8% loan stock, £375,000 of 7% loan stock and £150,000 of 6% loan stock). They are debt instruments, carried at amortised cost as repayments and interest are all paid in cash but will only be paid when surplus cash is available from the subsidiaries. Credit risk in respect of these loan notes and other loans to subsidiaries included in current assets is assessed as part of the monitoring of segmental results and going concern evaluations with none of the loans considered to be impaired.

The Company invested £67,000 in the share capital of a new company, Signature Fabrics Holdings Limited, on 29 October 2024. This company acquired all of the share capital of Signature Fabrics Limited from the Company and the minority shareholders, with £2,133,000 of new 8% loan stock issued to the Company. As a consequence the Group shareholding in Signature Fabrics increased from 55% to 75% (see also note 29). An employee share ownership trust holds 10% of the shares in Signature Fabrics Holdings Limited and it is intended to transfer the beneficial interest in these to key employees. However, as the Group controls the trust and no transfer has yet occurred they are effectively held by the Group at 31 December 2024. The Group's 75% interest would reduce to 67.5% when a transfer occurs. In accordance with the accounting policy where a subsidiary remains a subsidiary, the net impact of this transaction is included in equity as a gain of £51,000, representing the difference between the consideration payable to the non-controlling shareholders of £1,778,000 together with transaction fees of £80,000 and the release of their non-controlling interests in Signature Fabrics of £1,909,000.

The Company acquired an additional 1.45% shareholding from a minority shareholder in ICA Group Limited during the prior year together with £57,000 of loan notes.

Investment in associate

The Company and the Group also held 33% of the ordinary shares in Vale Brothers Group Limited, a company registered in England and Wales. This associate holding was acquired in exchange for the shares in Davies Odell Limited together with loan notes receivable of £405,000 in Vale Brothers Group Limited on 18 December 2020. The associate has had significant trading difficulties and went into administration in 2023. Both the investment in shares and loan stock are considered to have a fair value of £nil with no value recorded in the consolidation at 31 December 2023 or 2024.

Notes to the Financial Statements continued

19. Investments continued

Investments in subsidiary companies are stated at cost less provision for impairment. A list of subsidiary undertakings, all of which have been included in the consolidation, is given below, together with the prior year proportion of interests where there has been a change in the year.

Name of subsidiary and principal activity	Place of operation	Proportion of ownership interests	Wholly or non-wholly owned subsidiary
Aford Awards Group Holdings Limited *Holding company for Aford Awards Limited*	England	75%	Non-wholly
Aford Awards Limited *Suppliers of trophies and awards and engraving specialists*	England	75%	Non-wholly
BRCS (Building Control) Limited *Dormant company*	England	54%	Non-wholly
Cook Brown Building Control Limited *Provider of building control services*	England	54%	Non-wholly
Cook Brown Energy Limited *Provider of building control services*	England	54%	Non-wholly
Friedman's Limited *Conversion and distribution of specialist lycra*	England	75% (2023: 55%)	Non-wholly
ICA Group Limited *Holding company for the building control and safety compliance subsidiaries*	England	54%	Non-wholly
Hickton Quality Control Limited *Clerk of Works specialists*	England	54%	Non-wholly
Milano International Holdings Limited *Holding company for Milano International Limited*	England	68% (2023: 50%)	Non-wholly
Milano International Limited (trading as Milano Pro-Sport) *Design and manufacture of leotards*	England	68% (2023: 50%)	Non-wholly
Morgan Lambert Limited *Gas and electrical safety services*	England	54%	Non-wholly
Qualitas Compliance Limited *Gas safety consultancy services*	England	75% (2023: 55%)	Non-wholly
Signature Fabrics Holdings Limited *Holding company for Signature Fabrics Limited*	England	75%	Non-wholly
Signature Fabrics Limited *Holding company for Friedman's Limited and Milano International Holdings Limited*	England	75%	Non-wholly
Davies & Co (Kettering) Limited* *Dormant company*	England	100%	Wholly

* This entity is excluded from the consolidation on the basis that it is dormant.

Notes to the Financial Statements continued

19. Investments continued

The non-controlling interests disclosed below are considered to be material based on percentage holding and performance contributed to the Group.

Details of non-wholly owned subsidiaries that have a material non-controlling interest are as follows:

Consolidated Statement of Financial Position	Signature Fabrics Group		ICA Group	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
As at 31 December				
Current				
Assets	2,340	3,096	3,788	3,765
Liabilities	(1,566)	(1,590)	(4,780)	(4,903)
Total current net assets/(liabilities)	774	1,506	(992)	(1,138)
Non-current				
Assets	4,675	4,934	6,534	6,654
Liabilities	(1,905)	(1,277)	(1,178)	(1,942)
Total non-current net assets	2,770	3,657	5,356	4,712
Net assets	3,544	5,163	4,364	3,574
Accumulated non-controlling interest	(47)	1,941	1,989	1,309

Consolidated Statement of Comprehensive Income	Signature Fabrics Group		ICA Group	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
For year ended 31 December				
Revenue	6,509	6,826	21,391	19,373
(Loss)/profit before income tax	(48)	426	1,956	1,284
Income tax expense	8	(131)	(483)	(314)
Post-tax profit from continuing operations	(40)	295	1,473	970
Total comprehensive (expense)/income	(40)	295	1,473	970
Total comprehensive income allocated to non-controlling interests	(12)	171	680	448
Dividends paid to non-controlling interests	(67)	(158)	–	–

Consolidated Statement of Cash Flows	Signature Fabrics Group		ICA Group	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Net cash from operating activities	455	674	2,225	1,233
Investing activities	(822)	(25)	(86)	(117)
Financing activities	7	(718)	(2,122)	(1,228)
Net movement in cash	(360)	(69)	17	(112)

Notes to the Financial Statements continued

20. Inventories

		2024 £'000	2023 £'000
Group	Raw materials and consumables	175	360
	Work in progress	17	50
	Finished goods and goods for resale	2,154	1,978
		2,346	2,388

The cost of inventories recognised as an expense and included in cost of sales amounted to £4,382,000 (2023: £4,132,000).

Company

The Company has no inventories (2023: none).

Notes to the Financial Statements continued

21. Trade and other receivables

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Trade receivables	3,786	3,840	–	–
less: provision for impairment of trade receivables	(15)	(12)	–	–
Trade receivables – net	3,771	3,828	–	–
Amount due from subsidiary companies	–	–	1,801	1,385
Other receivables	125	478	21	412
Prepayments and accrued income	588	531	17	9
	4,484	4,837	1,839	1,806

As at 31 December 2024, trade receivables of £1,602,000 (2023: £1,514,000) were fully performing within the payment terms.

Trade receivables that are less than three months past due are not considered impaired. As of 31 December 2024, trade receivables of £1,906,000 (2023: £1,924,000) were past due, but not impaired. These relate to a number of independent customers for whom there is no recent history of default and where experience indicates that delayed payment will be received.

At 31 December 2024 trade receivables of £262,000 (2023: £402,000) were potentially impaired due to the length of time they are overdue. A significant portion of the receivables is, however, expected to be recovered based on the Group's knowledge and experience of the customer base, together with the evaluated ability of the customers to pay and a provision of £15,000, representing 66% of this category (2023: £12,000 representing 3%) has been made for non-recovery. The individually impaired receivables mainly relate to customers who are in difficult economic situations.

The carrying amounts of the Group trade and other receivables denominated in foreign currencies were immaterial at 31 December 2024 and 2023. This reflects the significant proportion of UK activity and sales in the Group's subsidiary businesses.

Movements in the immaterial Group provision against trade receivables are as follows:

	2024 £'000	2023 £'000
At 1 January	12	10
Provision made	5	3
Written off against provision	(2)	(1)
At 31 December	15	12

The creation and release of provisions for impaired receivables have been included in administrative expenses in the Consolidated Statement of Comprehensive Income. Amounts charged to the provision are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets and there are no expected credit losses. The Group does not hold any collateral as security.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of trade and other receivables.

Amounts due from subsidiary companies are repayable on demand and attract interest at rates of 5% to 10%.

Notes to the Financial Statements continued

22. Cash and cash equivalents

	Group 2024 £'000	Group 2023 £'000	Company 2024 £'000	Company 2023 £'000
Cash at bank and in hand	677	916	212	185

23. Trade and other payables

	Group 2024 £'000	Group 2023 £'000	Company 2024 £'000	Company 2023 £'000
Current:				
Trade payables	1,419	1,442	–	30
Other payables	223	384	–	–
Accruals	954	970	–	154
Contract liabilities	1,193	887	–	–
Total trade and other payables	3,789	3,683	–	184
Non-current:				
Other payables	68	60	–	–

Included in other payables is £163,000 (2023: £202,000) of deferred consideration in respect of prior year business acquisitions (note 17).

The movements in contract liabilities were as follows:

	2024 £'000	2023 £'000
At start of the year	887	690
Amounts invoiced	6,908	5,960
Amounts received in advance	226	–
Amounts recognised in income statement	(6,828)	(5,763)
At end of the year	1,193	887

24. Current tax liabilities

	Group 2024 £'000	Group 2023 £'000	Company 2024 £'000	Company 2023 £'000
Other tax and social security	1,344	1,180	–	3
Corporation tax	259	220	–	–
	1,603	1,400	–	3

Notes to the Financial Statements continued

25. Borrowings and lease liabilities

	Group		Company	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Non-current:				
Bank loans	**247**	367	**–**	–
Other loans	**5,031**	6,522	**2,950**	4,950
	5,278	6,889	**2,950**	4,950
IFRS 16 lease liabilities	**1,436**	1,721	**–**	–
	6,714	8,610	**2,950**	4,950
Current:				
Bank loans	**42**	213	**–**	–
Bank overdraft and trade receivables backed working capital facilities	**620**	1,080	**–**	–
Other loans	**2,770**	885	**2,000**	192
	3,432	2,178	**2,000**	192
IFRS 16 lease liabilities	**505**	449	**–**	–
	3,937	2,627	**2,000**	192
Total borrowings and lease liabilities	**10,651**	11,237	**4,950**	5,142

The fair value of non-current borrowings equals their carrying amount, as the impact of discounting is not significant.

There is no material difference between the carrying book value and the fair value of the lease liabilities.

Other loans can be further analysed as follows:

	Group		Company	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Non-current:				
From an entity under common control	**2,950**	2,950	**2,950**	2,950
From a third party	**–**	2,000	**–**	2,000
Acquisition loan notes	**1,941**	1,432	**–**	–
From directors of a subsidiary	**140**	140	**–**	–
	5,031	6,522	**2,950**	4,950
Current:				
From a director	**–**	192	**–**	192
From a third party	**2,000**	–	**2,000**	–
Acquisition loan notes	**770**	693	**–**	–
	2,770	885	**2,000**	192

Acquisition loan notes are held by sellers of businesses acquired including continuing directors and minority shareholders in the subsidiaries.

Notes to the Financial Statements continued

25. Borrowings and lease liabilities continued

The maturity of loans and lease liabilities at the dates of the Statement of Financial Position are as follows:

2024	Bank £'000	Other £'000	Leases £'000
Liabilities falling due:			
Within one year	662	2,770	505
Between one and two years	38	4,763	500
Between two and five years	23	268	761
In more than five years	186	–	175
	909	7,801	1,941

2023	Bank £'000	Other £'000	Leases £'000
Liabilities falling due:			
Within one year	1,293	885	449
Between one and two years	125	5,918	436
Between two and five years	49	604	942
In more than five years	193	–	343
	1,660	7,407	2,170

The Group has entered into lease contracts in respect of property, equipment and vehicles which are typically for terms of three to 10 years. For property leases, payments are reset periodically to market rental rates. Leases of equipment and vehicles comprise only fixed payments over the lease terms.

Right-of-use assets, additions and depreciation are set out in note 16. Interest expenses relating to lease liabilities are set out in note 11. Total cash payments made in respect of leases were £657,000 (2023: £527,000).

Notes to the Financial Statements continued

25. Borrowings and lease liabilities continued

All borrowings are denominated in Sterling and represent liabilities to be settled in cash. A summary of the terms including nature of the borrowing, conditions, repayment terms, interest rates and related liabilities is as follows:

	2024 £'000	2023 £'000
Floating interest rate loans		
Bank overdrafts (in subsidiaries), secured by fixed and floating charges *Interest rate applied: 3% over base rates*	400	470
Trade receivables facility (in an ICA Group subsidiary), secured on trade receivables (£825,000 facility) *Interest rate applied: 2% over base rates*	220	610
Bank loans (in subsidiaries), secured by fixed and floating charges *Interest rate applied: 2.4% to 3.1% over base rates* £222,000 repayable by monthly instalment over 20 years. Others repayable by monthly instalments in the next two years.	289	580
Fixed interest rate loans		
Loan to CEPS PLC from a company under common control of the majority shareholder, guaranteed by a director *Interest rate applied: 5%* Repayment 30 June 2026 under a rolling 18 month notice	2,950	2,950
Loan to CEPS PLC from a third party, guaranteed by a director *Interest rate applied: 7%* Repayment 30 June 2025	2,000	2,000
Loan from a CEPS PLC director, unsecured *Interest rate applied: 0%* Repaid in year	–	192
Loan notes: Aford Awards Group Holdings, unsecured *Interest rate applied: 8%* Repayment on demand	90	90
Loan notes: Aford Awards Group Holdings, unsecured *Interest rate applied: 7%* No fixed repayment date	125	125
Loans: Aford Awards, unsecured *Interest rate applied: 5%* Repayment as cashflow allows	140	140
Loan notes: Signature Fabrics Holdings Limited, unsecured *Interest rate applied: 8%* Repayment as cashflow allows	968	–
Loan: Signature Fabrics Holdings Limited, unsecured *Interest rate applied: 0%* Repayment on demand	100	–
Loan notes: Milano Holdings, unsecured *Interest rate applied: 6%* Repaid in year	–	100
Loan notes: ICA Group, unsecured *Interest rate applied: 8%* Repayable by quarterly instalments over two years	1,428	1,810

Notes to the Financial Statements continued

25. Borrowings and lease liabilities continued

Borrowing facilities are arranged both at parent company level and at business segment level and hire purchase or finance lease contracts at segment level only, with security limited to the respective segment's assets as follows:

Amounts secured at 31 December 2024
on the assets of:

	On tangible fixed assets £'000	By fixed and floating charges £'000	On trade receivables £'000	Total £'000
Aford Awards Limited	79	30	–	109
Friedman's	205	304	–	509
Milano International	53	37	–	90
ICA Group and its direct subsidiaries	–	319	219	538
	337	690	219	1,246

Amounts secured at 31 December 2023
on the assets of:

	On tangible fixed assets £'000	By fixed and floating charges £'000	On trade receivables £'000	Total £'000
Aford Awards Limited	38	48	–	86
Friedman's	224	227	–	451
Milano International	66	55	–	121
ICA Group and its direct subsidiaries	–	720	610	1,330
	328	1,050	610	1,988

Notes to the Financial Statements continued

26. Financial instruments

a) Analysis of financial instruments by category

The accounting policies for financial instruments have been applied to the categories below:

Group
31 December 2024

Assets at amortised cost as per Consolidated Statement of Financial Position	£'000
Trade and other receivables (excluding prepayments)	4,058
Cash and cash equivalents	566
Total	4,624

Liabilities at amortised cost as per Consolidated Statement of Financial Position	£'000
Bank borrowings	909
Lease liabilities	1,941
Trade and other payables (excluding statutory liabilities and contract liabilities)	2,664
Other loans	7,801
Total	13,315

Group
31 December 2023

Assets at amortised cost as per Consolidated Statement of Financial Position	£'000
Trade and other receivables (excluding prepayments)	4,415
Cash and cash equivalents	916
Total	5,331

Liabilities at amortised cost as per Consolidated Statement of Financial Position	£'000
Bank borrowings	1,660
Lease liabilities	2,170
Trade and other payables (excluding statutory liabilities and contract liabilities)	2,856
Other loans	7,407
Total	14,093

The Group's assets in both the current and prior year are categorised as cash and cash equivalents and receivables. The Group's liabilities are categorised as other financial liabilities at amortised cost.

Notes to the Financial Statements continued

26. Financial instruments continued

b) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Trade receivables are analysed between business segments (and, therefore, their respective markets) as follows:

Group	2024 £'000	2023 £'000
Aford Awards (trophies and awards)	73	69
Signature Fabrics (clothing fabrics and manufacture)	401	553
ICA Group (construction and building management including public sector)	3,297	3,364
	3,771	3,986

The Group has a customer base which is for the most part stable, long standing and well known to the businesses. Credit and credit terms are negotiated with these customers taking into account their trading history with the Group and their payment record. New customers are only given credit after taking references or making trade and agency enquiries. Management does not believe there to be a credit exposure beyond that for which provision has already been made.

The Group cash and cash equivalents includes £588,000 (2023: £916,000) which is on account with differing financial institutions and is readily available. The external credit rating as assessed by Standard & Poor's for short-term funds for each of the institutions is A-1+.

Notes to the Financial Statements continued

27. Provisions

Group and Company provisions

	Group £'000	Company £'000
Charged in the year	400	400
At 31 December 2023	400	400
Transfer from accruals	23	–
Utilised in the year	(11)	(11)
At 31 December 2024	**412**	**389**

The Group occupies various leased properties. In addition, the Company was named as tenant on two leases which are no longer extant. Where applicable, provision has been made for dilapidations and the cost of negotiating these, including associated professional fees, which may be required. As at 31 December 2024 this falls within the above provision of £412,000 (2023: £400,000) with the majority expected to be incurred within the next two years.

Deferred taxation

The following are the deferred tax assets and liabilities recognised by the Group, and the movement thereon, during the current and prior years.

	Intangible assets £'000	Other timing differences £'000	Accelerated capital allowances £'000	Total £'000
At 1 January 2023, liability	(196)	10	(152)	(338)
Credit/(debit) to the Consolidated Statement of Comprehensive Income	39	(7)	(66)	(34)
at 31 December 2023, liability	(157)	3	(218)	(372)
On acquisition of a business	(34)	–	–	(34)
Credit to the Consolidated Statement of Comprehensive Income	21	8	65	94
at 31 December 2024, liability	**(170)**	**11**	**(153)**	**(312)**

Deferred income tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. There are unrecognised deferred tax assets in respect of losses of £526,000 at the rate of 25% at 31 December 2024 (2023: £475,000).

28. Share capital and share premium

	Number of shares	Ordinary £0.10 shares £'000	Share premium £'000	Total £'000
At 31 December 2023	21,000,000	2,100	7,017	9,117
Capital reduction		(2,037)	(7,017)	(9,054)
At 31 December 2024	**21,000,000**	**63**	**–**	**63**

In March 2024, a special resolution was passed to reduce the nominal value of each share from 10 pence to 0.3 pence and to cancel the share premium resulting in a total nominal value of £63,000, no share premium and with an amount of £9,054,000 transferred to retained earnings.

Notes to the Financial Statements continued

29. Related party transactions

During the year the Company entered into the following transactions with its subsidiaries.

	Aford Awards Group Holdings Limited £'000	Signature Fabrics Holdings Limited and subsidiaries £'000	ICA Group Limited subsidiaries £'000
Loan interest receivable			
– 2024	**76**	**85**	**184**
– 2023	76	56	193
Management charge income receivable			
– 2024	**20**	**35**	**25**
– 2023	20	35	25
Dividends received			
– 2024	**–**	**83**	**–**
– 2023	–	193	–
Amount owed to the Company			
– 31 December 2024	**1,235**	**3,384**	**1,864**
– 31 December 2023	1,254	816	2,439

The Company is under the control of its shareholders and not any one individual party.

The restructuring of the Signature Fabrics group with a new intermediate holding company, Signature Fabrics Holdings Limited, used to acquire Signature Fabrics Limited, resulted in £2,132,500 of loan notes being issued to the Company, increasing the amounts receivable from this sub group. As part of the transaction D and H Kaitiff, directors of Signature Fabrics Limited, reduced their shareholdings from a combined 45% to 25% and received the new loan notes of £390,000 and £577,500 shown below. D Kaitiff also received £710,000 in cash for his shares and was owed a further £100,000, left as an interest-free short term loan at 31 December 2024. H Kaitiff continues to have director responsibilities, but D Kaitiff has none.

At the year end the parent company owed a loan of £2,950,000 (2023: £2,950,000) and accrued interest of £nil (2023: £nil) to an entity with common shareholders and interest of £148,000 (2023: £148,000) was charged on this loan during the year. The loan is guaranteed by D A Horner, Chairman.

At the year end the Company owed £2,000,000 to a third party (2023: £2,000,000). Interest of £140,000 (2023: £140,000) was charged on the third party loan during the year. The loan is guaranteed by D A Horner, Chairman.

At the year end the Company owed £nil (2023: £192,000) to a director, D A Horner, Chairman. The loan was unsecured, interest free and repaid in 2024.

At the year end amounts owed to directors of subsidiary companies and their close family members in respect of acquisition loan notes amounted to £2,386,000 (2023: £1,720,000). Interest payable on these loans in the year amounted to £144,000 (2023: £127,000).

At the year end amounts owed to directors of subsidiary companies in relation to loans amounted to £240,000 (2023: £140,000). Interest paid on these loans in the year amounted to £7,000 (2023: £7,000).

Notes to the Financial Statements continued

29. Related party transactions continued

These amounts are analysed below:

At 31 December 2024

Related party	Company	Position	Amount £'000	Interest £'000	Interest %
R Ferguson	Aford Awards Group Holdings Limited	Director	62	4	7
R Ferguson	Aford Awards Limited	Director	90	5	5
P Wood	Aford Awards Group Holdings Limited	Director	63	4	7
P Wood	Aford Awards Limited	Director	50	3	5
J Ford	Aford Awards Group Holdings Limited	Former director	90	7	8
D Kaitiff	Signature Fabrics Holdings Limited	Former director	390	5	8
D Kaitiff	Signature Fabrics Holdings Limited	Former director	100	–	–
H Kaitiff	Signature Fabrics Holdings Limited	Director	578	8	8
M Brown	ICA Group Limited	Director	328	33	8
J Cook	ICA Group Limited	Director	451	42	8
A Mobbs	ICA Group Limited	Former director	223	22	8
J Pryke	ICA Group Limited	Director	201	18	8
			2,626	151	

At 31 December 2023

Related party	Company	Position	Amount £'000	Interest £'000	Interest %
R Ferguson	Aford Awards Group Holdings Limited	Director	62	4	7
R Ferguson	Aford Awards Limited	Director	90	5	5
P Wood	Aford Awards Group Holdings Limited	Director	63	4	7
P Wood	Aford Awards Limited	Director	50	3	5
J Ford	Aford Awards (Holdings) Limited	Former director	90	7	8
M Brown	ICA Group Limited	Director	437	35	8
M Brown	ICA Group Limited	Director	–	3	5
J Cook	ICA Group Limited	Director	560	40	8
J Cook	ICA Group Limited	Director	–	3	5
A Mobbs	ICA Group Limited	Former director	298	24	8
J Pryke	ICA Group Limited	Director	210	12	8
			1,860	140	

Notes to the Financial Statements continued

30. Change in liabilities arising from financing activities

	At 1 January 2024 £'000	Cash flows £'000	Non-cash changes £'000	At 31 December 2024 £'000
Current				
Borrowings	1,877	(1,425)	2,980	3,432
Lease liabilities	449	(522)	578	505
	2,326	(1,947)	3,558	3,937
Non-current				
Borrowings	7,190	–	(1,912)	5,278
Lease liabilities	1,721	–	(285)	1,436
	8,911	–	(2,197)	6,714
	11,237	(1,947)	1,361	10,651

	At 1 January 2023 £'000	Cash flows £'000	Non-cash changes £'000	At 31 December 2023 £'000
Current				
Borrowings	1,487	(808)	1,198	1,877
Lease liabilities	313	(398)	534	449
	1,800	(1,206)	1,732	2,326
Non-current				
Borrowings	8,367	–	(1,177)	7,190
Lease liabilities	1,522	–	199	1,721
	9,889	–	(978)	8,911
	11,689	(1,206)	754	11,237

31. Post balance sheet events

On 1 April 2025, the Company's subsidiary, ICA Group Limited, acquired Align Building Control Limited and Align Group (UK) Limited for a total consideration of £1.3m, of which £0.9m was paid at completion. The book net assets acquired were approximately £0.9m but the Group has not yet completed the acquisition accounting and identification of any intangible assets other than the goodwill. A new £2.5m bank loan was drawn down to assist in financing this acquisition, to fund £375,000 for a buy back being made of 3.1% of ICA Group Limited's share capital and to fund overall investment plans. The new bank loan is repayable quarterly over four years.

On 1 April 2025, ICA Group Limited also issued 25,900 B £0.01 ordinary shares at par to incentivise key employees. The B £0.01 shares only share in the capital value of ICA Group Limited to the extent it grows from the 1 April 2025 value.

On 9 May 2025 a 12 month extension was agreed with the third party provider of the £2.0m loan. The loan is repayable on or before 30 June 2026 and the interest rate has increased from 7% per annum to 9% per annum with effect from 15 May 2025. All other terms of the loan remain the same.

Notes to the Financial Statements continued
Group Information

Directors	D A Horner, Chairman V E Langford, Group Finance K J Allen, Non-executive D E Johnson, Non-executive
Secretary and registered office	V E Langford 11 Laura Place, Bath BA2 4BL Company number 00507461 www.cepsplc.com
Operating locations	Aford Awards Limited Grange House, Bearsted Green Business Centre, Maidstone ME14 4DF telephone 01622 738711; email orders@afordawards.co.uk; www.afordawards.co.uk
	Cook Brown Building Control Limited and Cook Brown Energy Limited Unit 4, Middle Bridge Business Park, Bristol Road, Portishead, Bristol BS20 6PN telephone 01275 848228; email admin@cookbrown.co.uk; www.cookbrown.co.uk
	Friedman's Limited Unit E, Altrincham Business Park, 3 Tudor Road, Altrincham WA14 5RZ telephone 0161 975 9002; email info@friedmans.co.uk; www.friedmans.co.uk; www.funkifabrics.com; www.alexandermaverick.co.uk
	Hickton Quality Control Limited Amber Court, 51 Church Street, Elsecar, Barnsley S74 8HT telephone 01226 743959; email info@hickton.co.uk; www.hickton.co.uk
	Milano International Limited (trading as Milano Pro-Sport) The Arena, 65 Bow Lane, Preston PR1 8ND telephone 01772 277777; email info@milano-pro-sport.com; www.milano-pro-sport.com
	Morgan Lambert Limited 3 Escrick Business Park, Escrick, York YO19 6FD telephone 01757 210598; email info@morganlambert.com; www.morganlambert.com
	Qualitas Compliance Limited Unit 5, Old Building Yard, Cortworth Lane, Wentworth, Rotheram S62 7SB telephone 01226 743659; email info@qualitascompliance.com; www.qualitascompliance.com
	Align Building Control Ltd and Align Group Ltd Suite 2, Southgate 2, Wilmslow Road, Heald Green, Cheadle SK8 3PW telephone 0161 694 2920; email info@aligngroup.co.uk; www.aligngroup.co.uk
Registrars and share transfer office	Share Registrars Limited 3 The Millennium Centre, Crosby Way, Farnham GU9 7XX telephone 01252 821390, lines are open 9.00am to 5.30pm Monday to Friday
Share price information	The day-to-day movement of the share price on the London Stock Exchange can be found on the Company's website and at www.londonstockexchange.com (code CEPS)
Independent auditor	Saffery LLP Midland House, 2 Poole Road, Bournemouth BH2 5QY
Solicitors	Roxburgh Milkins Limited Merchants House North, Wapping Road, Bristol BS1 4RW
Nominated adviser and broker	Spark Advisory Partners Limited 5 St John's Lane, London EC1M 4BH

Notice of Meeting

Annual General Meeting

Notice is hereby given that the Annual General Meeting of CEPS PLC (the 'Company') will be held at 11 Laura Place, Bath BA2 4BL on Monday 23 June 2025 at 11.30am for the following purposes:

To consider and, if thought fit, to pass the following resolutions, of which resolutions numbered 1 to 6 will be proposed as ordinary resolutions and resolutions numbered 7 and 8 will be proposed as special resolutions.

1 To receive, consider and adopt the Company's annual accounts for the financial year ended 31 December 2024 together with the Directors' Report and Auditor's Report on those accounts.

2 To re-appoint D E Johnson as a director. being the director who retires by rotation pursuant to Article 72 of the Company's articles of association.

3 To ratify the appointment of K J Allen as director and re-appoint him.

4 To ratify the appointment and re-appoint Saffery LLP, Chartered Accountants and Statutory Auditor, as auditor of the Company to hold office from conclusion of the meeting to the conclusion of the next meeting at which the accounts are to be laid.

5 To authorise the directors to agree the auditor's remuneration.

6 THAT, in substitution for any existing authority subsisting at the date of this resolution to the extent unused, the directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the 'Act') to allot Ordinary Shares in the Company or grant rights to subscribe for or to convert any security into Ordinary Shares in the Company up to an aggregate nominal amount of £63,000, such authority to expire at the commencement of the next Annual General Meeting held after the date of the passing of this resolution, but so that the Company may, before the expiry of such period, make an offer or agreement which would or might require equity securities to be allotted after the expiry of such period and the directors may allot equity securities pursuant to such an offer or agreement as if the authority had not expired.

7 THAT subject to and conditional on the passing of resolution number 5 and in substitution for any existing authority subsisting at the date of this resolution to the extent unused, the directors be empowered, pursuant to section 570 of the Act, to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by resolution number 5 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

7.1 in connection with an offer of such securities by way of rights issue (as defined below);

For the purposes of resolution 6.1, 'rights issue' means an offer of equity securities to holders of Ordinary Shares in the capital of the Company on the register on a record date fixed by the directors in proportion as nearly as may be to the respective numbers of Ordinary Shares held by them, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with any treasury shares, fractional entitlements or legal or practical issues arising under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in, any territory or any other matter.

7.2 otherwise than pursuant to sub-paragraph 6.1 above up to an aggregate nominal amount of £63,000 (such shares representing 100% of the Company's issued ordinary capital as at the date of this notice), and shall expire at the commencement of the next Annual General Meeting held after the date of the passing of this resolution, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement as if the power had not expired.

Notice of Meeting continued

Annual General Meeting
continued

8 THAT the Company be generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Act) of Ordinary Shares of 0.3 pence each in the capital of the Company on such terms as the directors think fit, provided that:

8.1 the maximum number of Ordinary Shares hereby authorised to be purchased is limited to an aggregate of 2,100,000 (such shares representing 10% of the Company's issued ordinary capital as at the date of this notice);

8.2 the minimum price, exclusive of any expenses, which may be paid for an Ordinary Share is 0.3 pence;

8.3 the maximum price, exclusive of any expenses, which may be paid for each Ordinary Share is an amount equal to the higher of: (a) 105% of the average of the middle market quotations for an Ordinary Share, as derived from the London Stock Exchange Daily Official List, for the five business days immediately preceding the day on which the Ordinary Share is purchased; and (b) the amount stipulated by Article 5(6) of the Market Abuse Regulation, (EU) No 596/2014 (as amended); and

8.4 the authority hereby conferred shall, unless previously revoked and varied, expire at the commencement of the next Annual General Meeting held after the date of the passing of the resolution (except in relation to the purchase of Ordinary Shares the contract for which was concluded before the expiry of this authority and which will or may be executed wholly or partly after such expiry).

On behalf of the Board
V E Langford
Company Secretary
28 May 2025

Notice of Meeting continued

Annual General Meeting
continued

Notes

1. A member entitled to attend and vote is entitled to appoint proxy(ies) to attend, speak and vote instead of them. A member may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares. A proxy need not be a member of the Company.
2. A member can register their vote(s) for the Annual General Meeting in advance, by either:

   a) logging on to www.shareregistrars.uk.com, clicking on the 'Proxy Vote' button and then following the on-screen instructions, using the user name and access code on the proxy form accompanying this notice;

   b) completing and sending the proxy form accompanying this notice and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority) by post or by hand to Share Registrars Limited, 3 The Millennium Centre, Crosby Way, Farnham, Surrey GU9 7XX; or

   c) in the case of CREST members, utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.
3. In order for a proxy appointment to be valid, the proxy must be received by Share Registrars Limited (either by delivery to Share Registrars at 3 The Millenium Centre, Crosby Way, Farnham, Surrey GU9 7XX, or by a member logging on to www.shareregistrars.uk.com, clicking on the 'Proxy Vote' button and then following the on-screen instructions) no later than 11.30am on Thursday 19 June 2025.
4. The appointment of a proxy will not prevent a shareholder from subsequently attending and voting at the meeting in person.
5. Under Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders whose names are on the register of members of the Company as at 11.30am on Thursday 19 June 2025 or, if the meeting is adjourned, shareholders entered on the Company's register of members not later than 48 hours in terms of business days before the time fixed for the adjourned meeting are entitled to attend and vote at the meeting in respect of the shares registered in their names at that time. Subsequent changes to the register shall be disregarded in determining the rights of any person to attend and vote at the meeting.
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual.

   CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK and International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual.

   The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent 7RA36 by the latest time(s) for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

Notice of Meeting continued

Annual General Meeting
continued

Note 6 continued

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK and International Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of CREST by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.