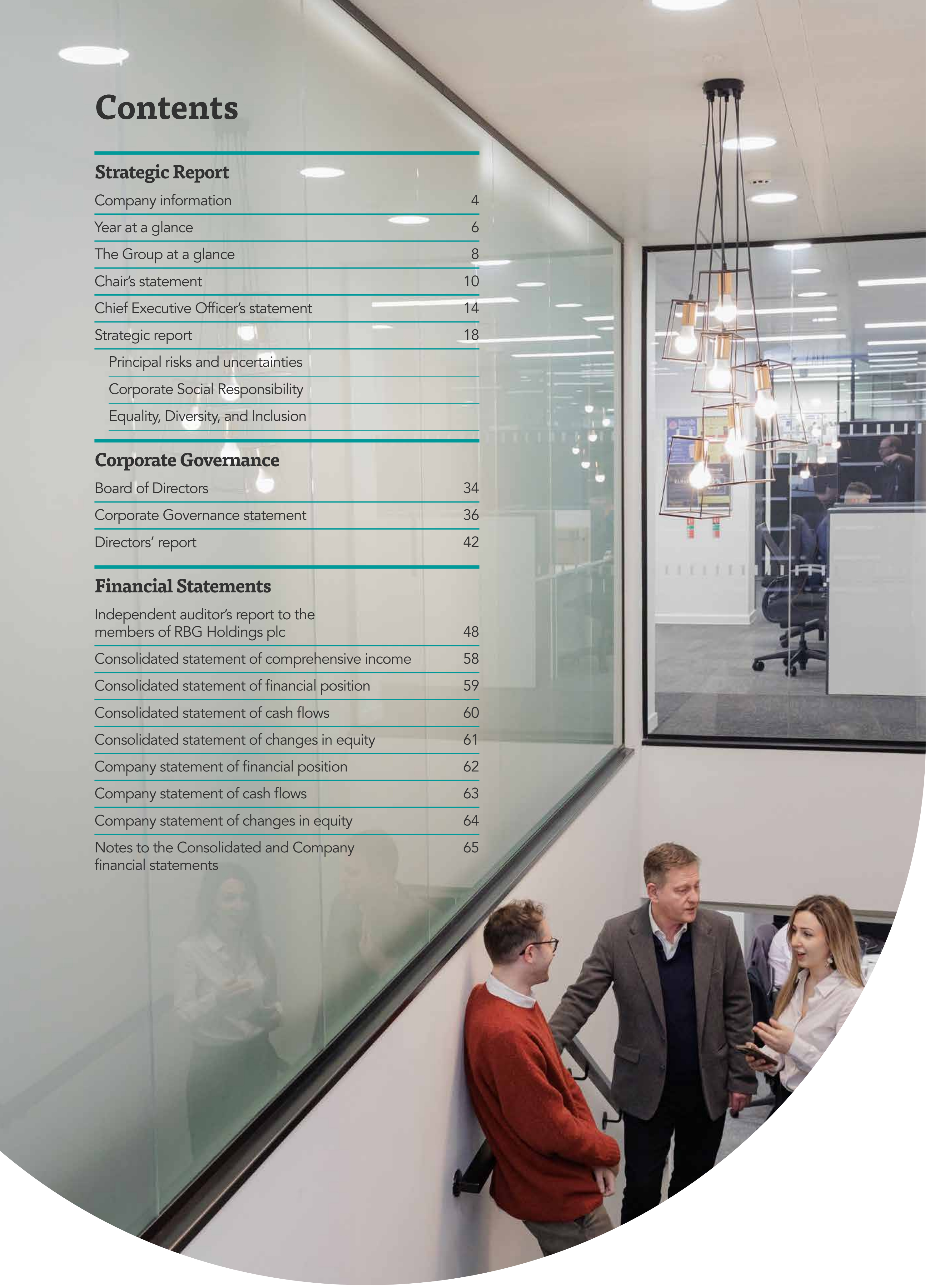
Annual Report & Accounts

Year ended 31 December 2023

RBG Holdings plc



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Strategic Report

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Company information

SEDOL Symbol: AIM: RBGP

Websites

www.rbgholdings.co.uk
www.rosenblatt-law.co.uk
www.memerycrystal.com

Directors

Marianne Ismail
Non-Executive Chair

Patsy Baker
Non-Executive Director

David Wilkinson
Non-Executive Director

Jon Divers
Chief Executive Officer (appointed 3 March 2023)

Kevin McNair
Chief Financial Officer (appointed 28 November 2023)

Ian Rosenblatt OBE
Executive Vice Chair (appointed 27 July 2023, resigned 28 March 2024)

Tania MacLeod
Director (appointed 3 March 2023)

Nick Davis
Director (appointed 3 March 2023)

N Foulston
(terminated 31 January 2023)

Suzanne Drakeford-Lewis
Group Finance Director
(resigned 30 June 2023)

Keith Hamill OBE
Non-Executive Chairman
(resigned 22 June 2023)

Secretary and registered office
J Lovitt (appointed 27 March 2023)
165 Fleet Street, London, EC4A 2DY

Company number
11189598

Country of incorporation of parent company
United Kingdom

Auditor
Moore Kingston Smith LLP
6th Floor, 9 Appold Street, London, EC2A 2AP

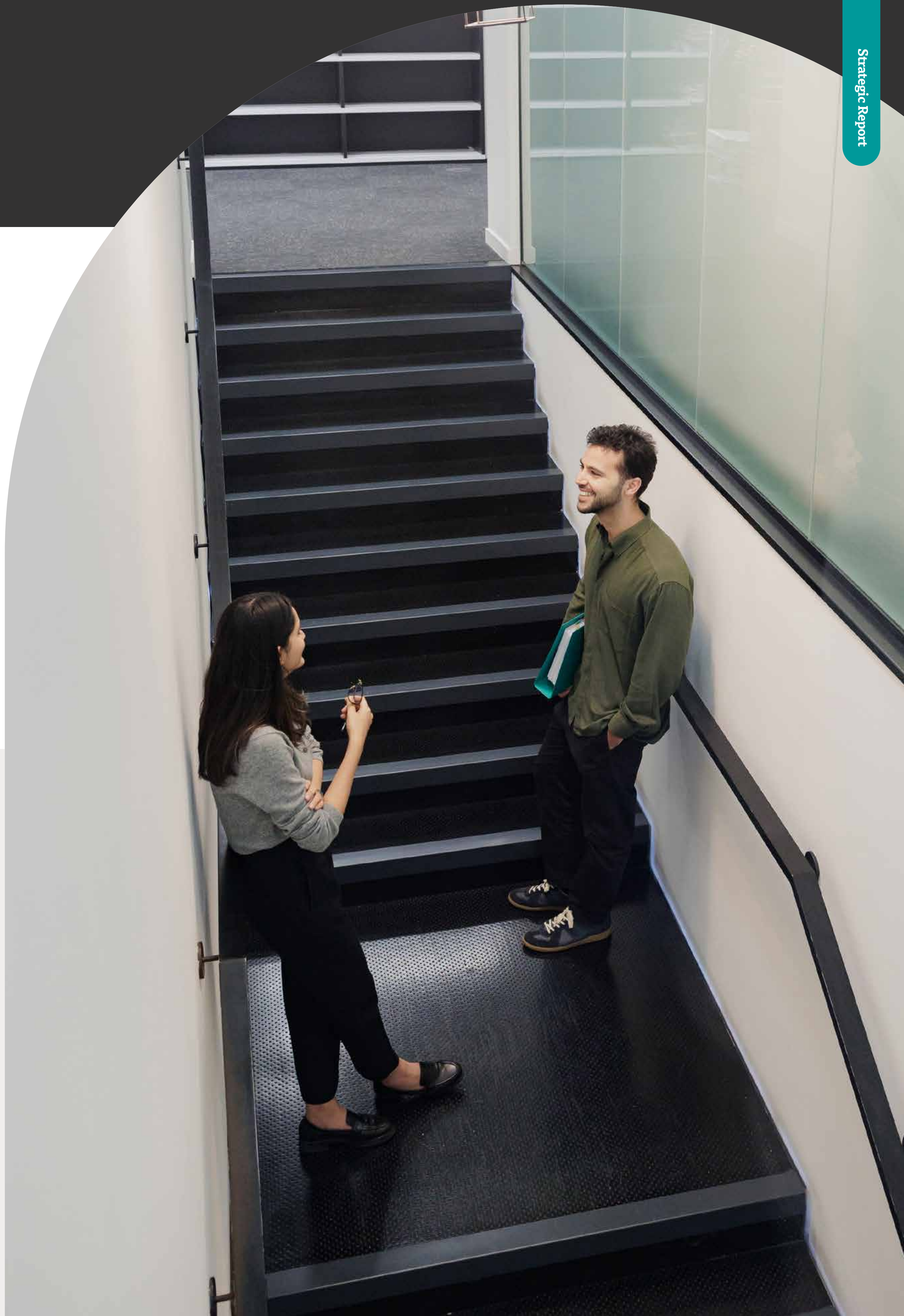
Principal bankers
HSBC UK Bank plc
60 Queen Victoria Street, London, EC4N 4TR

Lloyds Bank
25 Gresham Street, London, EC2V 7HN

Nominated advisers and brokers
Singer Capital Markets
1 Bartholomew Lane, London, EC2N 2AX

Registrars
Computershare
The Pavilions, Bridgwater Road,
Bristol, BS13 8AE

Financial communications consultants
SEC Newgate
14 Greville Street, London, EC1N 8SB



Year at a glance

Highlights[1]

Revenue	£39.2m	▼ 12.6%	2022: £44.9m excluding proceeds on disposal of damages based assets
Revenue (including discontinued operations)	£41.4m	▼ 13.4%	2022: £47.9m
Adjusted[2] EBITDA	£4.6m	▼ 62.5%	2022: £12.4m
Adjusted EBITDA (including discontinued operations)	£4.0m	▼ 54.3%	2022: £8.7m
Adjusted[2] loss before tax	£0.7m		2022: £7.6m
Non-recurring costs	£10.6m		2022: £9.7m
Loss before tax	£11.4m		2022: £2.1m
Loss from continuing operations	£11.0m		2022: £1.6m
Loss on discontinued operations (including goodwill impairment), net of tax	£12.9m		2022: loss £3.1m
Loss for the year (including discontinued operations)	£23.9m		2022: inflow £4.7m
Free cashflow outflow	£3.1m		2022: £4.0m
Net debt	£22.9m		2022: £19.2m
RBG Legal Services fee earner utilisation	70%		2022: 76%
RBG Legal Services fee earner realisation	87%		2022: 90%

1 All measures apart from net debt and including prior year comparatives are shown on a continuing operations basis unless otherwise stated (Convex Capital and LionFish Litigation Finance are treated as discontinued operations).

2 The Group presents adjusted EBITDA and loss before tax as an operating KPI, they are adjusted for one off costs that are considered to be exceptional, refer to Note 1 for further information.

Strategic highlights:

New appointments of:
- Jon Divers, Chief Executive Officer
- Kevin McNair, Chief Financial Officer

Disposal of LionFish, the Group's litigation finance operation

Renewing the Group's banking facilities totalling £24.0m on terms deemed favourable by the Board

Implementation of a new Enterprise Resource Planning 'ERP' management information system

Scaling back from unfunded Damages Based Agreements

A full comprehensive review of all aspects of the accounting treatment of work in progress and debtors

"

We recognise that 2023 was a challenging year for the Group. However, the significant progress in realigning the business gives the Board confidence that the Group is on a much stronger footing than it has been for some time. The new Executive team, led by CEO Jon Divers, has made difficult decisions to reduce the Group's risk profile, its cost base, and to refocus RBG on its core legal activities, like the business that floated in 2018, where the Board believes profits will be maximised.

Marianne Ismail, Chair, RBG Holdings plc

Events after reporting date:

- On 22 February 2024, the Group raised £0.9 million before expenses through the issue of new ordinary shares. A further £2.1 million before expenses was raised through the issue of new ordinary shares on 12 March 2024. The fundraising, which took place at a tight discount to the prevailing share price, was strongly supported by existing institutional shareholders, including certain directors who subscribed for £1.0 million of shares as part of the fundraise. The purpose of the raise was to provide additional working capital to the Group and to reduce the use of the Group's banking facilities.
- On 28 March 2024, the Group completed the disposal of Convex Capital to a joint venture led by its management team for an initial consideration of £2.0 million, with up to £600,000 of contingent consideration payable on completion of certain subsequent transactions. Following the disposal, the Group is focused purely on legal services, its core business.
- Following the completion of the disposal of Convex Capital, Ian Rosenblatt stepped down from the Board. Ian remains the Group's largest shareholder and largest generator of revenue.

Outlook:

- Trading during the first quarter of 2024 has been in line with expectations. Ignoring the impact of the unusually large piece of work that ran during mid and late 2022 into January 2023, Legal Services has traded slightly ahead in Q1 2024 compared to Q1 2023 on a like for like basis;
- Management is focused on specific areas of legal services which they believe offer the best opportunities for organic growth. Some of these are existing practices within the Group, others are complementary where the Group has recently recruited new partners and is looking to add additional resource;
- The seven new partners that have joined in the past nine months have made an encouraging start. They are closely aligned to the areas which management believe offer the best growth and margin opportunities;
- There is, and there always will be, a heavy focus on cost reduction wherever possible across the Group although management are conscious of the need to maintain scalability within the support functions of the business; and
- The Board is optimistic that 2023 marked the end of the pivot from the Group's previous strategy and that there are opportunities for the Group to grow.

The Group at a glance

Our purpose

The Group aims to concentrate on developing a leading legal services business that will create long-term value to its shareholders, by delivering successful outcomes for its clients, and is a responsible employer that supports its employees and has a positive impact in the communities in which it operates.

Charity of the Year

The group raised a total of £35,807 for chosen charity KEEN London through various fundraising activities such as bake sales, raffles, walks and sporting events. KEEN addresses the lack of support for young people with additional needs to access meaningful employment or volunteering opportunities and gain valuable transferable skills. The money raised paid for 350 hours' worth of sessions with over 100 children, plus rent payment for a year and much more.

Equality, diversity and inclusion

The Group is immensely proud of the work completed by its' various staff-led equality, diversity, and inclusion networks in 2023. This included:

- an International Women's Day event on the topic of miscarriage, baby loss and fertility treatment organised by the Gender Parity network.
- a talk by alcohol awareness charity, Alcohol Change UK to mark World Mental Health Day
- a talk by Sara Gibbs, a comedy writer and autistic advocate, who talked through a number of workplace neurodiversity tips organised by the Disability and Neurodiversity network
- a Pride entertainment night with a performance by London drag queen and host Kara Couture organised by the LGBTQ+ network
- a talk from alumni of the MBA 30 initiative and founder of Black British Initiative, a presentation from co-founder of the first contemporary African photography gallery, and a black street art tour in Shoreditch to celebrate Black History Month

Company culture

The Group has endeavoured to improve internal communications this year, introducing some new initiatives to encourage transparency on operations, but also to educate staff. In a post pandemic world where hybrid working is very much the norm, communication and culture can suffer, as such monthly town hall group-wide calls have been introduced on top of the existing quarterly updates, with guest speakers from within the group each month.

Sustainability

While the nature of the business means the Group does not have a significant environmental impact, the Board believes that good environmental practices, such as the recycling of paper waste and conservation of energy usage, will support its strategy by enhancing the reputation of the Group.

Recent examples of this include:

- Our Fleet Street address has 100% renewable power supply; and
- Our Fleet Street address's waste is 100% recycled or waste to energy (no landfill)

The Group

Following restructuring activity in 2023[3] and at the beginning of 2024 , RBG Holdings plc is a legal services group. Through our leading law firm brands, Rosenblatt and Memery Crystal, the Group offers clients the full spectrum of legal services including employment, corporate transactions, IP, and dispute resolution.

rosenblatt

Rosenblatt is one of the UK's pioneering legal practices and a leader in dispute resolution (litigation). Rosenblatt provides a range of legal services to its diversified client base, which includes companies, banks, entrepreneurs, and individuals. Complementing this is Rosenblatt's increasingly international footprint, advising on complex cross-jurisdictional disputes.

Rosenblatt was ranked in Tier 1 in The Legal 500 (Legalease) in 2024 for commercial litigation: mid-market.

MemeryCrystal

Memery Crystal is a specialist in non-contentious, corporate legal services. Its specialist areas include corporate (including a market-leading corporate finance offering), real estate, commercial, IP & technology (CIPT), banking & finance, tax & wealth structuring, and employment law. Memery Crystal is one of the leading legal practices in the UK to advise the emerging cannabis sector on a wide range of business issues. Memery Crystal offers a partner-led service to a broad range of clients, from multinational companies, financial institutions, and owner-managed businesses to entrepreneurs.

Memery Crystal was ranked in 12 categories in The Legal 500 (Legalease) directory in 2024.

Discontinued Operations

LionFish Litigation Finance

LionFish was a start-up founded in 2019 by the previous management as a unique, alternative provider to the traditional litigation funders. It finances litigation matters being run by other solicitors in return for a significant return on the outcome of those cases. In July 2023, the Group completed the disposal of the non-core business, LionFish to Blackmead Infrastructure Limited ("Blackmead") which reduced the Group's exposure to litigation funding commitments.

Convex Capital

Convex is a specialist sell-side corporate finance boutique based in Manchester. Convex Capital is entirely focused on helping companies, particularly owner-managed and entrepreneurial businesses, realise their value through sales to large corporates. Convex Capital identifies and proactively targets firms that it believes represent attractive acquisition opportunities. Following a strategic review of the business in 2023, the Board made the decision to dispose of Convex Capital, this is in line with the Group's strategy to reduce its risk profile and to refocus the Company on its established legal services businesses – Rosenblatt and Memery Crystal. On 28 March 2024, the Group announced that it had completed the disposal of Convex.

Investment Case

RBG Holdings plc is a leading legal services group with a diversified revenue base, and commercially driven management team. In 2023, a new management team took on the leadership of the business. This new team have undertaken a thorough review of the Group's operations and set about reducing the risk of the Group, increasing stability and implementing operational improvements. This included a comprehensive review of the Group's balance sheet and accounting policies and addressing a number of significant historic issues.

The new management team are confident that a re-focussed and aligned RBG can return to higher margins, strong cash generation, and industry leading KPIs over the course of 2024. The Group's core legal services business has a proven track record of delivering growth through many economic cycles.

The interests of management and senior staff are aligned with those of shareholders as many hold substantial equity stakes. The Group is run by experienced directors and senior managers with considerable expertise in the legal services industry, and in UK listed companies.

Our Strategy

The Board's strategy is to build a high margin, cash-generative, legal services Group with diversified revenue and profit streams to deliver organic growth and sustained shareholder value.

Whilst the prevailing economic environment has been challenging, we see considerable opportunity in the three main practice areas of the Group (Dispute Resolution, Corporate and Real Estate), as the economic outlook improves, and operational improvements take hold. These improvements include the recruitment of seven new partners in 2023, the implementation of a new ERP management information system to enhance workflow across the different practices and focusing on improving the performance of all fee earners through providing more timely and robust key performance indicators (KPIs) pertaining to fee earner performance, such as utilisation rates, recovery rates, and fee cost ratios.

Dividend Policy

The Group's priority is to reduce its debt and as a result in July 2023 suspended its dividend policy for the foreseeable future. The Board recognises the importance of dividends to shareholders and will seek to reinstate its dividend policy once it has made headway in reducing the Group's debt to a more prudent level.

3 The Group completed the disposal of Convex Capital on 28 March 2024.

Chair's statement

Marianne Ismail
Chair

Overview

We recognise that 2023 was a challenging year, but it was also a year of inflexion for the Group and the significant progress in realigning the business gives the Board confidence that the Group is on a much stronger footing than it has been for some time. The new Executive team, led by CEO Jon Divers, has made difficult decisions to reduce the Group's risk profile, its cost base and to refocus RBG on its core legal activities, similar to the business that floated in 2018, where the Board believes profits can be maximised.

It was clear that the strategy and approach adopted by the previous management which deviated from the original strategy presented at IPO, was no longer appropriate. The required resources to reorient to a new strategy drained the business of profit and working capital, at a time when there have been significant macro-economic challenges impacting the Group. Two significant changes to derisk and strengthen the balance sheet were the 2023 disposal of LionFish Litigation Finance Limited ("LionFish"), and the post-period end disposal of Convex Capital Limited ("Convex Capital").

Today the business is much closer to the one that floated in 2018 and in the view of the Board is stronger. At IPO, we floated the law firm, Rosenblatt to which in 2021 we added Memery Crystal to form RBG Legal Services Limited ("RBGLS"). Rosenblatt and Memery Crystal are aligned to contentious and non-contentious services to reflect their brand position within the market, resulting in London's premier mid-tier law firm providing quality advice to corporates, entrepreneurs and high net worth individuals.

Rosenblatt was ranked in Tier 1 in The Legal 500 (Legalease) in 2024 for commercial litigation. Memery Crystal was ranked in 12 categories in The Legal 500 (Legalease) directory in 2024.

Both brands have over 30 years' proven trading history and the ability to deliver solid revenues and profits. Driving the organic growth of these businesses is at the heart of our strategy, and we believe that by focusing on our core strengths, with a simpler balance sheet, and reduced levels of debt, the market will be able to recognise the underlying value of the Group.

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Financials[4]

Revenue of £39.2m (2022: £44.9m, excluding gains on litigation assets)

Adjusted EBITDA of £4.6m (2022: £12.4m)

Loss before tax £11.4m (2022: £2.1m)

Loss from continuing operations £11.0m (2022: £1.6m)

Loss on discontinued operations (including goodwill impairment), net of tax £12.9m (2022: loss £3.1m)

The numbers we have reported for the 12-months to 31 December 2023 highlight the headwinds the business has faced. Revenue and profit from our continuing operations has reduced, largely due to lower corporate spend on legal services, in particular relating to transactions such as IPOs and M&A. We also had to make provisions in relation to the legacy the previous management left in terms of unfunded Damages Based Agreements (DBAs) and historic debtors.

As we progress through 2024, we do so with noticeably improved operating processes that will begin feeding through in terms of improved margins. We have taken steps to reduce our cost base, including the consolidation of our property portfolio, and we have a much simpler balance sheet that will give greater clarity to investors.

Our new agreement with HSBC and recent successful fund raise gives the management team the operational headroom to deleverage the business more quickly as it brings operational performance back up to acceptable levels. At 31 December 2023, our net debt position was £22.9m (2022: £19.2m). The Group has a £17.5m revolving credit facility and a £10.0m five-year term loan taken to fund the Memery Crystal acquisition which has already been paid down to £6.5m. In addition to this, the Group has two short term facilities that were obtained in the current year of £0.3m and £0.5m, these respective facilities have been paid down to £0.2m and £0.4m at year end. We are committed to reducing debt as a core part of our strategy.

Strategy

The Group's strategy is to build a high margin, cash-generative, legal services group with diversified revenue and profit streams to deliver organic growth and sustained shareholder value.

The successful acquisition of Memery Crystal in 2021 diversified our legal services revenue, which remains evenly split across three main practice areas; Dispute Resolution, Corporate and Real Estate. While the prevailing economic environment has been challenging, we see considerable opportunity in these core business areas, as the economic outlook improves, and operational improvements take hold. These improvements include the recruitment of seven new partners, the implementation of a new ERP management information system to enhance workflow across the different practices and focusing on improving the performance of all fee earners through providing more timely and robust key performance indicators (KPIs) pertaining to fee earner performance, such as utilisation rates, recovery rates, and fee cost ratios.

Our emphasis will be on driving organic growth by recruiting and developing new fee earners. In 2023, we added seven new partners, and as at 31 December 2023, RBG Legal Services had 128 fee earners overall.

To ensure the Business remains absolutely focused on its goal, the Board took the decision to divest LionFish where litigation matters are run by third-party solicitors and reduce the Group's exposure to third-party litigation funding commitments. The proceeds from the sale were used for working capital purposes. The Group will not participate in unfunded Alternative Billing Arrangements due to their unpredictability.

After the period-end in March 2024, we also sold Convex Capital to its management for a total consideration of up to £2.6 million, comprising an initial cash consideration of £2.0 million paid on completion and an earn out contingent on the completion of certain subsequent transactions. Convex Capital is an excellent business, but the unpredictable nature of the M&A market meant it was hard to forecast revenue flows in any one year. Convex Capital also required working capital from the Group, which we believe can be better deployed to support the core legal services business and to help reduce debt.

Following the disposals, the Group is focused purely on legal services, and we expect to go from strength to strength as a result.

4 All measures apart from net debt and including prior year comparatives are shown on a continuing operations basis unless otherwise stated (Convex Capital and LionFish Litigation Finance are treated as discontinued operations).

Board Changes

On 31 January 2023, the employment contract of Nicola Foulston, CEO, was terminated. The Group subsequently settled a claim from her and her management company Velocity Venture Capital Limited which settles all outstanding matters between the parties.

Jon Divers, the Group COO, was appointed to the Board as CEO. The Board was further strengthened with the appointments of Tania MacLeod (Senior Partner, Rosenblatt), Nick Davis (Senior Partner, Memery Crystal) and Ian Rosenblatt OBE (largest shareholder and individual revenue generator) as Executive Directors. In November, Kevin McNair, Interim Finance Director, was appointed to the Board as Chief Financial Officer. Kevin replaced Suzanne Drakeford-Lewis, who resigned from her role in June 2023, to take a six-month sabbatical for personal reasons, and subsequently confirmed to the Board of her decision not to return in 2024. Following the disposal of Convex Capital, Ian Rosenblatt resigned from the Board. He joined the Board to support the restructuring and refocusing of the business to legal services. Ian remains fully committed to the Group and has circa four years remaining on his restrictive covenants.

The Board now consists of four executive directors and three non-executive directors, providing a blend of different experiences and backgrounds. All non-executives are considered independent. We are in the process of recruiting another independent non-executive director to strengthen the independence of the Board and to ensure strong corporate governance and the Board hopes to complete this process prior to the Company's 2024 Annual General Meeting expected to be held in (or around) June 2024.

People

The strength of the Group is in our ability to retain and attract high-quality people. Despite the challenging year, we have retained and added to our key staff. I would like to sincerely thank everyone for their hard work and thanks are also due to our shareholders for their continued support.

Sustainability, Equality, Diversity and Inclusion

We aim to build an organisation that delivers long-term value to our shareholders, successful outcomes for our clients, and is a responsible employer that supports its employees and has a positive impact in the communities in which it operates. For example, this year we have partnered with the Sutton Trust to run work experience and mentoring programs for university students. We also elected KEEN London as our Charity of the Year for 2023.

While the nature of the business means the Group does not have a significant environmental impact, the Board believes that good environmental practices, such as the recycling of paper waste and conservation of energy usage, will support its strategy by enhancing the reputation of the Group. For example, our Fleet Street address has 100% renewable power supply, and the waste is 100% recycled or waste converted to energy (no landfill).

We want to go further and are looking at ways we can improve as an employer, and as a member of the business community to address the challenges society is facing.

Outlook

With much of the restructuring completed, and a better economic outlook, the Group is in a much-improved position. The business has returned to its roots, and is built around two highly successful law firms, with proven track records across the whole economic cycle. We are continuing to reduce our cost base and are making s ignificant operational improvements to increase revenue and improve margin. We look forward to the coming years with renewed confidence.

Marianne L Ismail

Marianne Ismail
Chair

30 April 2024

Chief Executive Officer's statement

Jon Divers
Group CEO

Overview

2023 has been a year of significant change in the business as we work to deliver the Board's strategy of building a high margin, cash-generative, legal services group delivering sustained shareholder value.

We have focused on reducing the risk profile of the Group by disposing of non-core assets such as LionFish and Convex Capital and scaling back from unfunded DBAs. We have also strengthened the balance sheet through a successful fundraise and renewed banking facilities and there has been a comprehensive review of all aspects of the accounting treatments of work in progress and debtors.

Additionally, we are implementing significant operational improvements in our core legal services business, RBGLS, to meet the goal of being a high margin, cash-generative group. These changes will leave the Group in a far stronger position than at the start of 2023, especially as the macro-economic environment improves.

RBG Legal Services ("RBGLS"): Rosenblatt and Memery Crystal

- Revenue down 12.6% to £39.2m (2022: £44.9m) reflecting reduced corporate spend relating to transactions such as IPOs and M&A
- RBGLS fee earner utilisation of 70% (2022: 76%) and realisation of 87% (2022: 90%)
- At 31 December 2023, RBGLS employed 183 people, including 128 fee earners

"We have made significant improvements to the business in 2023 and we are now in a better position to deliver the Board's strategy of building a high margin, cash-generative, legal services group delivering sustained shareholder value.

Our legal services business trades under two leading mid-tier law firm brands – Rosenblatt and Memery Crystal, which have their own brand identities and operate as two separately branded law firms. The two brands are aligned to contentious (Rosenblatt) and non-contentious (Memery Crystal) legal services to reflect their distinct position within the legal services market. RBGLS has a balanced offering across the three main legal areas – Dispute Resolution (via Rosenblatt), and Corporate and Real Estate (through Memery Crystal).

The organic growth of the two firms, primarily through accretive hires, is key to our future success. We are focused on strengthening and growing in all areas we work in, by improving the performance of all fee earners, and adding seven new partners during 2023. Some strengthen our existing practices, and others add new areas of expertise as we look to build a full-service law firm. The recruitment has added two new areas so far, insolvency, and international arbitration. The partners in these areas are already gaining traction in their specific markets and are generating new revenue streams.

One of the keys to sustained operational improvement has been the implementation of a new ERP management information system in May, and we are already seeing the benefits. Ensuring all partners have access to the same document and time management systems, not only enhances the workflow across the different practices, but it also provides more timely and robust key performance indicators (KPIs) pertaining to fee earner performance, such as utilisation rates, recovery rates, and fee cost ratios. This consolidated approach eliminates the inefficiencies associated with managing separate systems, allowing for a more seamless flow of information, and enabling the Group to make data-driven decisions that optimise resource allocation and drive operational excellence.

As we enter 2024, the two businesses are fully integrated and based at one office on Fleet Street in London, with work ongoing to rationalise our property portfolio to reduce cost.

Discontinued Operations

LionFish Litigation Finance Limited ("LionFish")

On 12 July 2023, the Group completed the disposal of the non-core business, LionFish, to Blackmead Infrastructure Limited ("Blackmead") which reduced the Group's exposure to litigation funding commitments.

Convex Capital Limited ("Convex Capital")

- Completed three deals during 2023 delivering £2.2m of revenue (2022: 6 deals, £5.3m)

Convex Capital, the specialist sell-side corporate finance advisory business based in Manchester, was acquired by the Group in September 2019, to broaden the Group's exposure to the wider professional services sector and was sold in March 2024 via a management buyout (MBO) of the business.

As with the sale of LionFish, the disposal was in line with the Group's strategy to reduce its risk profile and to refocus on and invest in RBG's established legal services businesses - Rosenblatt and Memery Crystal - where the Board believes it can best maximise profits.

The management of Convex Capital acquired the business from the Group for a total consideration of up to £2.6 million, comprising an initial cash consideration of £2.0 million paid on completion and an earn out. Under the terms of the earn out, post completion of the Disposal, the Company will receive 38% of any gross fees received upon completion of four existing and named Convex projects up to a maximum of £0.6 million in cash. The disposal will result in a non-cash loss of £13.3 million.

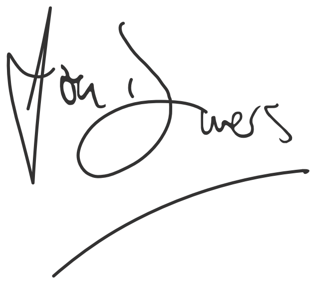
While Convex Capital is an excellent business, its future is better served in the hands of its management team. As with LionFish, its sale will mean concentrating the resources of the Group on its core legal services businesses to maximise profits, using the released cash to reduce RBG's net debt and to invest in organic growth.

The disposal will reduce the demands on the Company's working capital, through a reduction of circa £2.2million per annum in ongoing costs in relation to Convex.

In the 12-months to 31 December 2023, Convex Capital generated revenues of £2.2 million (FY22: £5.3 million) and losses after tax of £0.2 million (FY22: profit of £0.9 million).

Outlook

We have made significant improvements to the business in 2023 and we are now in a better position to deliver the Board's strategy of building a high margin, cash-generative, legal services group delivering sustained shareholder value. We have enhanced our operations which will lead to sustained margin improvements and have also added more fee earners. This, along with our actions to derisk the business, and to simplify and strengthen the Group's balance sheet, give us a greater confidence about the performance of the Company as the market improves.



Jon Divers
Group Chief Executive Officer

30 April 2024

Strategic report

The Directors present their Strategic Report for the year ended 31 December 2023.

Principal activities, strategy and outlook

The principal activity of RBG Holdings plc, "the Group", during the year was the provision of legal and professional services.

The Group's legal services business, RBG Legal Services ("RBGLS"), trades under two leading mid-tier law firm brands, Rosenblatt ("RB") for contentious work and Memery Crystal ("MC") for non-contentious work.

The Group's strategy is to continue to build a high margin, cash-generative, legal services business with diversified revenue streams, with more emphasis on driving organic growth and when appropriate making selective, strategic acquisitions.

Financial Review

Key Performance Indicators (KPIs)[5]

Revenue down 12.6% to £39.2m (2022: £44.9m, excluding proceeds on disposal of damages based assets)

- **Revenue including discontinued operations** down 13.4% to £41.4m (2022: £47.9m)

Adjusted EBITDA down 62.5% to £4.6m (2022: £12.4m)

- **Adjusted EBITDA including discontinued operations** down 54.3% to £4.0m (2022 restated: £8.7m)

Adjusted loss before tax of £0.7m (2022: profit £7.6m)

Non-recurring costs of £10.6m (2022: £9.7m)

Loss before tax £11.4m (2022: £2.1m)

Loss from continuing operations £11.0m (2022: £1.6m)

Loss on discontinued operations (including goodwill impairment), net of tax £12.9m (2022: loss £3.1m)

Loss for the year (including discontinued operations) of £23.9m (2022: £4.7m)

Free cashflow outflow (£3.1m) (2022: inflow £4.0m)

Net debt of £22.9m (2022: £19.2m)

RBG Legal Services fee earner utilisation of 70% (2022: 76%)

RBG Legal Services fee earner realisation of 87% (2022: 90%)

2023 was a challenging year for the Group. However, the significant progress in realigning the business gives the Board confidence that the Group is on a much stronger footing than it has been for some time.

The Group has now noticeably improved operating processes that have begun feeding through in terms of improved margins in 2024. Our new agreement with HSBC alongside the recent successful fundraise gives the Group operational headroom to de-leverage the business while Group performance begins to improve.

There are early signs of recovery in some of the key areas of legal services that were badly impacted in 2023. We expect revenue and profit to improve in 2024. Continuing to focus on the Group's operational efficiency, expanding margins and generating cash are the key priorities for the Board.

Revenue

Group revenue for the period was £39.2m compared to £44.9m in 2022, representing a 12.6% decrease. As Convex is treated as an asset held for sale, the Group revenue reflects the performance of Legal Services.

Revenue across the Legal Services departments was impacted by different factors. Dispute Resolution (42% of total revenue) was down 9.5%. This department benefited from an unusually large case in H2 2022 so its performance in 2023 was broadly in line with expectations.

Corporate revenue (38% of total revenue) was down 12.1%, reflecting the depressed state of the equity capital markets and lower M&A activity. M&A activity began to pick up in Q4 of 2023 and this continued in Q1 2024. There are early signs of improvement in the equity capital markets in 2024 but this is unlikely to turn into revenue growth until H2.

Real Estate (20% of total revenue) was down 22.2%. This reflects the historically low levels of activity across all parts of the commercial real estate sector. Although there are early signs of recovery in parts of the sector, management expectations for revenue growth in 2023 are cautious.

Other operating income

Other operating income of £0.9m (2022: £0.2m) relates to net interest earned on client monies held.

Disbursement asset revenue and expenditure

Disbursement asset revenue and expenditure relates to funds invested in disbursements on RBGLS' Damages based agreement ('DBA') cases. Due to an error identified in accounting policies, these cases are now accounted for under IFRS 15. Refer to notes 2 and 8 for further explanation.

Staff costs[5]

Total staff costs in 2023 were £26.9m (2022: £27.2m), which includes £25.7m for legal services. The average number of employees for the Group was 200 (2022: 211).

Overhead costs[5]

During 2022, the Group incurred overheads of £46.5m (before depreciation and amortisation) (2022: £44.0m), of which staff costs were £26.9m (2022: £27.2m).

Other overhead costs were £19.6m (2022 restated: £15.0m), of which non-recurring costs, represented £10.6m (2022: £9.7m). Other costs included insurances of £1.4m (2022: £1.8m), rates £0.7m (2022: £0.9m), and training and recruitment £0.7m (2022 £0.6m).

Operationally, there remains a significant focus on IT and we have invested sensibly over recent years and further enhanced both our internal and client facing experiences of IT usage.

5 All measures apart from net debt are shown on a continuing operations basis unless otherwise stated. Prior year comparatives are also shown on a continuing operations basis. Further details on discontinued operations can be found in Note 13.

EBITDA and Adjusted EBITDA[6]

In assessing performance, the Group uses EBITDA and adjusted EBITDA as important KPIs. EBITDA loss was a loss of £5.1m, including £10.6m of non-underlying items (2022: EBITDA £2.7m including non-underlying items of £9.7m).

Adjusted EBITDA for 2023 was £4.6m (11.8% of revenue) (2022 restated: £12.4m, 27.5%). Legal Services adjusted EBITDA margin of 17.0% (2022: 33.2%) was impacted by a decline in revenue, due to lower corporate spend on legal services, in particular relating to transactions such as IPOs and M&A.

Profit before tax

Loss before tax for 2023 was £11.4m, (2022: £2.1m); this includes £10.6m of non-underlying items (2022: £9.7m).

Adjusted[7] loss before tax was £0.7m, (2022: profit £7.6m).

Corporation tax

The Group's tax benefit for the year is £0.3m with an effective tax rate of 2.8% (2022 restated: £0.5m, 22.2%).

Discontinued operations

On 12 July 2023, the Group completed the disposal of the non-core business, LionFish to Blackmead Infrastructure Limited ("Blackmead") which reduced the Group's exposure to litigation funding commitments.

Convex has been classified as held for sale and has been excluded from our headline performance measures. Operating losses before non-underlying items for Convex were £0.2m (2022: operating profit £1.2m). Total losses after tax for the business for 2023 totalled £0.2m (2022: profit after tax £0.9m)

Details on discontinued operations are shown in Note 13.

Earnings Per Share (EPS)[6]

The weighted average number of shares in 2023 was 95.3 million which gives a basic earnings per share (EPS) on continuing operations for the year of (11.58p) (2022: restated (1.73p)) and diluted earnings per share (EPS) on continuing operations for the year of (11.56p) (2022: (1.72p)).

Balance Sheet

	2023 £'m	2022[8] £'m
Goodwill, intangible and tangible assets	55.1	55.3
Current Assets	19.1	27.9
Current Liabilities	(13.8)	(12.2)
Assets held for sale[6]	3.3	22.5
Liabilities held for sale	(1.0)	(7.5)
	62.7	**86.0**
Net debt[6]	(22.9)	(19.2)
Non-Current Liabilities	(11.4)	(14.1)
Net assets	**28.4**	**52.7**

The Group's net assets as at 31 December 2023 decreased by £24.3m on the prior year as a result of the losses recognised in 2023 as well as impairment in Convex intangible assets.

Goodwill, Tangible and Intangible Assets[6]

During the year, the management team took the decision to write off all remaining litigation assets from the balance sheet. This was tied to the Board's decision to step back from significant Damages based agreement (DBA) cases similar to those the Group had undertaken in the past.

Previously, disbursements incurred on these DBAs were held on the balance sheet as litigation assets and measured under IFRS 9 at fair value through profit or loss.

Based on the substances of the underlying agreements for the two damages based agreements, the recovery from the client of disbursements represents a revenue stream arising from costs to fulfil a contract with a customer and therefore falls within the scope of IFRS 15, not IFRS 9. This is because IFRS 9 states that it does not apply to "rights and obligations within the scope of IFRS 15 that are financial instruments, except for those that IFRS 15 specifies are accounted for in accordance with IFRS 9".

Refer to notes 2, 3, 22 and 32 for further information on this prior period adjustment.

Included within tangible assets is £12.4m (2022: £14.4m) which relates to IFRS 16 right of use assets for the Group's property leases.

Total intangible assets of £40.5m (2022: £38.7m) incorporate the goodwill and intangible assets acquired on the acquisitions of the Rosenblatt, and Memery Crystal businesses. During the year, the Group extended Ian Rosenblatt's restrictive covenant, refer to note 18 for further information. The Group has considered the amounts at which goodwill and intangible assets are stated on the basis of forecast future cash flows and concluded that that these assets have not been materially impaired.

6 All measures apart from net debt are shown on a continuing operations basis unless otherwise stated. Prior year comparatives are also shown on a continuing operations basis. Further details on discontinued operations can be found in Note 13.

7 The Group presents adjusted profit before tax as an operating KPI, it is adjusted for one off costs that are considered to be exceptional, refer to Note 1 for further information.

8 Comparatives have been restated to present Convex as a discontinued operation. Refer to Notes 1 and 13 for further details.

Working capital[9]

Management of lock up and cash generation has continued to be a key focus of the Group over the year. For the Legal Services business, lock up days is a measure of the length of time it takes to convert work done into cash. It is calculated as the combined debtor and WIP days.

Lock up days at 31 December 2023 were 127 (2022 restated: 137), with debtor days being 49 (2022: 58 days) and WIP days being 77 days (2022: 79 days). Lock up has decreased from the previous year due to the increase in provision made against trade receivables. This is an area of significant focus for management.

Trade debtors less provision for impairment at the end of the year were £8.0m (2022: £9.9m) and contract assets (work in progress) at the year-end were £8.2m (2022: £9.7m).

Net debt[9]

We have a revolving credit facility (RCF) of £17.5m and an acquisition term loan of £10.0m, of which, a total of £3.5m had been repaid at 31 December 2023. Our net debt position at the year end was £22.9 million (2022: £19.2 million).

Cash Conversion[10]

	2023 £'m	2022 £'m
Cash flows from operating activities	(5.1)	12.8
Movements in working capital	4.3	0.5
Increase in litigation assets	(0.3)	(7.8)
Net cash (used in)/generated from operations	**(1.1)**	**5.4**
Interest	(1.7)	(1.3)
Capital expenditure	(0.3)	(0.2)
Free cash flow	**(3.1)**	**4.0**
Underlying loss after tax	(10.2)	(4.7)
Cash conversion	**30%**	**(84%)**

The cash conversion percentage measures the Group's conversion of its underlying profit after tax into free cash flows. Cash conversion was 30% in 2023 (2022: (84%)).

Summary

We have made significant changes to the business in 2023 and we are now in a better position to deliver the Board's strategy of building a high margin, cash-generative, legal services group delivering sustained shareholder value.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the financial review pages 18 to 21, together with the financial position of the Group, its cash flows, liquidity position and borrowing facilities.

Financial projections have been prepared to April 2025, the going concern review period, and form part of a three-year plan which show positive earnings and cash flow generation and projected compliance with banking covenants at each testing date.

The Board confirm that they have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of signing these financial statements.

This confirmation is made after reviewing assumptions about the future trading performance. This process included a reverse 'stress test' used to inform downside testing which identified the break point in the Group's liquidity. Whilst the sensitivities applied do show an expected downside impact on the Group's financial performance in future periods, for all scenarios modelled the Board have identified appropriate mitigating actions to ensure that the Group maintain a robust balance sheet and liquidity position. Possible mitigating actions considered include lowering capital expenditure, reductions in personnel and overhead expenditure and other short-term cash management activities within the Group's control as part of their assessment of going concern.

The Group expects to be able to operate within the Group's financing facilities and in accordance with the covenants set out in all available facility agreements. Accordingly, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and they have adopted the going concern basis of accounting in preparing the annual Group financial statements.

9 All measures apart from net debt are shown on a continuing operations basis unless otherwise stated. Prior year comparatives are also shown on a continuing operations basis. Further details on discontinued operations can be found in Note 13.

10 Comparatives have been restated to present Convex as a discontinued operation. Refer to Notes 1 and 13 for further details.

Principal risks and uncertainties

The Board monitors both existing and emerging risks, recording these in a risk register and regularly assesses their status. Due to the nature of the business and the markets in which it operates, many of the risks it faces are ongoing over longer than any single year. The principal risks and uncertainties identified by the Board are detailed below.

Risk description and impact	Mitigating factors
Our people Well trained and experienced people are essential for the delivery of excellent professional services and is fundamental to our success. The market for such people remains competitive and the loss of or failure to recruit and retain such people could impact on the Group's ability to deliver professional services and financial performance. A failure to implement effective succession planning throughout the business could also adversely affect financial performance.	Recruitment is led by our HR team and the talent management team within that. Over the last 12 months, our recruitment process has been developed to include a strong value proposition for candidates. Remuneration arrangements include a range of benefits and are competitive. A comprehensive training programme is in place for all staff providing management, leadership, technical and skills training. The Board is responsible for the implementation of succession plans for each of the businesses and investment continues to be made in the recruitment of appropriate staff where required.
Reputation The success of the Group's business depends on the maintenance of good client relationships and its reputation for providing high-quality, highly valued professional services. If a client's expectations are not met, or if the Business is involved in litigation or claims relating to its performance in a matter, the reputation of the Group could be significantly damaged. The Group's reputation could also be damaged through Rosenblatt's involvement (as an adviser or as a litigant) in high-profile or unpopular legal proceedings. Rosenblatt may be required to incur legal expenses in defending itself against any litigation arising in, or out of, such cases and may also incur significant reputational and financial harm if such litigation is successful or if there is negative press coverage. The Group regards its brand names, domain names, trade secrets and similar intellectual property as important to its success. Its businesses have been developed with a strong emphasis on branding. Should the brand name of Rosenblatt, or Memery Crystal be damaged in any way or lose market appeal, the Group's businesses could be adversely impacted.	The Group constantly endeavours to maintain its reputation as a provider of client focused commercial advice and has adopted internal management processes and training programmes to support this. While the Group will use all reasonable endeavours to protect its intellectual property rights, should this be required, it may not be able to prevent any unauthorised use or disclosure of its intellectual property having an adverse effect on the operating, marketing, and financial performance of the Group.

Risk description and impact	Mitigating factors
Operational risk and IT systems The Group places significant reliance on its IT systems, any loss of these facilities would have a serious impact on the Group's operations. The Group can give no assurance that all such risks will be adequately covered by its existing systems or its insurance policies to prevent an adverse effect on the Group's financial performance. During the year the Group successfully transitioned to a new enterprise resource planning 'ERP' management system. The Group is also susceptible to cyber risks which continue to increase within the legal and other professional services sectors. The risk relates primarily to the malicious hacking of the Group's and/or client data, or ransom attacks.	The Group monitors the resilience of IT information systems and other facilities on an ongoing basis. The Group, and external partners assisting in the development and implementation of the new system have undertaken risk assessment procedures and believe that adequate safeguards are in place to minimise the risk of loss or disruption to the business. The Group has an ongoing programme to implement procedures and controls to mitigate this risk and external advice is sought as appropriate. The Group monitors the resilience of its information systems and other facilities on an ongoing basis, introducing updates and upgrades as appropriate. The Group regularly reviews its security arrangements, to identify and subsequently address weaknesses within the current systems. The Group has a cyber insurance policy in place to help to mitigate this risk.
Professional liability and uninsured risks The Group provides predominantly legal advice. Like all providers of professional services, it is susceptible to potential liability from negligence, breach of client contract and other claims by clients. As well as the risk of financial damage, such claims also carry a risk of damage to the Group's reputation. The professional indemnity insurance held by the Group may not cover all potential claims or may not be adequate to indemnify the Group for all liability that may be incurred (or loss which may be suffered). Any liability or legal defense expenses that are not covered by insurance or are in excess of the insurance coverage could have a material adverse effect on the Group's business and financial condition.	The Group is advised by market leading insurance brokers and the Directors believe that it holds comprehensive professional liability insurance. Any claims are defended strongly with senior members of the business involved at all stages and external advice is sought where appropriate. The Group works hard to ensure its employees provide excellent advice and service to its clients underpinned by quality processes and bespoke training programmes.
Regulatory and compliance risks The Group is subject to a range of regulations. Failure to comply with these could have significant implications for the business ranging from reputational damage to criminal prosecution and sentencing. The Group seeks advice from both internal and external experts to support it in its adherence to applicable regulations and guidelines. Through duty of confidentiality and non-disclosure, the SRA regulates the use and disclosure of client information. The Group is exposed to the risk of employees engaging in misconduct, including the improper use or disclosure of confidential client information. Employee misconduct could result in considerable harm to the Group's reputation, as well as regulatory sanctions and financial damage.	The Directors of RBGLS are in dialogue with the SRA to minimise such risk as far as they are able, and to ensure that this regulation is made known to shareholders. The SRA also has power to force the divestment of any shareholding which breaches this rule via the courts and/or to suspend or revoke the Licensed Body status of RBGLS, which would have a serious effect on the Group. We have invested in RBGLS' compliance team to ensure that the business manages risks and complies with the SRA Accounts Rules. Remedial action necessary for any breaches identified during the year or as part of the annual review is communicated to RBGLS by the Compliance Officer for Legal Practice ('COLP') and/or Compliance Officer for Finance and Administration ('COFA'). Staff are trained and reminded of these duties and although management processes are in place to mitigate this risk, it cannot be removed in full.

Streamlined energy and carbon reporting

Greenhouse gas emissions ('GHG') statement.

The Group has reported scope 2 and 3 greenhouse gas ('GHG') emissions in accordance with the requirements of Streamlined Energy and Carbon Reporting ('SECR').

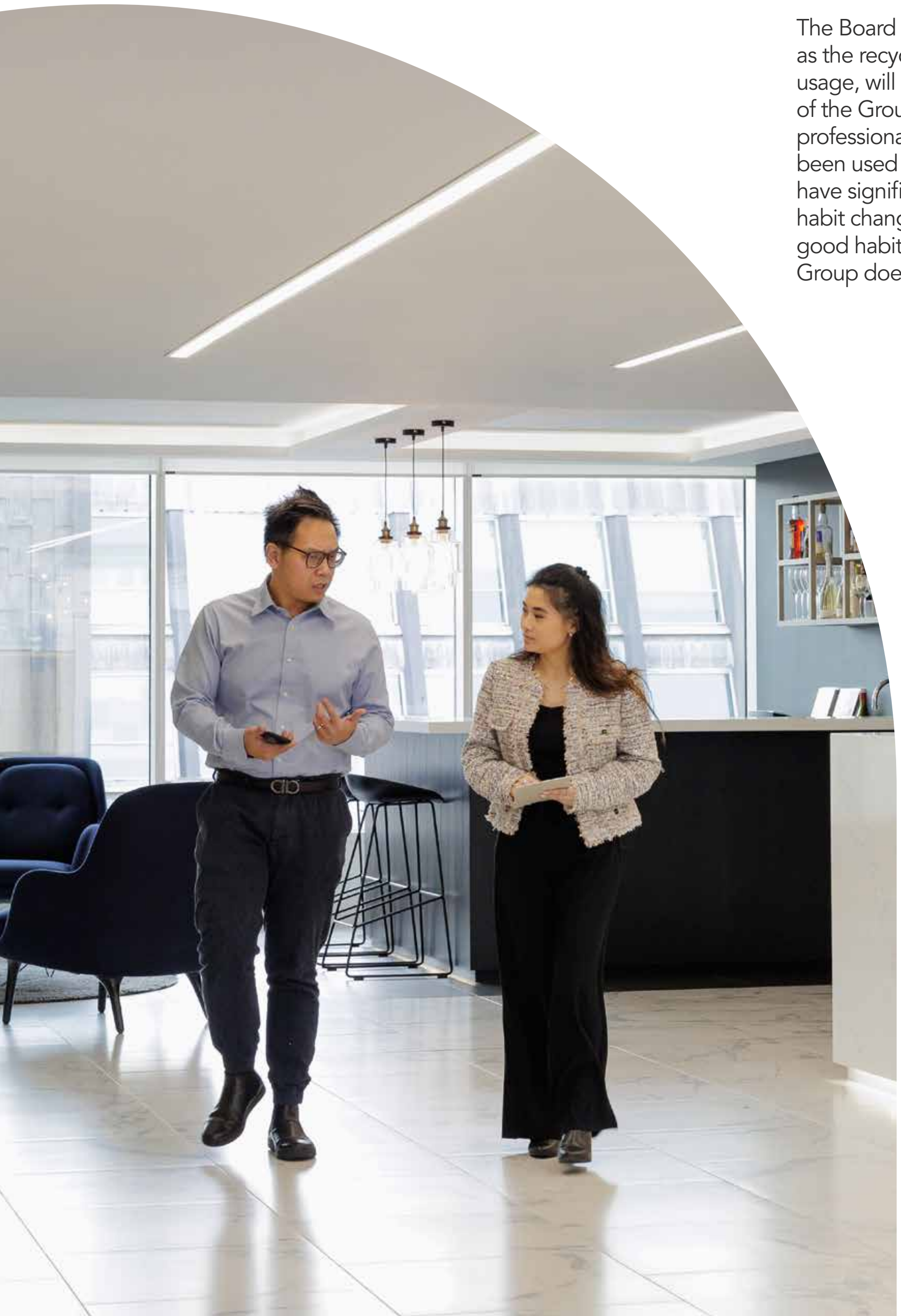
Energy and GHG sources included in the process:

- Scope 2: Purchased electricity
- Scope 3: Fuel used for business travel in employee-owned or hired vehicles

The table opposite details the regulated SECR energy and GHG emission sources for the current reporting period 1 January 2023 to 31 December 2023.

The figures were calculated using UK government conversion factors, expressed as tonnes of carbon dioxide equivalent.

	31 Dec 2023	31 Dec 2022 restated[11]
Energy (kWh)		
Gas	259,031	256,498
Electricity	410,375	361,488
Transport	11,849	13,833
Total energy (kWh)	**681,255**	**631,819**
Emissions (tCO2e)		
Gas	47.3	46.8
Electricity	85.0	69.9
Transport	2.1	1.6
Total emissions (tCO2e)	**134.4**	**118.3**
Intensity (tCO2e/£m revenue)		
Revenue (£m)	42.1	50.3
tCO2e per £m of revenue	**3.2**	**2.4**
Intensity (tCO2e/FTE)		
Full time equivalent employees	200	211
tCO2e per FTE	**0.7**	**0.6**



The Board believes that good environmental practices, such as the recycling of paper waste and conservation of energy usage, will support its strategy by enhancing the reputation of the Group. The number one consumable in the legal and professional services sector is paper, which has traditionally been used heavily in law firms. Hybrid and flexible working have significantly reduced paper consumption and accelerated habit changes and our focus is to sustain and expand these good habits and skills. Due to the nature of its business, the Group does not have a significant environmental impact.

11 2022 figures have been restated to reflect an error in the gas consumption figures taken from meter readings.

Section 172 Statement

This section serves as our Section 172 ("s172") statement and should be read in conjunction with the Strategic report and the Corporate Governance statement.

The Directors are aware of and comply with their duty under Section 172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to continue to have regard (amongst other matters) to:

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

In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Company for its members in the long term. We explain in this annual report, and below, how the Board engages with stakeholders.

- The Board regularly reviews the Company's principal stakeholders and how it engages with them. This is achieved through information provided by management and by direct engagement with stakeholders themselves
- Relations with key stakeholders such as employees, shareholders and customers are considered in the running of the business on an everyday basis
- We aim to work responsibly with our stakeholders. The Board regularly reviews policies and procedures, including those around anti-corruption and anti-bribery, equal opportunities and whistleblowing
- The Board engages and interacts with our teams through the use of intranets, monthly email updates and news flash emails

The key Board decisions made in the year are set out below:

Significant events/decisions	Key s172 matter(s) affected	Key s172 matter(s) affected
Decision to divest the specialist sell-side corporate finance advisory business, Convex	Shareholders, employees, clients	Convex Capital is an excellent business, but the unpredictable nature of the M&A market meant it was difficult to forecast revenue flows in any one year. Convex Capital also required working capital from the Group which we believe can be better deployed to support the core business and to help reduce debt.
Dividend	Shareholders, employees	During 2023, the Board announced it was suspending the Group's dividend policy for the foreseeable future. The Board recognises the importance of dividends to shareholders and will reinstate its dividend policy once it has made headway in reducing the Group's debt to a more prudent level.
Approval of 2024 budget	Employees, shareholders and clients	The Group's business plan is to drive sustainable growth in the long term, which is in the interest of all stakeholders. The Board has paid close consideration to this objective in establishing and approving the 2024 budget. In the current economic climate this has involved close monitoring of the impact of the current economic uncertainty on each sector in which the Group operates, ensuring no over reliance on a single market or client; ensuring the Group is best placed to continue delivering a high standard of client service and increasing focus on minimising our environmental impact.

The Directors consider that they have acted in the way most likely to promote the success of the Group for the benefit of its members as a whole.

Corporate Social Responsibility

The Group aims to build an organisation that delivers long-term value to its shareholders, successful outcomes for its clients, and is a responsible employer that supports its employees and has a positive impact in the communities in which it operates.

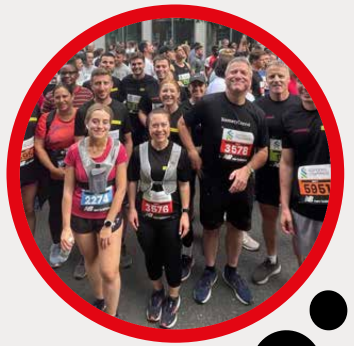
Social responsibility

We believe that running a profitable and growing business, which creates jobs and contributes to the economic success of the areas in which it operates, is a platform for good corporate social responsibility. We have a long-standing commitment to support our staff in engaging with their local communities and charities. This social awareness is present throughout the business, from our employees to our clients, our professional connections and the suppliers we use.

Sustainability

To deliver strong, sustainable shareholder returns over the long-term, the operation of a profitable business is a priority and that means investing for growth. To achieve this, the Group recognises that it needs to operate in a sustainable manner and therefore has adopted core principles to its business operations which provide a framework for both managing risk and maintaining its position as a good 'corporate citizen'.

Charities and communities



Every year, the Group partners with a charity, as voted by staff, to provide fundraising support. In 2023, the chosen charity was KEEN London. KEEN addresses the lack of support for young people with additional needs to access meaningful employment or volunteering opportunities and gain valuable transferable skills. They provide free and highly sought-after one-to-one support to children with additional needs at sports and games sessions in some of the most deprived parts of London.

Highlights from the year of fundraising include staff competing in a Tough Mudder and Winter Walk, attending a party for KEEN's 21st Anniversary, and a large Christmas raffle, with various smaller activities such as baking competitions and dress down days throughout the year. The Group is proud to have supported KEEN London and their cause.

In total, the Group raised £35,807 for our charity of the year KEEN London. These funds paid for 350 hours' worth of sessions with over 100 children, plus allowing 15 preschool children to attend KEEN's 'Rising Stars' sessions. The money raised also covered KEEN's rent payments for a year. In a survey conducted by the charity, 94% of families had noticed an increase in wellbeing, and the charity also fed back that they had rarely received such a high total from their fundraising partners, historically.

Our charity for 2024

In December, staff voted to support Noah's Ark Children's Hospice as its 2024 charity of the year.

Other charitable initiatives

2023 marks the Group's fourth consecutive year of working with Sutton Trust, a social mobility charity that designs programmes to support students from underprivileged backgrounds at university. The Sutton Trust helps these students to gain an insight into working life, as well as giving them a chance to gain the experience and skills needed to apply for internships and graduate roles. This year the Group organised work experience placements for 16 students who had an interest in becoming a lawyer.

The Group also continued to support the Beyond the Bow initiative, which organises Christmas presents and care packages for disadvantaged children in foster homes, those experiencing homelessness or those who need therapeutic care due to adverse childhood experiences. In total, staff donated 120 packages to the initiative, beating their previous record.

This year, The Group also supported MBA30, an exciting new initiative launched by Black British Initiative (BBI) in 2023 aimed at helping thirty black entrepreneurs, by sponsoring one student through their MBA. In addition to this, Rosenblatt Legal Director, Luther Kisanga, gave a talk as part of the programme. The Group are looking to build on this partnership in 2024 by providing additional support through our own professional knowledge and via our wider contacts.

Equality, Diversity, and Inclusion

We are an equal opportunities employer, and it is our policy to ensure that all job applicants and employees are treated fairly and on merit regardless of race, sex, marital/civil partnership status, age, disability, religious belief, pregnancy, maternity, gender reassignment or sexual orientation. We have an established Equality, Diversity and Inclusion committee, which having surveyed employees, develops an annual programme of training and events to address any operational and training needs identified.

The Group is immensely proud of the work completed by its' various staff-led equality, diversity, and inclusion networks in 2023.

The Black Ethnicity Network organised a number of activities to coincide with Black History Month, including a talk by Darren Miller, Founder of Black British Initiative (BBI), which runs the aforementioned MBA 30 initiative, who was joined by two alumni of the programme. In addition to this, the network organised a talk and presentation from Sofia Wham (co-founder of the UK's first contemporary African photography gallery) and Aisha Seriki (an artist specialising in fine art photography). The Group also took part in a street art tour through Shoreditch.

The Gender Parity committee celebrated International Women's Day in 2023 by hosting a women's event on the topic of miscarriage, baby loss, and fertility treatment. The Group also promoted the stories of women who had influenced the lives of staff.

The Disability and Neurodiversity network organised a talk by Sara Gibbs, a comedy writer and autistic advocate, who talked through a number of workplace neurodiversity tips. The network also shared important and useful information with the firm during UK Disability Awareness Month, and, to mark World Mental Health Day, organised a talk by alcohol awareness charity, Alcohol Change UK.

Lastly, the LGBTQ+ network hosted a Pride Entertainment Night on 15 June which featured a performance by the London drag queen and event host, Kara Couture. The network also shared useful definitions relating to lesbian, gay, bisexual, transgender, and queer terms, along with other sexual identities including pansexuality and asexuality.

Developing our people

The Group continues to create opportunities for staff at all levels of the Group.

We have a strong track record as an employer of choice in the provision of legal graduate traineeships and apprenticeship schemes highlighting the Group's motivation to 'grow our own'. Trainees work alongside qualified professionals in completing a period of recognised training (often known as a training contract) giving individuals supervised experience in legal practice. This is the final stage of the process of qualification as a solicitor where they refine and develop their professional skills.

The Group operates two fee-earning networks dedicated to our Junior Lawyers and Senior Lawyers. These groups allow the relevant individuals to develop skills such as business development, networking, and cross referring, all taking place within a friendly and collaborative environment. A number of development opportunities were provided via the networks this year, including a Q&A with two of the firm's Partners, and a LinkedIn masterclass by our BD & Marketing team. On top of these, frequent training sessions open to all staff run throughout the year, with topics ranging from spotlighting a service to educate staff, systems, and policies training, to training on softer skills.

The Group has also expanded a mentoring scheme which provides guidance and support to junior employees and creates a positive working environment. The scheme has several crucial benefits, not least developing skills and knowledge and helping integrate mentees to the Group culture and environment. Currently, there are over 40 pairings involving trainees to heads of department. The HR department support mentors by providing mentoring masterclass workshops, which provide them with the relevant skills to have effective conversations with their mentees and support their development within the firm.

Company culture

The Group has endeavoured to improve internal communications this year, introducing some new initiatives to encourage transparency on operations, but also to educate staff. Monthly town hall group-wide calls have been introduced on top of the existing quarterly in person updates, with guest speakers from within the group each month. In addition, staff have a direct forum to address questions to the CEO through an anonymous #askjon email. Staff were also surveyed in March 2023 on a range of topics, with the findings being shared and addressed directly in the quarterly updates. The firm has also introduced monthly 'hub days' in which office attendance is compulsory. Training sessions and social activities are organised on these days. The Group further encourages employee involvement in the performance of the business through participation in share ownership.

Throughout the year, regular social activities and staff drinks are organised, both to support charity efforts and improve the company culture – this year, activities have included pub quizzes, a scavenger hunt, and a football match between Rosenblatt and Memery Crystal.

Modern slavery

We are committed to preventing acts of modern slavery and human trafficking from occurring within our business and supply chain and expect our suppliers to adopt the same high standards. As part of our commitment to combating modern slavery, the Directors have approved the adoption and implementation of a specific modern slavery policy. We expect all of our suppliers to adhere to our Anti-Slavery Policy and will not tolerate slavery and human trafficking within our supply chains.

Our slavery and human trafficking statement, made in accordance with section 54(1) of the Modern Slavery Act 2015 can be found on our website, www.rbgholdings.co.uk.

Anti-bribery policy

We value our reputation for ethical behaviour and upholding the utmost integrity and we comply with the FCA's clients' best interests rule. We understand that in addition to the criminality of bribery and corruption, any such crime would also have an adverse effect on our reputation and integrity. The Group does not tolerate bribery and corruption and we ensure all our employees and suppliers are aware of our approach as to limit our exposure to bribery by:

- Setting out clear anti-bribery and corruption policies
- Providing mandatory training to all employees
- Encouraging our employees to be vigilant and report any suspected cases of bribery in accordance with the specified procedures

Political donations

The Group made no political donations in the year (2022: £nil).

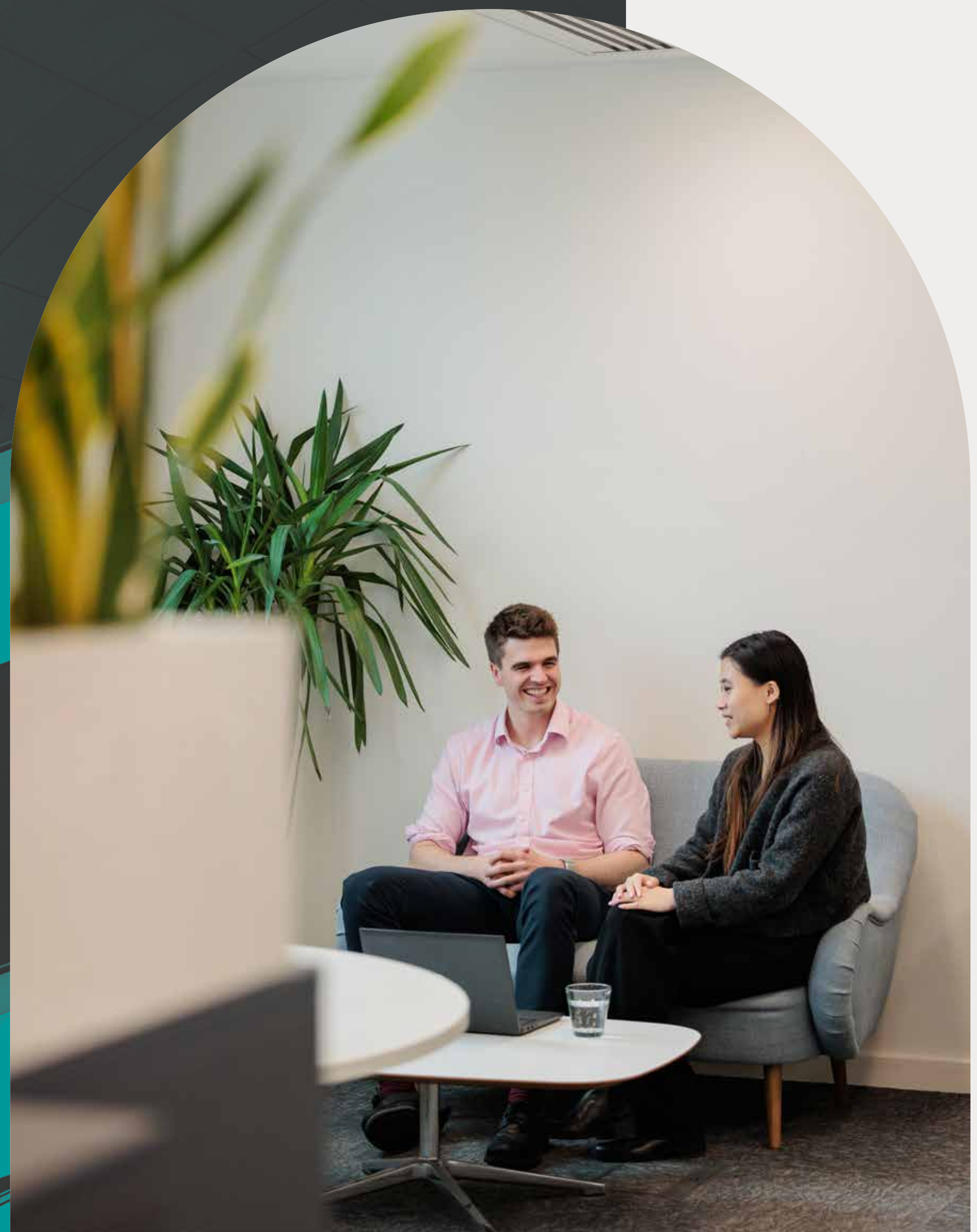
Pages 18 to 32 constitute the strategic report, which has been approved by the Board of Directors and signed on its behalf by:

Kevin McNair
Chief Financial Officer

30 April 2024

Corporate Governance

Contents



Board of Directors

Marianne Ismail
Non-Executive Chair

Marianne Ismail has worked in financial services for over 30 years in a variety of small and large regulated entities. She was a Managing Director of Morgan Stanley for 10 years working in New York and internationally and has held senior positions in Citigroup and Standard Chartered Bank. She has a strong understanding of the management of growing companies and of corporate risk. Marianne has held FCA significant influence functions throughout her career. Until July 2020, she was Pro Chancellor and Chair of the governing body of the University of Greenwich and is currently a Director and CEO of Microbira Ltd and a NED of Qatar Islamic Bank - UK.

David Wilkinson
Non-Executive Director

David Wilkinson is an experienced Non-Executive Chairman and Director, with a history of advising fast-growth, entrepreneurial businesses and professional practices. He is Audit Committee Chair at Marks Electrical Group plc, an online domestic appliance retailer, which floated on AIM in 2021. He chairs a private company, CH Bailey, a formerly AIM-listed business in overseas commercial and hospitality property, and he is a Non- Executive Director of Verso Biosense, a medical technology spinout from Southampton University.

Patsy Baker
Non-Executive Director

Patsy Baker is as highly respected communications professional. She continues as Senior Group Advisor to the Accordience Group having stepped down as Chairman of Citigate Dewe Rogerson last year. She provides corporate affairs counsel to the Group's international clients and oversees the delivery and coordination of integrated communication campaigns. She joined Lord Bell as a director at Bell Pottinger Communications in 1994, has provided Senior Board Counsel to CEOs in the UK FTSE 250, and has promoted and protected the reputations of many well-known brands. Patsy is an advisory board member of Invescore and also sits on the external affairs committee of the Design Museum.

Jon Divers
Chief Executive Officer

Jon Divers joined RBG Legal Services in February 2022 as Chief Operating Officer and became CEO of RBG Holdings in early 2023. Prior to this role in Professional Services, Jon held a variety of senior management and Managing Director roles in the transport and logistics sector. He has a strong focus on organic revenue growth and margin through cost control and believes all businesses have an opportunity for improved efficiency. Jon's background in industry has given him a broad range of experience working with international and time sensitive supply chains, union wage negotiations and demanding clients. He believes that these commercial skills transfer well into Professional Services as a sector that is transforming and changing rapidly.

Kevin McNair
Chief Financial Officer

Kevin McNair joined RBG Holdings in June 2023, initially as Interim Chief Financial Officer. He was appointed to the role permanently in November 2023. Kevin has over 30 years' experience in financial management and capital markets. He has spent the past 20 years as CFO of various publicly quoted and privately equity-backed businesses, primarily in the professional services and industrial services sectors. Kevin's focus has been on transforming the performance of people-based businesses and improving their financial stability. He has worked closely with the institutional investment and corporate banking communities in the UK and across Europe for more than two decades.

Nick Davis
Executive Director

Nick Davis is a qualified lawyer with over 20 years of experience in practice. Nick was CEO of Memery Crystal LLP at the time of its acquisition by the Group in May 2021. Nick joined Memery Crystal in 2000 and specialises in corporate finance with expertise in IPOs, equity capital markets and mergers & acquisitions. Nick sits on the AIM Advisory Group of the London Stock Exchange, a group that provides input and advises on matters affecting the operation and regulation of AIM. Nick was previously a Non-Executive Director of AIM Listed Shanta Gold Limited between 2012 and 2014, and a Director of a subsidiary of The Supreme Cannabis Company listed on the TSX.

Tania MacLeod
Executive Director

Tania MacLeod is a qualified lawyer who trained at, and in 1997 became a partner in, Rosenblatt Solicitors. In 2018, the business of Rosenblatt Solicitors was acquired by Rosenblatt Limited, which was subsequently acquired by Rosenblatt Group plc (now RBG Holdings plc) as part of its IPO and admission to AIM. Tania will continue in a fee earning capacity as Senior Partner of Rosenblatt and Head of Dispute Resolution, titles which she retained upon her appointment to the Group Board.

Corporate Governance statement

Overview

The Board recognises its responsibility towards good and competent corporate governance.

The Board is aligned in promoting long-term growth for the benefit of all of the Group's stakeholders and as such has adopted the Quoted Companies' Alliance Corporate Governance Code ("QCA Code"). The Board believes that the QCA Code is appropriate to allow the Group to fulfil its obligations to stakeholders.

The composition of the Board

Following the Board changes described in the Chair's Statement on pages [X] to [X], the Board comprises seven directors, four Executives and three Non-Executives, reflecting a blend of different experience and background. All of the Non-Executives are considered independent.

Roles and responsibilities

Marianne Ismail, as Group Non-Executive Chair, assumes responsibility for leading the Board and ensuring that the Group's corporate governance is appropriate and effective. As Non-Executive Chairman, she is also responsible for ensuring the Board agenda recognises financial and operational matters to allow for effective delivery of the Group strategy.

Jon Divers, as CEO is responsible for the day-to-day operations of the Group and the Executive Directors have the responsibility of delivering the Board strategy on a day-to-day basis and reporting back on their progress.

Board meetings

The Board is scheduled to meet on a regular basis throughout the year, with additional meetings called if required. As a minimum the Board will meet six times a year. A comprehensive board pack is distributed to all Directors prior to each scheduled Board meeting, so that all Directors can give due consideration to the matters in hand. The Board's main responsibilities are to agree and review Group strategy, approve annual budgets, review management performance, financial results, Board appointments and dividend policy.

Attendance at scheduled board and committee meetings during the year and since appointment is shown in the table below.

	Board	Audit Committee	Remuneration Committee
	Number	Number	Number
J Divers	17/17	3/3	4/4
N Davis	15/16	n/a	n/a
T MacLeod	16/16	n/a	n/a
K McNair	2/2	1/1	n/a
I Rosenblatt	7/7	n/a	n/a
M Ismail	17/17	3/3	4/4
D Wilkinson	14/15	3/3	4/4
P Baker	9/15	3/3	4/4
K Hamill	3/5	2/2	3/3
S Drakeford-Lewis	6/6	2/2	3/3
N Foulston	0/1	n/a	n/a

On page 25, the s172 Statement sets out the key decisions that the Board has made in the year.

Board committees

The Board has delegated specific responsibilities to the Audit and Remuneration Committees. Each Committee has terms of reference setting out its duties, authority and reporting responsibilities. The terms of reference of each Committee were put in place at the time of the Company's admission to AIM and are kept under review to ensure they remain appropriate and reflect any changes in legislation, regulation or best practice. Each committee comprises the Non-Executive Directors and the Executive Directors attend by invitation.

Each Committee has unrestricted access to employees of the business or external advisors to meetings, to the extent that they consider it necessary in relation to any specific matter under consideration. During the year the Committees have utilised external advice with the Remuneration Committee liaising with Evelyn Partners for the purposes of advising on the terms of the performance share awards and benchmarking executive pay, and the Audit Committee meeting with the Group's external auditors, both with and without the presence of Executive Directors and members of the finance team.

Relations with stakeholders

The Board is aware that the long-term success of the Group is reliant upon its employees, clients, shareholders, suppliers and regulators and as such the Group maintains consistent communication with these stakeholders to ensure that its continued growth in accordance with its strategy reflects their needs and expectations as well as those of the Group.

The Group endeavours to ensure that clients are met regularly to canvas their opinion on the service levels received and provide any feedback as to how these relationships and/or services can be improved. The Group has a strong track-record of retaining deep client relationships with some of these relationships being in excess of 25 years across a number of service lines provided within the Group's business.

The Executive Directors meet with the institutional shareholders both on an ad hoc basis and on a more structured basis around the publication of the Group's interim and end of year results. General information about the Group is available on the website at www.rbgholdings.co.uk.

Board effectiveness

The skills and experience of the Board are set out in their biographical details on pages 34 to 35. The experience and knowledge of each of the Directors gives them the ability to constructively challenge strategy and scrutinise performance. On joining the Board, new directors undergo an induction programme tailored to the existing knowledge and experience of the director concerned.

Time commitments

All Directors have been advised of the time required to fulfil the role prior to appointment and were asked to confirm that they could make the required commitment before they were appointed, and this minimum requirement is included in their letters of appointment.

Development

The Company Secretary ensures that all Directors are kept abreast of changes in relevant legislation and regulations, with the assistance of the Group's advisers where appropriate. Executive Directors are subject to the Group's performance review process through which their performance against objectives is reviewed and their personal and professional development needs considered.

Conflicts of interest

At each meeting, the Board considers Directors' conflicts of interest. The Company's Articles of Association (Articles) provide for the Board to authorise any actual or potential conflicts of interest.

Directors' and Officers' liability insurance

The Company has purchased Directors' and Officers' liability insurance as allowed by the Company's Articles.

Risk management and internal controls

The Board is responsible for maintaining a sound system of internal controls to safeguard shareholders' investments and the Company's assets. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss. The Board has considered the need for an internal audit function but has concluded that the internal control system in place is appropriate for the size and complexity of the Group. The Board is also responsible for the identification and evaluation of major risks faced by the Group and for determining the appropriate course of action to manage those risks.

Audit Committee report

David Wilkinson
Chair of the Audit Committee

Members of the Audit Committee

The Audit Committee is chaired by David Wilkinson, and its other members are Marianne Ismail and Patsy Baker. The Group Chief Financial Officer, other Executive Directors and external auditors are permitted to attend meetings of the committee by invitation.

The Audit Committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported on. It receives and reviews reports from the Group's management and auditors relating to the interim and annual accounts and accounting and internal control systems in use throughout the Group.

The Audit Committee meets at least three times a year and has unrestricted access to the Group's Auditors. The committee meets annually with the external auditors, without Executive Directors being present, to discuss any issues arising from their audit work. Neither the Group nor the Directors have any relationships that impair the external auditor's independence.

Duties

During the year the Audit Committee discharged its responsibilities by:

- approving the external auditor's plan for the audit of the Group's annual financial statements, including key audit matters, key risks, confirmation of auditor independence, terms of engagement and audit fees
- reviewing the Group's draft annual report and accounts and the external auditor's detailed audit completion report including consideration of key audit matters and risks
- reviewing the Group's half year and full year results announcements
- considered the appropriateness of disclosures in the annual financial statements regarding Alternative Performance Measures ("APMs")
- Moore Kingston Smith LLP ("MKS") were re-appointed as external auditor in 2023

Role of the external auditor

The Committee monitors the relationship with the external auditor, considering their performance in discharging the audit, the scope of the audit and terms of engagement, their independence and objectivity and remuneration. Any instruction for the external auditor to provide non-audit services to the Group must be approved in advance by the committee. A breakdown of the fees charged by MKS analysed between audit and non-audit services is provided in Note 9 to the accounts.

The committee has confirmed that it is satisfied with the independence, objectivity and effectiveness of MKS and has recommended to the Board that the auditors be reappointed. There will be a resolution to reappoint the auditors at the forthcoming AGM.

Audit process

The auditor prepares an annual planning report for consideration by the committee, which details areas of audit focus and anticipated key audit risks, together with the anticipated level of materiality. The auditor presents this to the committee, and it is reviewed and approved by the committee. Following the external audit process, the auditor presented its findings to the Committee for discussion. A number of areas were reviewed around revenue recognition, going concern, valuation and cut-off of contract assets, recoverability of trade receivables, valuation of provisions for legal disputes, valuation and impairment of goodwill and other intangible assets, valuation of litigation assets and gain/loss on disposal of litigation assets, changes to accounting policies, disposal of LionFish Litigation Finance Limited and accounting estimates. These areas were identified by the external auditors during the year and it was agreed that management's treatment and representation were in compliance with accounting standards.

Risk management and internal controls

The Board has established a framework of risk management and internal control systems, policies and procedures. The committee is responsible for reviewing the risk management and internal control framework, ensuring that it operates effectively. The committee is satisfied that the internal controls currently in place are sufficient and operating effectively for a business of this size.

At present the Group does not have an internal audit function and the committee believes that in view of the current size and nature of the Group's business, management is able to derive sufficient assurance as to the adequacy and effectiveness of the internal controls and risk management procedures without a formal internal audit function. This will be kept under review as the business evolves.

David Wilkinson
Chair of the Audit Committee

30 April 2024

Remuneration Committee report

Patsy Baker
Chair of the Remuneration Committee

This report sets out how the Committee operates and summarises the remuneration policy. Details of the remuneration paid to the Directors for the year is set out in the Directors' report on pages 42 to 45.

Members of the Remuneration Committee

The Remuneration Committee is appointed by the Board and is formed entirely of Non-Executive Directors. The Committee is chaired by Patsy Baker, its other members are Marianne Ismail and David Wilkinson. Executive Directors attend meetings by invitation, but no Director is present when his or her remuneration is discussed.

The Remuneration Committee is responsible for setting the Group's general policy on remuneration and approving matters relating to the remuneration and terms of employment of the Executive Directors and key senior employees. The Committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time. The Committee is responsible for recommending the structure for Non-Executive Director pay, which is subject to approval of the Board.

The Committee meets formally at least three times a year and receives internal advice from Executive Directors and external advice from remuneration consultants where necessary. In exercising its role, the Committee has regard to the QCA Remuneration Committee Guide and associated guidance.

Policy

The remuneration policy of the Group is driven by our approach to align the best interests of shareholders and management. The committee looks to set remuneration for Executive Directors and key senior employees at appropriate market levels, with reference to their roles and responsibilities. Incentive arrangements which provide appropriate reward are implemented and measured against key performance criteria designed to deliver the Group's objectives and strategy and are reviewed annually.

Duties

During the year, the Remuneration Committee undertook the following activities:

- determining salary increases and incentive outcomes for the Executive Directors and key senior employees
- approving overall salary increases and incentive outcomes for the Group
- reviewing and approving harmonised bonus and long-term incentive plans across the Group

Directors' remuneration

The remuneration arrangements for Executive Directors consist of a basic salary together with a performance bonus. In addition, they receive private medical insurance. Performance related pay is not guaranteed or contractual and is based on performance targets surrounding the Group, with criteria set on an annual basis by the Remuneration Committee. The bonus payable in the year is disclosed in the table of Directors' emoluments in the Directors' report on pages 42 to 45.

Long-term incentive plans are in place to seek to incentivise the Executive Directors to enhance shareholder value through growing the Group's share price. Details of awards issued under the plans are disclosed in the Directors' report on pages 42 to 45.

Executive Directors enter into service agreements, which may be terminated by either party by giving written notice of not less than twelve months. The service agreements contain provisions for early termination in the event of a breach of a material term of the service agreement by the Executive Director or where the Executive Director ceases to be a Director of the Company for any reason.

Non-Executive Directors

Non-Executive Directors' remuneration is determined by the Board. The Chairman of the Board and the other Non-Executive Directors receive an annual fee for their services, reflective of their level of responsibility, relevant experience and specialist knowledge and are reimbursed for appropriate travel expenses to and from Board meetings. The Non-Executive Directors serve under letters of appointment, which may be terminated by either party giving three months' written notice. The Non-Executive Directors are typically expected to serve two-year terms but may be invited by the Board to serve for an additional period.

Patricia Baker.

Patsy Baker
Chair of the Remuneration Committee

30 April 2024

Our Corporate Governance page can be found at https://www.rbgholdings.co.uk/about/corporate-governance/. All enquiries sent via "Contact Us" on the website or via email info@rbgholdings.co.uk will be forwarded to an appropriate member of our team and will be dealt with promptly.

Directors' Report

The directors present their report and the audited financial statements of the Group for the year ended 31 December 2023.

Principal activities and business review

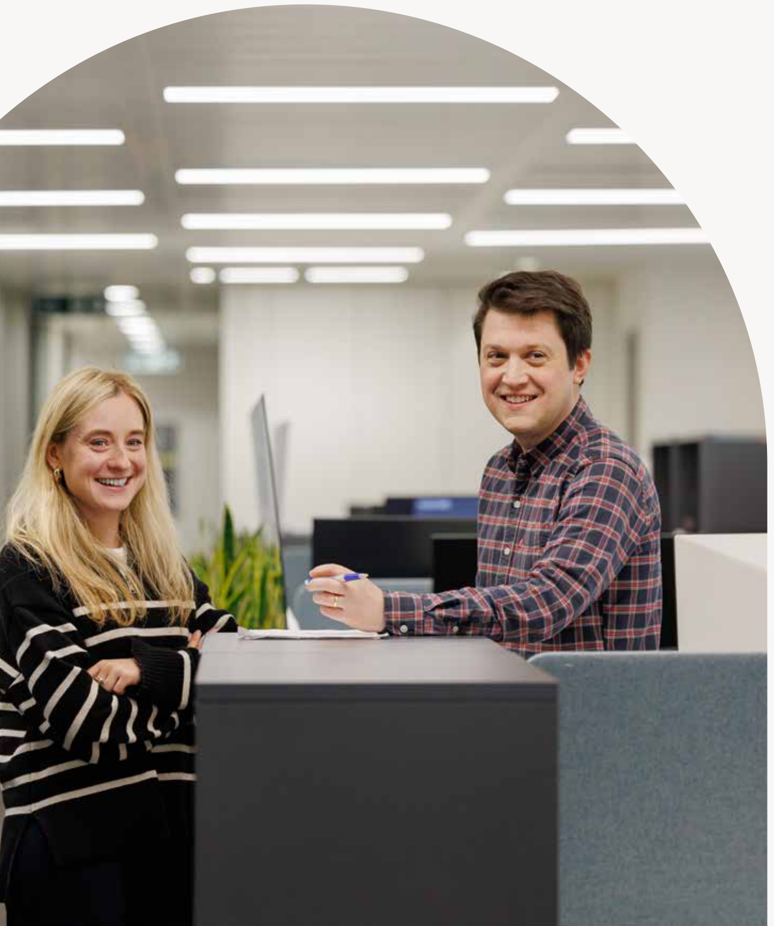
The principal activities of the Group during the year were the provision of professional services. The results for the year and the financial position of the Group are as shown in the annexed financial statements. A review of the business and its future development is given in the Chair's and Chief Executive Officer's statements.

Results and dividends

The results for the year are set out in the consolidated statement of comprehensive income on page 58.
As announced in July 2023, following feedback from significant shareholders, the Group's priority is to reduce debt and as a result suspended its dividend policy for the foreseeable future.

Future developments

Our priorities for the following financial year are disclosed in the Chief Executive Officer's statement on pages 14 to 16.



Substantial shareholdings

The Company was notified that the following were interested in 3% or more of the issued ordinary share capital at 31 December 2023:

	0.2p Ordinary Shares	
	Number	% of issued share capital
Ian Rosenblatt	16,966,464	17.80%
Premier Miton Investors	11,922,021	12.51%
Dowgate Wealth Limited	7,707,360	8.08%
Interactive Investor	7,647,620	8.02%
Hargreaves Lansdown Asset Management	7,409,365	7.77%
AJ Bell Securities	4,390,521	4.61%
Charles Stanley	3,789,880	3.98%
Interactive Brokers	3,251,000	3.41%
Stonehage Fleming Family & Partners	2,865,588	3.01%

Directors and their interests

The directors who served throughout the year, except where otherwise stated and in place at the date of this report are as follows:

Marianne Ismail	Non-Executive Chair
Patsy Baker	Non-Executive Director
David Wilkinson	Non-Executive Director
Jon Divers	Chief Executive Officer (appointed 3 March 2023)
Kevin McNair	Chief Financial Officer (appointed 28 November 2023)
Ian Rosenblatt OBE	Executive Vice Chair (appointed 27 July 2023, resigned 28 March 2024)
Tania MacLeod	Executive Director (appointed 3 March 2023)
Nick Davis	Executive Director (appointed 3 March 2023)
N Foulston	(Terminated 31 January 2023)
Keith Hamill	Non-Executive Chairman (resigned 22 June 2023)
Suzanne Drakeford-Lewis	Group Finance Director (resigned 30 June 2023)

The Directors' interests in the shares of the Company as at 31 December 2023 are set out below:

	0.2p Ordinary Shares		0.2p Ordinary Shares	
	2023	2023	2022	2022
	Number	% of issued share capital	Number	% of issued share capital
I Rosenblatt[12]	16,966,464	17.8%	-	-
T MacLeod[12]	1,305,044	1.4%	-	-
N Davis[12]	1,100,674	1.2%	-	-
J Divers[12]	100,529	0.1%	-	-
M Ismail	100,000	0.1%	-	-
Cascades Ltd*	-	-	11,410,000	12.0%
N Foulston	-	-	105,264	0.1%
S Drakeford-Lewis[13]	-	-	4,112	0.0%
	19,572,711	**20.5%**	**11,519,376**	**12.1%**

*A company wholly owned by the Foulston Family Trust of which Nicola Foulston is a beneficiary.

Dividends of £12,028 were paid on these shares during the year in relation to 2022 results (2022: £575,763).

Directors' remuneration

Directors' remuneration payable in the year is set out below:

31 December 2023	Basic Salary and/or Directors Fees	Employer Pension Contributions	Total
	£	£	£
M Ismail	85,000	-	**85,000**
P Baker	40,000	-	**40,000**
D Wilkinson	40,000	-	**40,000**
N Davis (appointed 3 Mar 2023)	288,845	13,083	**301,928**
T MacLeod (appointed 3 Mar 2023)	298,254	8,648	**306,902**
I Rosenblatt (appointed 27 Jul 2023)	2,258,834**	-	**2,258,834**
J Divers (appointed 3 Mar 2023)	372,593	12,500	**385,093**
K McNair (appointed 28 Nov 23)	20,833	938	**21,771**
K Hamill (resigned 22 Jun 2023)	45,000	-	**45,000**
S Drakeford-Lewis (resigned 30 Jun 2023)	127,500	3,825	**131,325**
N Foulston (terminated 31 Jan 2023)	37,152	-	**37,152**
	3,614,011	**38,994**	**3,653,005**

** Of this amount, £600,000 remained payable as at 31 December. Ian Rosenblatt subsequently agreed to receive this amount in shares as part of the equity that was announced in February 2024.

31 December 2022	Basic Salary and/or Directors Fees	Employer Pension Contributions	Total
	£	£	£
S Drakeford-Lewis[14]	-	-	-
N Foulston (terminated 31 Jan 2023)	445,820	(333)	**445,487**
K Hamill	90,000	-	**90,000**
M Ismail	40,000	-	**40,000**
R Parker (resigned 31 Dec 2022)	611,000	24,000	**635,000**[15]
P Baker	37,737	-	**37,737**
D Wilkinson	37,737	-	**37,737**
	1,262,294	**23,667**	**1,285,961**

12 Appointed during the year ended 31 December 2023.
13 No dividends disclosed as S Drakeford-Lewis was appointed on 31 December 2022.
14 No remuneration disclosed as S Drakeford-Lewis was appointed on 31 December 2022.
15 £292,500 of the total related to termination payment.

Directors who have an interest in the shares of the Company will benefit through dividend payments. During the year the following bonuses were received by directors and are included within Basic Salary and/or Directors' Fees.

	31 Dec 2023[16]	31 Dec 2022
	£	£
J Divers	122,593	-
N Davis	17,178	-
S Drakeford-Lewis	25,000	-
R Parker	-	50,000

No awards were granted in the year under the Group's Executive Incentive Plan ("EIP"). The Directors have not been granted any other share options or benefitted from other long-term incentive arrangements during the year.

Engagement with employees and stakeholders

The Group operates an equal opportunities employment policy. The Group's policy on recruitment, development, training and promotion includes provision to give full and fair consideration to disabled persons, having particular regard to their aptitudes and abilities. The Group appreciates and values the input of all its employees and encourages development and training to enhance employee skills. The Group ensures that employees are aware of any important matters that may impact on the performance of the Group. Details of how the Directors have engaged with and had regard to employees is addressed in the s172 report on page 25.

The directors have regard to the need to foster the company's business relationships with suppliers, customers and others and the impact on principal decisions in the year is also addressed in the s172 report.

Going concern

As described in the Strategic Report on pages 18 to 32 the Group expects to be able to operate within the Group's financing facilities and in accordance with the covenants set out in all available facility agreements. Accordingly, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and they have adopted the going concern basis of accounting in preparing the annual Group financial statements.

Financial risk management

Financial risk is managed by the Board on an ongoing basis. The key financial risks relating to the Group are outlined in more detail in Note 4 to the consolidated financial statements. The Group's principal risks and uncertainties are outlined in the Strategic report.

Post balance sheet events

- On 22 February 2024, the Group raised £0.9 million before expenses through the issue of new ordinary shares. A further £2.1 million before expenses was raised through the issue of new ordinary shares on 12 March 2024. The fundraising, which took place at a tight discount to the prevailing share price, was strongly supported by existing institutional shareholders, including certain directors who subscribed for £1.0 million of shares as part of the fundraise. The purpose of the raise was to provide additional working capital to the Group and to reduce the use of the Group's banking facilities.
- On 28 March 2024, the Group completed the disposal of Convex Capital to a joint venture led by its management team. Under the terms of the agreement, the Group received initial consideration of £2.0 million with up to another £600,000 payable on completion of certain subsequent transactions. Following the disposal, the Group is focused purely on legal services, its core business.
- Following the completion of the disposal of Convex, Ian Rosenblatt stepped down from the Board. Ian remains the Group's largest shareholder and largest revenue earner.

Annual General Meeting

The provisional date for the Company's AGM is 19 June 2024.

Political donations

No political donations were made during either 2023 or 2022.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, Directors' report and the 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 elected to prepare the Group and Company financial statements in accordance with UK adopted International Accounting Standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that year.

The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

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 they have been prepared in accordance with UK adopted International Accounting Standards, 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 will continue in business.

16 Bonuses paid during the year ended 31 December 2023 relate to 31 December 2022 results.

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 enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Auditor

A resolution to reappoint Moore Kingston Smith LLP as auditor for the ensuing year will be proposed at the Annual General Meeting in accordance with Section 489 of the Companies Act 2006.

Disclosure of information to auditor

The Directors confirm that, as far as they are each aware, there is no relevant audit information of which the Group's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

On behalf of the Board

Jon Divers
Chief Executive Officer

30 April 2024

Jon Divers
Chief Executive Officer

Independent Auditor's Report to the members of RBG Holdings plc

Opinion

We have audited the financial statements of RBG Holdings Plc (the 'Parent Company' and its subsidiaries (the 'Group')) for the year ended 31 December 2023 which comprise the Consolidated statement of comprehensive income, the Consolidated and Company statements of financial position, the Consolidated and Company Statements of cash flows, the Consolidated and Company statements of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group and Parent Company financial statements is applicable law and UK adopted International Accounting Standards and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted International Accounting Standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 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.

An overview of the scope of our audit

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

The components of the Group were evaluated by the Group audit team based on a measure of materiality, considering each component as a percentage of the Group's net assets, gross revenue, adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA) and results before tax, which allowed the Group audit team to assess the significance of each component and determine the planned audit response. The Group is made up of the Parent Company and four subsidiaries as at 31 December 2023, RBG Legal Services Limited, Convex Capital Limited, RBL Law Limited and Convex Group (Holdings) Limited. We considered the Parent Company and RBG Legal Services Limited to represent the two significant components of the group which were subject to full scope audits performed by the group audit engagement team. As RBL Law Limited, Convex Capital Limited and Convex Group (Holdings) Limited were not considered to be significant components we performed limited audit procedures on key balances and classes of transactions to cover specific identified risks. Lionfish Litigation Finance Limited was disposed of during 2023 and therefore our audit procedures focused on key balances and classes of transactions up to the date of disposal.

For significant components requiring a full scope audit approach, we evaluated controls by performing walkthroughs and test of controls over the financial reporting systems identified as part of our risk assessment, reviewed the accounts production process, and addressed critical accounting matters. We then undertook substantive testing on significant transactions and material account balances.

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, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

We have determined the matters described below to be the key audit matters to be communicated in our audit report.

Key Audit Matters	How our scope addressed this matter
Revenue recognition, specifically valuation of contract assets Refer to the accounting policies in Note 2 on page 67 in the Group financial statements. Revenue from legal services and other professional services is recognised based on reference to time charged at agreed rates. As at the reporting date, there can be instances when the Company has provided services to customers for which not all the performance obligations have been satisfied as at the reporting date. Estimation and recognition of the amount of performance obligations which have been met at the reporting date and recoverability of the amounts involved is a matter of judgment and we therefore considered it a significant area of focus for the audit and a key audit matter.	Our audit work included, but was not restricted to, the following procedures: We evaluated the operating effectiveness of certain key controls identified in relation to revenue. We evaluated the Group's accounting policy in respect of revenue recognition to ensure it is compliant with IFRS 15. We selected a sample of revenue items on which to perform tests of detail and the substantive testing and controls-based testing procedures performed in respect of revenue included the following: • Confirming revenue was recognised in accordance with the terms and conditions entered into with customers. • Agreeing a sample of fee earner timesheet entries recorded in the time recording system to the physical fee note (sales invoice), the entries to the accounting system, and the cash received. • Agreeing the hourly rates per timesheets for selected matters to the group's agreed charge out rate listing to test the accuracy of recorded time. • Performing controls-based testing for a sample of selected matters and agreeing these to the letters of engagement, the signed physical fee notes (sales invoices) and the approval of entries to the accounting system. • Performing cut-off testing on either side of the reporting date. • Reviewing material credit notes and invoices raised after the reporting date. • Analytically reviewing fee income to assess whether there were any unusual trends. • Reviewing material journals posted to revenue. • Selecting samples of contract assets and agreeing them to fee notes (sales invoices) raised subsequent to the reporting date and subsequent remittance. Where fee notes (sales invoices) were unavailable, obtaining alternative supporting evidence to gain assurance over recoverability. • Comparing the valuation of contract assets at the reporting date to historic recovery rates for the legal department to which the matters relate. • Critically assessing management's assumptions used in arriving at the final valuation for contract assets to gain assurance that there was no management bias. **Key observations:** As a result of our critical assessment of management's assumptions used in arriving at the final valuation for contract assets, we identified some material misstatements in revenue recognition and consequently some material adjustments were made to the carrying values of contract assets. Based on the procedures performed and with the adjustments referred to above having been made, we consider that the assumptions made by management in recognising revenue on part completed contracts with customers at the reporting date to be appropriate and in accordance with the requirements of IFRS 15.

Key Audit Matters	How our scope addressed this matter
Recoverability of Trade Receivables Refer to the accounting policies in Note 2 on page 69 in the Group financial statements. There can be instances where the Company has invoiced their customers for legal services provided within the financial year, but fee notes (sales invoices) remain unpaid until after the reporting date. Estimation and recognition of the recoverable amount at the reporting date for these items is a matter of judgment. In addition, the Company changed its approach in arriving at the accounting estimate in respect of the provision for impairment of trade receivables, and we therefore considered it a significant area of focus for the audit and a key audit matter.	Our audit work included, but was not restricted to, the following procedures: Evaluating the Group's accounting policies in respect of revenue recognition and provision for expected credit losses to ensure they are compliant with IFRS 15 and IFRS 9 respectively. Selecting samples of trade receivables and agreeing them to receipts subsequent to the reporting date. Where receipts were unavailable, obtaining alternative supporting evidence to gain assurance over recoverability. Assessing the overall recoverability of trade receivables by reviewing the proportion of total trade receivables at the reporting date that had been recovered by the date of signing the auditor's report including checking the consistency of total recoverability within similar timeframes for previous accounting periods. Enquiring with management about the amended approach adopted giving rise to the change in accounting estimate during the year in respect of the provision for expected credit losses on trade receivables. Critically assessing management's revised assumptions and the justifications used in arriving at the final provision for expected credit losses on trade receivables to gain assurance this did not constitute management override. Analysing the reliability of the change in accounting estimate by performing sensitivity analysis on historical results in respect of the recoverability of trade receivables. Assessing whether the change in accounting estimate in respect of the provision for expected credit losses was applied in accordance with IFRS 9 and IAS 8. **Key observations:** As a result of our critical assessment of management's assumptions used in arriving at the final valuation of trade receivables, we identified some material misstatements in revenue recognition and consequently some material adjustments were made to the carrying values of trade receivables. Based on the procedures performed and with the adjustments referred to above having been made, we consider that the assumptions made by management in arriving at the provision for expected credit losses on trade receivables at the reporting date to be appropriate and in accordance with the requirements of IFRS 9. As referenced in Note 3 of the Group's financial statements, expected credit losses are now recognised based on the ageing of fee notes (sales invoices) with invoices over 270 days being fully provided for. Management also makes an assessment for invoices under 270 days old to determine their recoverability.

Key Audit Matters	How our scope addressed this matter
Valuation of litigation assets and gain/loss on disposal of litigation assets (litigation assets hived up from LionFish Litigation Finance Limited) The Group enters into contracts under which it provides funding to litigants. Litigation assets are measured at fair value as described in the accounting policy on page 69. The Group is entitled to a fixed return that is contingent on the successful outcome of the case which in turn is dependent upon the timing of the settlement of the case. It has also entered into contracts under which a share in any damages to which the Group is entitled are disposed of to a third-party. The calculation of the results on disposal and the fair value of the remaining investments requires significant estimation and judgement and we therefore considered it a significant area of focus for the audit and a key audit matter. Specifically: • Estimation of the likely date of settlement impacts the expected returns to be receivable and the fair value of the remaining investments; and • Estimation of the total funding that will be drawn down under each contract impacts the cost of sales for the gain on sale of investments.	Our audit work included, but was not restricted to, the following procedures: We evaluated the Group's accounting policy in respect of the litigation assets to ensure it is compliant with IFRS 9. • We agreed sale proceeds on the disposal of LionFish Litigation Finance Limited to the bank statements and share purchase agreement. • We tested the arithmetical accuracy of the calculations through recalculation of the costs, fair value, and profit on disposal. • We agreed the drawdown of litigation funds during the year to the bank statements. • We critically assessed and challenged management's assumptions adopted to calculate the amounts written off to the profit and loss account upon disposal of litigation assets and liabilities from the balance sheet during the year. **Key observations:** The three litigation assets that were not sold as part of the LionFish Litigation Finance Limited disposal were hived up into RBG Holdings Plc, These assets were hived up at cost amounting to £1.78m and subsequently impaired to £Nil. We have reviewed management's assessment of the amount impaired and considered this to be appropriate, as the three litigation cases were lost during the year and therefore held no remaining value. Based on our audit work, we concluded that the disposal of LionFish Litigation Finance Limited was not materially misstated in the financial statements.

Key Audit Matters	How our scope addressed this matter
Treatment of damages based agreements, including the provision of legal services A prior period adjustment has been made in the comparative financial information presented in the financial statements, on the basis that an incorrect accounting policy previously adopted in respect of the treatment of damages based agreements. As described in the accounting policy on page 73, the Group enters into composite contracts of providing both legal services and funding to its litigation customers. In return for these services the Group receives a share in any damages awarded. Estimation and recognition of the amount of performance obligations which have been met at the reporting date and recoverability of the amounts involved is a matter of judgment and we therefore considered it a significant area of focus for the audit and a key audit matter.	Our audit work included, but was not restricted to, the following procedures. • Critically assessing the reasonableness of key assumptions, such as estimated damages-based awards, by corroborating the underlying documents through discussion with the Lead Partner for each matter and considering the outcomes of similar historic cases. • Challenging the key assumptions used by management in the reassessment of the first case including the change in success rates through discussions with the Lead Partner. • Critically assessing the management reassessment of recoverability of trade receivables under the second case of the damages based agreements. **Key observations:** From our work performed, we agreed with management's assessment that a prior period adjustment was required in respect of incorrect accounting policies previously adopted for damages based agreements. From our assessment and challenge of management and the Lead Partner of each damages based agreement: • The reassessment is based on both the timeline of legal proceedings and merits of the first case which led to management's judgement that the chance of success significantly reduced from 90% to 50% in February 2022. We concluded that this was appropriate. • We concluded that management's judgement regarding the IFRS 9 Expected Credit loss full provision on the second case at each respective year end was not materially misstated. Based on our audit work, we concluded that the quantum of the prior period adjustment was purely due to the reassessment performed and described above and not the incorrect application of accounting policies in the prior period.

Key Audit Matters	How our scope addressed this matter
Annual impairment review of goodwill and other intangible assets Refer to the accounting policies in Note 2 on page 68 and Note 3 on page 74 for key judgements in the Group financial statements. As at the reporting date the group had intangible assets for continuing operations of £40.49m (2022 restated: £ 38.69 m) including goodwill of £36.09m (2022 restated: £36.09m). The process for assessing whether an impairment exists under International Accounting Standard IAS 36 'Impairment of Assets' is complex. The process of determining the value in use, through forecasting cash flows (primarily revenue less costs) and the determination of the appropriate discount rate and other assumptions to be applied, is highly judgemental and can significantly impact the results of the impairment review. Based on the judgemental nature of an impairment review, we therefore identified valuation of goodwill and other intangible assets as a key audit matter.	Our audit work included, but was not restricted to, the following procedures: • Obtaining management's assessment of the Group cash generating units (CGUs) and critically assessing the Value In Use (VIU) model for each CGU to test compliance with the requirements of the applicable accounting standards, specifically IAS 36, and the mathematical accuracy of the model. • Critically assessing and challenging the impairment model prepared by management in terms of the inputs including recalculating the weighted average cost of capital (WACC). • Performing sensitivity analysis on the impairment model and assessing the accuracy of the forecasts used based on historical trading performance for each CGU. • Evaluating the accounting policy and detailed disclosures in the notes to the financial statements to determine whether information provided in the financial statements is compliant with the requirements of IAS 36 and consistent with the results of the impairment review. • Reviewing the amortisation accounting policy for intangible fixed assets to ensure it was appropriate. • Substantively auditing additions to intangible assets ensuring that they are in accordance with IAS 38 in respect of criteria for capitalisation. **Key observations:** Based on our audit work, we concluded that goodwill and other intangible assets are not materially misstated at the reporting date and that management's assessment that no impairment was required was appropriate.

Our application of materiality

The scope and focus of our audit were influenced by our assessment and application of materiality. We define materiality as the magnitude of misstatement that could reasonably be expected to influence the economic decisions of the users of financial statements. We use materiality to determine the scope of our audit and the nature, timing, and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole. We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements.

Based on our professional judgment we determined materiality for the 2023 financial statements as a whole and performance materiality as follows:

	Group financial statements	Parent company financial statements
Materiality	£232,000	£231,999
Basis for determining materiality	5% of Adjusted EBITDA	Based on an allocated proportion of Group materiality using 2% of Gross Assets capped at Group Materiality.
Rationale for the benchmark applied	The Group has reiterated its continued focus on growth and increasing revenue and profit margins during 2023. As such, the Group continues to be a profit orientated business and Adjusted EBITDA is considered to be the key financial metric on which the users of the financial statements are likely to focus on.	As for group materiality.
Performance materiality	£116,000	£115,999
Basis for determining performance materiality	50% of Group financial statement materiality. This was considered an appropriate percentage based on our risk assessment and our assessment of the overall control environment of the group.	50% of Parent company financial statement materiality.

We set materiality for each component of the Group based on a percentage of Group materiality dependent on the size of each component and our assessment of the risk of material misstatement relevant to that component. Both parent company materiality and component materiality, was capped at Group materiality and as such was £231,999. In the audit of each component, we further applied performance materiality levels of 50% of total component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £11,600 for the Group and £11,599 for the Parent Company and each component. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds. We also reported to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Conclusions related 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 Parent Company's ability to continue to adopt the going concern basis of accounting included the following procedures:

- Critically assessing the going concern assessment prepared by management covering at least twelve months from the date of the audit report;
- Performing sensitivity analysis on the forecasts to ensure there is sufficient cash flow headroom for the group to continue as a going concern for at least that period;
- Reviewing the trading performance of the group post year end and comparing it to the forecasts to assess their accuracy; and
- Assessing the adequacy of the going concern disclosures in the financial statements.

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. 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 there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on pages 44-45, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the audit of the financial statements

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

A further description of our responsibilities is available on the FRC's website at https://wwww.frc.org.uk/auditors/auditor-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor's-responsibilities-for

This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit.

However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK adopted international accounting standards, the rules of the Solicitors Regulation Authority, the rules of the Alternative Investment Market, and UK taxation legislation.
- We obtained an understanding of how the Group and Parent Company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. 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.

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 for no purpose other than to draw to the attention of the Parent Company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the Parent Company and the Parent Company's members as a body, for our work, for this report, or for the opinions we have formed.

John Staniforth (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

Chartered Accountants
Statutory Auditor
6th Floor
9 Appold Street
London EC2A 2AP

30 April 2024

Financial Statements

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Consolidated statement of comprehensive income

For the year ended 31 December 2023

	Note	1 Jan to 31 Dec 2023 £	1 Jan to 31 Dec 2022[17] Restated £
Revenue	5	39,209,854	44,873,908
Proceeds on disposal of damages based agreements	5	-	2,021,700
Other operating income	7	885,422	156,046
Disbursement asset revenue	8	1,221,854	2,847,487
Disbursement asset expenditure	8	(827,834)	(3,241,507)
Personnel costs	10	(26,878,460)	(27,184,117)
Depreciation and amortisation expense		(3,251,607)	(3,432,764)
Other expenses		(19,606,276)	(16,816,487)
(Loss) from operations	9	**(9,247,048)**	**(775,734)**
EBITDA		**(5,995,440)**	**2,657,030**
Non-underlying items	6		
Costs of acquiring subsidiary		25,000	367,303
Contract assets - damages based agreement asset impairment		-	6,670,481
Release of onerous contract provision		301,727	562,979
Trade receivables – provision against damages based agreement re-ceivable		920,127	1,296,470
Costs associated with disposal of LionFish		5,648,109	-
Costs associated with re-financing project		787,193	-
Other one-off costs		2,081,890	-
Trade receivables provision change		1,038,163	-
Restructuring (release)/costs		(168,167)	803,631
Adjusted EBITDA		**4,638,602**	**12,357,894**
Finance expense	11	(2,170,109)	(1,333,663)
Finance income	11	51,318	14,509
Loss on sale of associate	21	-	(21,643)
(Loss) before tax		**(11,365,839)**	**(2,116,531)**
Tax income/(expense)	12, 13	322,721	469,118
(Loss) from continuing operations		**(11,043,118)**	**(1,647,413)**
Profit/(Loss) on discontinued operations, net of tax	13	818,932	(3,073,351)
Impairment associated with discontinued operation	20	(13,694,754)	-
(Loss) for the year		**(23,918,940)**	**(4,720,763)**
Total (loss) and comprehensive income attributable to:			
Owners of the parent		(23,918,940)	(4,335,201)
Non-controlling interest		-	(385,562)
		(23,918,940)	**(4,720,763)**
Earnings per share attributable to the ordinary equity holders of the parent	14		
Basic (pence) from continuing operations		(11.58)	(1.73)
Diluted (pence) from continuing operations		(11.58)	(1.73)
Basic (pence) from total operations		(25.09)	(4.55)
Diluted (pence) from total operations		(25.05)	(4.55)

There were no elements of other comprehensive income for the financial year other than those included in the income statement.

The attached notes form part of these financial statements.

17 Comparatives have been restated to present Convex Capital as a discontinued operation. Refer to Note 13 for further details.

Consolidated statement of financial position

As at 31 December 2023

Company registered number: 11189598	Note	31 Dec 2023 £	31 Dec 2022[18] restated £	31 Jan 2022 restated £
Assets				
Current assets				
Trade and other receivables	22	18,374,752	27,214,577	19,330,914
Current tax asset	22	725,723	656,982	-
Cash and cash equivalents		2,262,750	2,588,240	4,736,546
		21,363,225	**30,459,799**	**24,067,460**
Non-current assets				
Property, plant and equipment	16	2,047,706	2,208,091	2,582,911
Right-of-use assets	17	12,390,892	14,419,414	15,913,008
Intangible assets	18	40,488,453	38,693,983	55,859,230
Deferred tax	26	216,445	-	-
Litigation assets	32	-	-	-
Trade and other receivables	22	-	-	6,402,444
Investments in associates	21	-	-	101,643
		55,143,496	**55,321,488**	**80,859,236**
Assets held for sale	13	3,369,134	22,882,556	4,922,385
Total assets		**79,875,854**	**108,663,843**	**109,849,081**
Liabilities				
Current liabilities				
Trade and other payables	23	11,593,485	9,642,454	10,099,544
Leases	17	2,224,373	1,979,578	2,150,440
Current tax liabilities	23	-	-	1,002,637
Provisions	25	75,000	605,556	164,291
Loans and borrowings	24	2,624,407	2,205,640	2,129,592
		16,517,264	**14,433,228**	**15,546,504**
Non-current liabilities				
Loans and borrowings	24	22,687,488	20,000,000	17,000,000
Deferred tax liabilities	26	-	229,361	850,042
Provisions	25	150,000	150,000	150,000
Leases	17	11,344,768	13,713,932	13,698,661
		34,182,255	**34,093,293**	**31,698,703**
Liabilities held for sale	13	958,476	7,528,822	2,053,440
Total liabilities		**51,657,996**	**56,055,344**	**49,298,647**
NET ASSETS		**28,217,858**	**52,608,500**	**60,550,434**
Issued capital and reserves attributable to owners of the parent				
Share capital	27	190,662	190,662	190,662
Share premium reserve	28	49,232,606	49,232,606	49,232,606
Retained (losses)/earnings	28	(21,205,410)	3,185,232	10,840,271
		28,217,858	**52,608,500**	**60,263,539**
Non-controlling interest		-	-	286,895
TOTAL EQUITY		**28,217,858**	**52,608,500**	**60,550,434**

The financial statements on pages 58 to 103 were approved and authorised for issue by the Board of Directors on 30 April 2024 and were signed on its behalf by:

Jon Divers, Director

The attached notes form part of these financial statements

18 Comparatives have been restated to present Convex as a discontinued operation. Refer to Note 13 for further details.

Consolidated statement of cash flows

For the year ended 31 December 2023

	Note	2023 £	2022[19] restated £
Cash flows from operating activities			
(Loss) for the year before tax from:			
Continuing operations		(11,365,839)	(2,116,531)
Discontinued operations		673,594	(3,772,086)
Adjustments for:			
Depreciation of property, plant and equipment		500,559	556,403
Amortisation of right-of-use assets		2,138,917	2,153,585
Amortisation of intangible fixed assets		738,611	837,413
Fair value movement of litigation assets net of realisations		(1,168,566)	5,218,176
Impairment of contract assets (damages based agreement asset)		-	6,670,481
Release of onerous contract provision		301,727	562,979
Trade receivables – provision against damages based agreement receivable		920,127	1,296,470
Finance income		(51,646)	(32,739)
Finance expense		2,213,795	1,361,514
Loss on sale of equity accounted associate		-	21,643
		(5,098,721)	**12,757,308**
Decrease/(increase) in trade and other receivables		3,788,638	(3,600,176)
Increase in trade and other payables		1,083,815	3,609,645
(Increase) in litigation assets		(325,488)	(7,781,846)
(Decrease)/increase in provisions		(530,556)	441,265
Cash generated from operations		**(1,082,312)**	**5,426,196**
Tax paid		(899,649)	(601,569)
Net cash flows (used in)/generated from operating activities		**(1,981,961)**	**4,824,627**
Investing activities			
Purchase of property, plant and equipment		(326,941)	(199,741)
Sale of associate		-	80,000
Purchase of other intangibles	18	(2,500,000)	-
Disposal of discontinued operations litigation assets		1,821,800	-
Consideration received (litigation assets)		3,782,098	-
Payment of deferred consideration		-	(2,248,319)
Interest received		51,646	32,739
Net cash generated from/(used in) investing activities		**2,828,604**	**(2,335,321)**
Financing activities			
Dividends paid to holders of the parent	15	(471,702)	(4,736,071)
Proceeds from loans and borrowings		3,249,950	5,000,000
Repayment of loans and borrowings		(718,888)	(2,000,000)
Repayments of lease liabilities		(1,841,233)	(1,211,829)
Interest paid on loans and borrowings		(1,197,725)	(756,768)
Interest paid on lease liabilities		(509,019)	(528,698)
Net cash (used in) financing activities		**(1,488,617)**	**(4,233,366)**
Net (decrease) in cash and cash equivalents		**(641,974)**	**(1,744,060)**
Cash and cash equivalents at beginning of year		3,012,083	4,756,143
Cash and cash equivalents at end of year		**2,370,109**	**3,012,083**
Cash and cash equivalents – continuing operations		2,262,750	2,588,240
Cash and cash equivalents – discontinued operations	13	107,359	423,843
Cash and cash equivalents per consolidated balance sheet		**2,370,109**	**3,012,083**

The attached notes form part of these financial statements.

19 Comparatives have been restated to present Convex as a discontinued operation. Refer to Note 13 for further details.

Consolidated statement of changes in equity

For the year ended 31 December 2023

Current year	Share Capital £	Share Premium £	Retained Earnings £	Total attributable to equity holders of parent £	Non-controlling interest £	Total equity £
Balance at 1 January 2023 as originally presented	190,662	49,232,606	11,996,470	**61,419,738**	-	**61,419,738**
Correction of error (refer to note 32)	-	-	(8,811,238)	**(8,811,238)**	-	**(8,811,238)**
Balance at 1 January 2023	**190,662**	**49,232,606**	**3,185,232**	**52,608,500**	**-**	**52,608,500**
Comprehensive income for the year						
Loss for the year	-	-	(23,918,940)	**(23,918,940)**	-	**(23,918,940)**
Total comprehensive loss for the year	-	**-**	(23,918,940)	**(23,918,940)**	-	**(23,918,940)**
Contributions by and distributions to owners						
Dividends	-	-	(471,702)	**(471,702)**	-	**(471,702)**
Total contributions by and distributions to owners	-	**-**	(471,702)	**(471,702)**	-	**(471,702)**
Balance at 31 December 2023	**190,662**	**49,232,606**	**21,205,410**	**28,217,858**	**-**	**28,217,858**

The attached notes form part of these financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2023 (continued)

Prior year	Share Capital £	Share Premium £	Retained Earnings £	Total attributable to equity holders of parent £	Non-controlling interest £	Total equity £
Balance at 1 January 2022 as originally presented	190,662	49,232,606	11,113,365	**60,536,633**	286,895	**60,823,528**
Correction of error (refer to note 32)	-	-	(273,094)	**(273,094)**	-	**(273,094)**
Balance at 1 January 2022 (restated, refer to note 32)	**190,662**	**49,232,606**	**10,840,271**	**60,263,539**	**286,895**	**60,550,434**
Comprehensive income for the year						
(Loss) for the year (restated, refer to note 32)	-	-	(4,335,201)	(4,335,201)	(385,562)	**(4,720,763)**
Comprehensive income for the year	**-**	**-**	**(4,335,201)**	**(4,335,201)**	**(385,562)**	**(4,720,763)**
Contributions by and distributions to owners						
Dividends	-	-	(4,736,071)	**(4,736,071)**	-	**(4,736,071)**
Purchase of NCI share capital	-	-	(98,767)	**(98,767)**	98,667	**(100)**
Reversal of call option over shares of associate	-	-	500,000	**500,000**	-	**500,000**
Reversal of put option over shares of subsidiary	-	-	1,015,000	**1,015,000**	-	**1,015,000**
Total contributions by and distributions to owners	**-**	**-**	**(3,319,838)**	**(3,319,838)**	**98,667**	**(3,221,171)**
Balance at 31 December 2022	**190,662**	**49,232,606**	**3,185,232**	**52,608,500**	**-**	**52,608,500**

The attached notes form part of these financial statements.

Company statement of financial position

As at 31 December 2023

Company registered number: 11189598	Note	31 Dec 2023 £	31 Dec 2022 restated £
Assets			
Current assets			
Trade and other receivables	22	4,394,018	14,204,102
Cash and cash equivalents		340,549	413,635
Current tax assets	22	145,364	-
		4,879,931	**14,617,737**
Non-current assets			
Trade and other receivables	22	40,412,117	39,554,433
Property, plant and equipment	16	-	45
Investments in subsidiaries	20	13,806,624	27,501,378
		54,218,741	**67,055,856**
Total assets		**59,098,672**	**81,673,593**
Liabilities			
Current liabilities			
Trade and other payables	23	4,219,262	4,290,801
Loans and borrowings	24	2,624,407	2,205,640
		6,843,669	**6,496,441**
Non-current liabilities			
Loans and borrowings	24	22,687,488	20,000,000
Deferred tax liabilities	26	199,505	635,334
		22,886,993	**20,635,334**
Total liabilities		**29,730,661**	**27,131,775**
NET ASSETS		**29,368,011**	**54,541,818**
Issued capital and reserves attributable to owners of the parent			
Share capital	27	190,662	190,662
Share premium reserve	28	49,232,606	49,232,606
Retained earnings	28	(20,055,257)	5,118,550
		29,368,011	**54,541,818**

The Company has taken advantage of the exemption contained in S408 Companies Act 2006 and has not presented a separate income statement for the Company. The Company recorded a loss after tax of £24,702,105 for the year ended 31 December 2022 (2022: profit £4,419,482).

The financial statements on pages 58 to 103 were approved and authorised for issue by the Board of Directors on 30 April 2024 and were signed on its behalf by:

Jon Divers

Jon Divers
Director

The attached notes form part of these financial statements.

Company statement of cash flows

For the year ended 31 December 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Loss/Profit for the year before tax		**(25,137,934)**	**3,491,188**
Adjustments for:			
Depreciation of property, plant and equipment	16	45	1,038
Impairment of investment in discontinued operation		13,694,754	-
Finance income		(10,648)	(14,164)
Finance expense		1,666,894	811,352
		(9,786,889)	**4,289,414**
(Increase)/decrease in trade and other receivables		(445,778)	1,329,641
Increase in trade and other payables		575,785	379,823
Cash (used in)/generated from operations		**(9,656,882)**	**5,998,878**
Tax paid		(145,362)	-
Net cash flows from operating activities		**(9,802,244)**	**5,998,878**
Investing activities			
Sale of associate		-	80,000
Purchase of NCI share capital		-	(100)
Amounts repaid by/(loaned to) subsidiaries		9,398,176	(7,435,942)
Interest received		10,648	14,164
Net cash flows (used in) investing activities		**9,408,824**	**(7,341,879)**
Financing activities			
Dividends paid to holders of the parent	15	(471,702)	(4,736,071)
Amounts (repaid to)/borrowed from subsidiaries		(647,324)	1,767,522
Proceeds from loans and borrowings		3,249,950	5,000,000
Repayment of loans and borrowings		(718,888)	(2,000,000)
Interest paid on loans and borrowings		(1,091,703)	(735,304)
Net cash flows generated from/(used in) financing activities		**320,334**	**(703,853)**
Net (decrease) in cash and cash equivalents		**(73,086)**	**(2,046,854)**
Cash and cash equivalents at beginning of year		413,635	2,460,489
Cash and cash equivalents at end of year		**340,549**	**413,635**

The attached notes form part of these financial statements.

Company statement of changes in equity

For the year ended 31 December 2023

Current year	Share Capital	Share Premium	Retained Earnings	Total
	£	£	£	£
Balance at 1 January 2023	**190,662**	**49,232,606**	**5,118,550**	**54,541,818**
Comprehensive profit for the year				
Loss for the year	-	-	(24,702,105)	**(24,702,105)**
Total comprehensive profit for the year	**-**	**-**	**(24,702,105)**	**(24,702,105)**
Contributions by and distributions to owners				
Dividends	-	-	(471,702)	(471,702)
Total contributions by and distributions to owners	**-**	**-**	**(471,702)**	**(471,702)**
Balance at 31 December 2023	**190,662**	**49,232,606**	**(20,055,257)**	**29,368,011**

The attached notes form part of these financial statements.

Prior year	Share Capital	Share Premium	RetainedEarnings	Total
	£	£	£	£
Balance at 1 January 2022	**190,662**	**49,232,606**	**5,435,139**	**54,858,407**
Comprehensive profit for the year				
Profit for the year	-	-	4,419,482	4,419,482
Total comprehensive profit for the year	**-**	**-**	**4,419,482**	**4,419,482**
Contributions by and distributions to owners				
Dividends	-	-	(4,736,071)	**(4,736,071)**
Total contributions by and distributions to owners	**-**	**-**	**(4,736,071)**	**(4,736,071)**
Balance at 31 December 2022	**190,662**	**49,232,606**	**5,118,650**	**54,541,818**

The attached notes form part of these financial statements.

Notes to the consolidated and company financial statements

1. Basis of preparation

RBG Holdings plc is a public limited company, incorporated in the United Kingdom. The principal activity of the Group is the provision of legal and professional services, including management and financing of litigation projects.

The Group and Company financial statements have been prepared in accordance with UK adopted international accounting standards and those parts of the Companies Act 2006 applicable to companies reporting under UK adopted international accounting standards. These financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The Company has taken advantage of the exemption contained in S408 Companies Act 2006 and has not presented a separate income statement for the Company.

The financial statements have been prepared for year ended 31 December 2023, with a comparative year to 31 December 2022 (restated), and are presented in Sterling, which is also the Group's functional currency.

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out in Note 2. The policies have been consistently applied to the year presented, unless otherwise stated.

The preparation of financial statements in compliance with UK adopted international accounting standards requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in Note 3.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis.

Discontinued operations

During the year, the Board approved plans to dispose of the Group's interests in Convex. Convex is classified as held for sale at the balance sheet date. The net results of Convex have been presented as discontinued operations in the Group statement of comprehensive income (for which the comparatives have been restated). See Note 13 for further details.

Going concern

The Group has prepared financial projections to April 2025, the going concern review period. The Board recognises that the Groups' financial performance in 2023 included a decline in revenue and a total reported loss (including discontinued operations) after tax of £23,918,941. This loss included an impairment of Convex Capital intangible assets of £13,694,754 and one-off costs that are considered to be exceptional totalling £10,634,042. After the reporting date, the Group raised a total of £3.0 million before expenses through the issue of new ordinary shares and completed the disposal of Convex Capital for an initial consideration of £2.0 million.

The Directors are confident that much of these losses were attributable to factors that will not impact the Group going forward.

The financial projections performed form part of a three-year plan which shows positive earnings and cash flow generation and projected compliance with banking covenants at each testing date.

The Board confirm that they have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of signing the financial statements.

This confirmation is made after reviewing assumptions about the future trading performance. This process included a reverse `stress test' used to inform downside testing which identified the break point in the Group's liquidity.

Whilst the sensitivities applied do show an expected downside impact on the Group's financial performance in future periods, for all scenarios modelled, the Board have identified appropriate mitigating actions, including lowering capital expenditure, reductions in personnel and overhead expenditure and other short-term cash management activities within the Group's control as part of their assessment of going concern.

Changes in accounting policies

A. New standards, interpretations and amendments effective from 1 January 2023

New standards that have been adopted in the annual financial statements for the year ended 31 December 2023 but have not had a significant effect on the Group are:

- Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements);
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes); and
- International Tax Reform – Pillar Two Model Rules (Amendment to IAS 12 Income Taxes) (effective immediately upon the issue of the amendments and retrospectively)

B. New standards, interpretations and amendments not yet effective

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

The following amendments are effective for the period beginning 1 January 2024:

- Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements);
- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements); and
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures)

The Group is currently assessing the impact of these new accounting standards and amendments and does not expect that they will have a material impact on the Group.

The following amendments are effective for the period beginning 1 January 2025:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)

C. Prior year restatement

During the current financial year, it was identified that previous accounting policy to capitalise Rosenblatt disbursements (including counsel fees) associated with its Damages Based Agreement ("DBA") matters as litigation assets and measure the assets under IFRS 9 at
fair value through profit and loss was incorrect.

These disbursements constitute payments of costs to fulfil a contract under IFRS 15 that could be reimbursed in the future depending on the outcome of the case. They should be capitalised to the extent that they are expected to be recovered.

There are two specific cases that this error impacts and each is treated differently based on the terms of the agreement.

For the first case, the disbursements are payable to the Group, only if the case wins or where the client or the Group terminates the engagement. Under IFRS 15, this case is treated as a contract asset and an impairment assessment is performed under IFRS 15. During the year ended 31 December 2022, the probability of success was reduced from 90% to 50%, at this point, the contract asset was written off and the case became an onerous contract and costs to fulfil the contract were provided for.

For the second case, the disbursements are recoverable in a win or lose situation. As such, the revenue recognition point is the point at which the expense is incurred by the Group. IFRS 15 requires the presentation of any unconditional rights to consideration as a receivable separately from contract assets and an expected credit loss (ECL) assessment is performed at year end.

Refer to Note 32 Restatement of prior year for further information.

2. Accounting policies

Revenue

Revenue comprises the fair value of consideration receivable in respect of services provided during the year, inclusive of recoverable expenses incurred but excluding value added tax.

Legal services revenues

Where fees are contractually able to be rendered by reference to time charged at agreed rates, the revenue is recognised over time, based on time worked charged at agreed rates, to the extent that it is considered recoverable.

Where revenue is subject to contingent fee arrangements, including where services are provided under Damages Based Agreements (DBAs), the Group estimates the amount of variable consideration to which it will be entitled and constrains the revenue recognised to the amount for which it is considered highly probable that there will be no significant reversal. Due to the nature of the work being performed, this typically means that contingent revenues are not recognised until such time as the outcome of the matter being worked on is certain.

The Group has two cases under Damages Based Agreements.

For the first case, the disbursements are recoverable either in the case of a win, or where the client or the Group terminates the engagement. The recovery of the disbursements are recognised as revenue under IFRS 15 to the extent it is highly probable that a significant reversal in the amount will not occur in the future. Under IFRS 15, this case is treated as a contract asset, and an impairment assessment is performed in line with the standard.

For the second case, disbursements are recoverable in a win or lose situation. As such, the revenue recognition point is the point at which the expense is incurred by the Group, when a disbursement is incurred, the Group recognises the expense incurred in the profit or loss and the associated revenue in relation to the recovery of the disbursement. IFRS 15 requires the presentation of any unconditional rights to consideration as a receivable separately from contract assets. At each reporting date, the Group performs an expected credit loss (ECL) assessment on the receivable line with IFRS 9, and where applicable, an impairment is recognised.

Bills raised are payable on delivery and until paid form part of trade receivables. The Group has taken advantage of the practical exemption in IFRS 15 not to account for significant financing components where the Group expects the time difference between receiving consideration and the provision of the service to a client will be one year or less. Where revenue has not been billed at the balance sheet date, it is included as contract assets and forms part of trade and other receivables.

Corporate finance revenues

Corporate finance revenue is contingent on the completion of a deal and is recognised when the deal has completed. Bills raised are payable on deal completion and are generally paid at that time.

Interest received on client monies

Interest is recognised on client monies held, this is recognised in the profit or loss based on the effective interest rate during the period. This forms part of other income as this is driven by the ongoing operations of the business,

Adjusted EBITDA and exceptionals

The Group presents adjusted EBITDA as an operating KPI utilised by management to monitor performance.

EBITDA is adjusted for one-off costs that are considered to be exceptional, being:

- One-off costs connected to acquisitions
- Contract assets - damages based agreement asset impairment
- Release of onerous contract provision
- Trade receivables – provision against damages based agreement receivable
- Group costs associated with discontinued operations
- Costs associated with refinancing project
- Release of restructuring costs
- Trade receivables provision change

These costs are considered to be exceptional because they do not relate to the ongoing trade and performance of the business. Without presenting adjusted EBITDA, the EBITDA would not be consistent as it would be subject to fluctuations that do not reflect underlying performance of the Group.

Basis of consolidation

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

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

Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed, and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. Direct costs of acquisition are recognised immediately as an expense.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

Impairment of non-financial assets (excluding inventories, investment properties and deferred tax assets)

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial period end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e., the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

Foreign currency

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

Financial assets

The Group classifies its financial assets under the amortised cost category, the Group's accounting policy is as follows:

Fair value through profit or loss

Litigation assets relate to the provision of funding to litigation matters in return for a participation share in the settlement of that case. Investments are initially measured at the sum invested and are subsequently held at fair value through the profit or loss.

When the Group disposes of a proportion of its participation share in the settlement of the case to a third-party under an uninsured ("naked") contract, where the percentage of the litigation asset being disposed of and the percentage return remain proportionate irrespective of the final outcome of the litigation, the difference between the disposal proceeds and the cost of investment disposed gives rise to a profit on disposal which is recognised through the profit and loss when the sale is agreed. These sales are non-recourse and, if the case is successful, the relevant % of the settlement received is paid to the third-party. For uninsured cases, the Group uses the value of third-party disposals to calculate the gross value of the proportion of the investment retained by the Group and deducts the expected cost of investment to be borne by the Group to give the fair value of the Group's investment. The proportion of each investment retained is calculated using the expected total return on the investment, the expected return payable to the onward investor and the expected total return retained by the Group.

For insured cases, when the Group disposes of a proportion of its participation share in the settlement of the case to a third-party, where the third-party return is calculated as a fixed percentage daily rate irrespective of the settlement value of a successful litigation outcome, the derecognition requirements under IFRS 9 para 3.2.2 are not met and no sale or profit on disposal arise. The Group retains the full litigation asset and the proceeds of disposal under the third-party contract are included as litigation liabilities. The fair value of the litigation asset is calculated using the expected total return retained by the Group in the different possible outcomes factored by Management's expectation of the likelihood of each outcome.

Litigation assets are reviewed for impairment where events or circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of the litigation assets exceeds its recoverable amount, the asset is written down accordingly.

As part of the sale of LionFish during the year, three litigation asset cases were retained by the Group and not included in the sale, they were subsequently impaired to nil in the year.

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g., trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income (operating profit).

Impairment provisions for receivables from related parties and loans to related parties, including those from subsidiary companies, are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. This annual assessment considers forward-looking information on the general economic and specific market conditions together with a review of the operating performance and cash flow generation of the entity relative to that at initial recognition. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position. Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less.

Financial liabilities

The Group classifies its financial liabilities depending on the purpose for which the liability was acquired.

Other financial liabilities

All the Group's financial liabilities are classified as other financial liabilities, which include the following items:

Bank borrowings are initially recognised at fair value net of any transactions costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payments

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period. Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received.

Leased assets

Identifying leases

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

(a) There is an identified asset;

(b) The Group obtains substantially all the economic benefits from use of the asset; and

(c) The Group has the right to direct use of the asset

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise from use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Group considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of the contract does not satisfy these criteria, the Group applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a term of 12 months or less

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before the commencement of the lease
- initial direct costs incurred and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining lease term.

The lease calculations have been prepared up to the end of the lease term as defined in the lease agreements. Where there has been a remeasurement or rent-free-period, the lease calculations are adjusted accordingly.

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor for a variable amount, the Group has elected to account for the right-of-use payments as a lease and expense the service charge payments in the period to which they relate.

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised over their useful economic lives.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

The significant intangibles recognised by the Group, their useful economic lives and the methods used for amortisation and to determine the cost of intangibles acquired in a business combination are as follows:

Intangible asset	Useful economic life	Remaining useful economic life	Amortisation method	Valuation method
Brand	20 years	14 – 19 years	Straight line	Estimated discounted cash flow
Customer contracts	1 – 2 years	Nil	In line with contract revenues	Estimated discounted cash flow
Restrictive covenant extension	5 years	4 years	Straight line	Cost

Non-current investments

Investments in subsidiary undertakings are stated at cost less amounts written off for impairment. Investments are reviewed for impairment where events or circumstances indicate that their carrying amount may not be recoverable.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

Income tax

Income tax expense represents the sum of the tax currently payable.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible.

The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and
- investments in subsidiaries and joint arrangements where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/assets are settled /recovered.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable group company, or
- Different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Leasehold improvements	Straight line over the life of the lease
Plant and equipment	33% per annum straight line
Fixtures and fittings	25% per annum straight line
Computer equipment	33% per annum straight line

Share Capital

Ordinary shares are recorded at nominal value and proceeds received in excess of nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity.

Provisions

Professional indemnity provision

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where material, the impact of the time value of money is taken into account by discounting the expected future cash flow at a pre-tax rate, which reflects risks specific to the liability.

Insurance cover is maintained in respect of professional negligence claims. This cover is principally written through insurance companies. Premiums are expensed as they fall due with prepayments or accruals being recognised accordingly. Expected reimbursements are recognised once they become receivable. Where outflow of resources is considered probable and reliable estimates can be made, provision is made for the cost (including related legal costs) of settling professional negligence claims brought against the Group by third parties and disciplinary proceedings brought by regulatory authorities. Amounts provided for are based on Management's assessment of the specific circumstances in each case. No separate disclosure is made of the detail of such claims and proceedings, as to do so could seriously prejudice the position of the Group. In the event the insurance companies cannot settle the full liability, the liability will revert to the Group.

Dilapidations provision

The Group recognises a provision for the future costs of dilapidations on leased office space. The provision is an estimate of the total cost to return applicable office space to its original condition at the end of the lease term.

Onerous contracts

The Group recognises a provision for the unavoidable costs of meeting a contract where the obligations of the contract exceed the economic benefits to be received under it.

Restatements

The 2022 comparative numbers have been restated for the following corrections which is described fully in Note 32:

A prior period adjustment has been made for incorrect accounting policies that were previously adopted in relation to disbursements incurred on two damages based agreements. The disbursements were previously held on the balance sheet as Litigation Assets and measured the assets under IFRS 9 at fair value through profit and loss.

Based on the substances of the underlying agreements for the two damages based agreements, the recovery from the client of disbursements represents a revenue stream arising from a costs to fulfil a contract with a customer and therefore falls within the scope of IFRS 15, not IFRS 9. This is because IFRS 9 states that it does not apply to "rights and obligations within the scope of IFRS 15 that are financial instruments, except for those that IFRS 15 specifies are accounted for in accordance with IFRS 9".

For the first case, the disbursements are payable to the Group, only if the case wins or where the client or the Group terminates the engagement. Under IFRS 15, this case is treated as a contract asset and an impairment assessment is performed under IFRS 15. Management has reassessed the probability of success during the year ended 31 December 2022 and has reduced this from 90% to 50%, at this point, the contract asset was written off the case became an onerous contract and costs to fulfil the contract were provided for.

The reassessment made for probability of success was based on management's assessment of the information available at the time and hindsight has not been applied in assessing the impact of the prior period adjustment. The write off of the contract asset at the point of probability of success reducing was £6,670,481. At that point, a provision for the onerous contract of £956,999 was recognised. £562,979 of this provision was released during the remaining months of the year ended 31 December 2022.

For the second case, the disbursements are recoverable in a win or lose situation. As such, the revenue recognition point is the point at which the expense is incurred by the Group. IFRS 15 requires the presentation of any unconditional rights to consideration as a receivable separately from contract assets and an expected credit loss (ECL) assessment is performed at year end. The Group performed an ECL assessment at each year end for this case and determined that the disbursements are not recoverable if the case were to lose and therefore have been provided for.

The assessment on the ECL has been made based on management's knowledge of the case and the parties involved, hindsight has not been applied for the of assessing the impact of the prior period adjustment. The impact of this ECL assessment was that opening reserves were reduced by £273,094 for the provision recognised against the receivable. The provision for receivables was increased at 31 December 2022 for £1,296,470, and an additional £920,127 recognised against the receivable at 31 December 2023.

The impact of the above prior period error has therefore impacted the 31 December 2022 basic and diluted earnings per share figures presented in the consolidated statement of comprehensive income. Refer to Note 32 for further details.

The 2022 comparative numbers have been restated to reflect Convex being disclosed as a discontinued operation in the current year, refer to Note 13.

3. Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on actual experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The 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 period are discussed below.

Judgements, estimates and assumptions

Estimated impairment of intangible assets including goodwill

Determining whether an intangible asset is impaired requires an estimation of the value in use of the cash generating units to which the intangible has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from each cash generating unit and determine a suitable discount rate. A difference in the estimated future cash flows or the use of a different discount rate may result in a different estimated impairment of intangible assets.

Revenue recognition

Where the group performs work that is chargeable based on hours worked at agreed rates, assessment must be made of the recoverability of the unbilled time at the period end. This is on a matter by matter basis, with reference to historic and post year-end recoveries. Different views on recoverability would give rise to a different value being determined for revenue and a different carrying value for unbilled revenue.

Where revenue is subject to alternative billing arrangements, the Group estimates the amount of variable consideration to which it will be entitled and constrains the revenue recognised to the amount for which it is considered highly probable that there will be no significant reversal. Due to the nature of the work being performed, this typically means that contingent revenues are not recognised until such time as the outcome of the matter being worked on is certain. Factors the Group considers when determining whether revenue should be constrained are whether: -

a) The amount of consideration receivable is highly susceptible to factors outside the Group's influence
b) The uncertainty is not expected to be resolved for a long time
c) The Group has limited previous experience (or limited other evidence) with similar contracts
d) The range of possible consideration amounts is broad with a large number of possible outcomes

Different views being determined for the amount of revenue to be constrained in relation to each contingent fee arrangement may result in a different value being determined for revenue and also a different carrying value being determined for unbilled amounts for client work.

Disbursements incurred in association with DBAs are recognised initially under IFRS 15 as they constitute payments for costs incurred as part of the provision of legal services to the Group's client that could be reimbursed in the future depending on the outcome of the case.

The Group has two DBA cases which are recognised as follows:

For the first case, the disbursements are payable to the Group, only if the case wins or where the client or Group terminates the engagement. Under IFRS 15, this case is treated as a contract asset and an impairment assessment is performed under IFRS 15 regarding the probability of success of the case, when it becomes probable that the case will not be successful, an impairment is required, and the contract becomes onerous. Different views on the probability of success could impact whether an impairment is recognised. This change in accounting estimate has resulted in an impairment of nil in the current year (2022: £6,670,481).

For the second case, the disbursements are recoverable in a win or lose situation. As such, the revenue recognition point is the point at which the expense is incurred by the Group. IFRS 15 requires the presentation of any unconditional rights to consideration as a receivable separately from contract assets and an expected credit loss (ECL) assessment is performed by management at year end. Different views on the ability to recover the receivable could impact the amount of provision required. This change in accounting estimate has resulted in an increase in the provision of receivables for disbursements on this case of £920,127 (2022: £1,296,470).

The change in accounting estimate as a result of the above prior period adjustment has resulted in a material change from the amounts published in the 2023 interim results. The interim results recorded a write off of £11.0m associated with these DBA cases within 2023. The prior period adjustment identified above, has resulted in the first disbursement asset case being recorded as a contract asset and impaired within the year ending 31 December 2022, the second case is recorded as a trade receivable and has been assessed for expected credit loss impairment at each year end. Refer to notes 22 and 32 for further information.

Where non-contingent fees as well as contingent revenue are earned on DBAs, the group must make a judgement as to whether non-contingent amounts represent revenue or a reduction in funding, with reference to the terms of the agreement and timing and substance of time worked and payments made. Where non-contingent revenue arises, the Group must match it against the services to which it relates. This requires Management to estimate work done as a proportion of total expected work to which the fee relates. Different views could impact the level of non-contingent revenue recognised.

3. Critical accounting estimates and judgements (continued)

Impairment of trade receivables

Receivables are held at cost less provisions for impairment. During the year ended 31 December 2023, the Group changes it's accounting for impairment provisions, they are now recognised based on the ageing of invoices with invoices over 270 days being fully provided for, management also make an assessment for invoices under 270 days old to determine their collectability.

This change in accounting estimate has resulted in an impairment provision against trade receivables for legal services of £3,787,379 (2022: £745,523).

Claims and regulatory matters

The Group from time to time receives claims in respect of professional service matters. The Group defends such claims where appropriate but makes provision for the possible amounts considered likely to be payable, having regard to any relevant insurance cover held by the Group. A different assessment of the likely outcome of each case or of the possible cost involved may result in a different provision or cost.

In the year ending 31 December 2021, the Company was informed that HMRC had started an inquiry into the valuation of employee related securities issued by the Company in April 2018 prior to the IPO, this inquiry is on-going. For full details, refer to Note 33.

4. Financial instruments – Risk Management

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

- Credit risk
- Interest rate risk and
- Liquidity risk

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

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

(i) Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables
- Floating-rate bank loans

(ii) Financial instruments by category

Financial assets - Group	Fair value through profit or loss		Amortised cost	
	31 Dec 2023	31 Dec 2022 restated	31 Dec 2023	31 Dec 2022 restated
	£	£	£	£
Cash and cash equivalents	-	-	2,262,750	2,588,242
Trade and other receivables	-	-	17,354,918	25,701,508
Total financial assets	**-**	**-**	**19,617,668**	**28,289,750**

4. Financial instruments – Risk Management (continued)

On 31 December 2023, financial assets held at fair value through profit or loss of £nil were transferred to assets held for sale (2022: £4,895,514). Financial assets held at amortised cost of £103,173 were transferred to assets held for sale (2022: £5,167,655). Refer to note 13 for further details.

Financial assets - Company	Fair value through profit or loss		Amortised cost	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	£	£	£	£
Cash and cash equivalents	-	-	340,549	413,635
Trade and other receivables	-	-	44,806,135	53,758,535
Total financial assets	**-**	**-**	**45,146,684**	**54,172,170**

Financial Liabilities - Group	Fair value through profit or loss		Amortised cost	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022 restated
	£	£	£	£
Trade payables and accruals	-	-	9,236,080	7,381,930
Loans and borrowings	-	-	25,311,894	22,205,640
Other payables	-	-	108,261	100
Total financial liabilities	**-**	**-**	**34,656,235**	**29,587,670**

On 31 December 2023, financial liabilities carried at amortised cost of £103,972 were transferred to liabilities held for sale (2022: £1,340,455), refer to note 13.

Financial Liabilities - Company	Fair value through profit or loss		Amortised cost	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	£	£	£	£
Trade payables and accruals	-	-	4,164,191	4,290,801
Total financial liabilities	**-**	**-**	**4,164,191**	**4,290,801**

Trade and other payables are due within twelve months.

(iii) Financial instruments not measured at fair value

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, trade and other payables, loans and borrowings.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximates their fair value.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports from the Group Finance Director through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

4. Financial instruments – Risk Management (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a client or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy to assess the credit risk of new and irregular clients before entering contracts and to require money on account of work for these clients. The Group reviews, on a regular basis, whether to perform further work where clients have unpaid bills. The Group works with a broad spread of long-standing reputable clients to ensure there are no significant concentrations of credit risk.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. Cash and cash equivalents are invested with banks with an A+ credit rating.

Interest rate risk

The Group is exposed to cash flow interest rate risk from borrowings under the Term Facility and Revolving Credit Facility at variable rate. The Board reviews the interest rate exposure on a regular basis.

During 2023 and 2022, the Group's borrowings at variable rate were denominated in sterling. At 31 December 2023, if interest rates on sterling denominated borrowings had been 150 basis points higher/lower with all other variables held constant, profit after tax for the year would have been £291,600 lower/higher, mainly as a result of higher/lower interest expense on floating-rate borrowings. The directors consider that 150 basis points is the maximum likely change in sterling interest rates over the next year, being the period up to the next point at which the Group expects to make these disclosures.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash (or agreed facilities) to allow it to meet its liabilities when they become due and to take advantage of business opportunities.

The Board reviews the projected financing requirements annually when agreeing the Group's budget and receives rolling 12-month cash flow projections for the Group on a regular basis as well as information regarding cash balances.

In December 2023, the Group renewed and extended its existing borrowing facilities with HSBC. The renewed facility which runs until 31 December 2025, total £24.0 million and consists of a £17.5 million revolving credit facility and a £6.5 million term loan. The renewed facility replaces the facilities which were due for renewal in April 2024. The interest rate on the renewed facility will remain the same as for the previous facilities, paying a margin of 2.4% - 3.15% over the Sterling Overnight Index Average (SONIA), resulting in a current effective rate of 8.3%.

The facility is secured by the debenture which grants first ranking fixed and floating security of the property and assets of the Group as referenced in Notes 16 and 18.

Additionally, the Group drew down £0.8m from two short term loans that are repayable over two years. At the year end the Group had £2.3 million in cash, and so a net debt position of £22.9 million (2022: £19.2 million).

At the end of the financial year, cash flow projections indicated that the Group expected to have sufficient liquid resources to meet its obligations, including scheduled lease payments (Note 17), under all reasonably expected circumstances.

Capital Management

The Group monitors "adjusted capital" which comprises all components of equity (i.e., share capital, share premium, non-controlling interest and retained earnings).

The Group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk

5. Segment information

The Group's reportable segments are strategic business groups that offer different products and services. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, which has been identified as the Board of Directors of RBG Holdings plc.

The following summary describes the operations of each reportable segment:

- Legal services – Provision of legal advice, by RBGLS (trading under two brands, Rosenblatt and Memery Crystal)
- Professional Services – Provision of sell-side M&A corporate finance services, (professional services are provided by Convex and have been reclassified to discontinued operations, Note 13)

2023	Legal services	Total
	£	£
Segment revenue	39,209,854	**39,209,854**
Disbursement asset revenue	1,221,854	**1,221,854**
Disbursement asset expenditure	(827,834)	**(827,834)**
Segment contribution	17,180,771	**17,180,771**
Costs not allocated to segments		
Personnel costs		(3,569,936)
Depreciation and amortisation		(3,251,607)
Other operating expense		(19,606,277)
Net financial expenses		(2,118,791)
Group loss for the year before tax on continuing operations		**(11,365,839)**

2022 (restated)	Legal services	Third party participation rights	Total
	£	£	£
Segment revenue	44,873,908	-	**44,873,908**
Segment gains on litigation assets comprising:			
Proceeds on disposal of damages based assets	-	2,021,700	**2,021,700**
	-	2,021,700	**2,021,700**
Disbursement asset revenue	2,847,487		**2,847,487**
Disbursement asset expenditure	(3,241,507)		**(3,241,507)**
Segment contribution	22,461,803	-	**22,461,803**
Segment gains on litigation assets	-	2,021,700	**2,021,700**
Costs not allocated to segments			
Personnel costs			(5,035,073)
Depreciation and amortisation			(3,432,764)
Other operating expense			(16,791,399)
Net financial expenses			(1,319,155)
Loss on sale of equity accounted associate			(21,643)
Group profit for the year before tax on continuing operations			**(2,116,531)**

Total assets and liabilities by operating segment are not reviewed by the chief operating decision makers and are therefore not disclosed.

A geographical analysis of revenue is given below:

	Revenue by location of clients	
	2022	2022 restated
	£	£
United Kingdom	28,976,058	37,960,608
Europe	1,838,158	1,528,152
North America	2,514,385	567,170
Other	5,881,253	4,817,978
	39,209,854	**44,873,908**

Revenues from Legal Services clients that account for more than 10% of Group revenue was £5,326,686 (2022: £6,632,334).

Contract assets – work in progress

	2023	2022
Group	£	£
At 1 January	9,703,812	5,976,258
Transfers in the period from contract assets to trade receivables	(5,059,785)	(3,039,106)
Impairment of contract assets	(733,191)	(412,125)
Excess of revenue recognised over cash (or rights to cash) being recognised during the year	4,332,502	7,178,785
At 31 December	**8,243,338**	**9,703,812**

Contract assets are included within "trade and other receivables" on the face of the statement of financial position. They arise when the Group has performed services in accordance with the agreement with the relevant client and has obtained right to consideration for those services, but such income has not been billed at the balance sheet date.

6. Material profit or loss items

The Group has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the Group.

The below items have been identified as non-underlying and therefore are adjusted for in the calculation of adjusted EBITDA.

	Note	2023	2022
		£	£
Non-underlying items			
Costs of acquiring subsidiary	A	25,000	367,303
Contract assets - damage based agreement asset impairment	B	-	6,670,481
Release of onerous contract provision	B	301,727	562,979
Trade receivables – provision against damages based agreement receivable	C	920,127	1,296,470
Costs associated with discontinued operations	D	5,648,109	-
Costs associated with re-financing project	E	787,193	-
Other one-off costs	F	2,081,890	-
Trade receivable provision	G	1,038,163	-
Restructuring (release)/costs	H	(168,167)	803,631

6. Material profit or loss items (continued)

6a Cost of acquiring subsidiary

Costs associated with the failed acquisition of a subsidiary within 2022. The cost incurred within 2023 relates to additional invoice received within the year, relating to the project from 2022.

6b Contract assets – damages based agreement impairment

Damages based agreement assets are initially recognised as revenue under IFRS 15 to the extent it is highly probable that a significant reversal in the amount will not occur in the future and a disbursement asset will be recognised in the balance sheet. The Group has two cases under damages based agreements.

For the first case, disbursements are recoverable either in the case of a win or where the client or the Group terminate the agreement. Under IFRS 15, this case is treated as a contract asset and an impairment assessment is performed under IFRS 15.

During the year ended 31 December 2022, the probability of success of this case was reduced from 90% to 50% and the value of the contract asset at this point in time (£6,670,481) was written off. At this point in time, the contract became onerous and the Group recognised a provision for costs to fulfil the contract.

6c Trade receivables – provision against damages based agreement

For the second damages based agreement asset that the Group has, the disbursements are recoverable in a win or lose situation. As such, the revenue recognition point is the point at which the expense is incurred by the Group. IFRS 15 requires the presentation of any unconditional rights to consideration as a receivable separately from contract assets and an expected credit loss (ECL) assessment is performed at year end.

As a result of the ECL assessment, the Group has fully provided against the receivable for this damages based agreement.

6d Costs associated with disposal of LionFish

During the year ended 31 December 2023, the Group disposed of its subsidiary LionFish Litigation. As a result of this disposal, the Group wrote off a portion of the intercompany balance owed by LionFish.

Additionally, as part of the consideration received for the sale of LionFish, the Group retained Litigation Asset relating to previous cases which LionFish had invested in and had lost at point of sale, so the remaining balance sheet value associated with these cases was written off.

6e Costs associated with re-financing project

During the year ended 31 December 2023, the Group carried out and completed a re-financing project which result in the extension of its existing facilities. The Group engaged with a third-party consultancy Group to assist with the management of this project.

6f Other one-off costs

During the year ended 31 December 2023, the Group has incurred a number of one-off or non-recurring costs, they have been classified as non-underlying as they do not represent costs incurred in the normal course of business. These costs include legal fees for settlement claims, costs associated with settlements and public relation costs associated with these settlements.

6g Trade receivables provision – estimate change

During the year ended 31 December 2023, the Group reviewed the accounting estimate for expected credit losses on trade receivables and determined there was not sufficient coverage. As a result, an amount has been recognised as non-underlying items that represents the change in provision as at 31 December 2023.

6h Restructuring (release)/costs

During the year ended 31 December 2022, there were restructuring costs incurred by the Group, the release within the year ended 31 December 2023 represents the portion of the 2022 cost that was not incurred/paid out and therefore required the accrual to be released.

7. Other operating income

	2023	2022
Group	£	£
Other income	-	159,280
Bank interest on client monies	885,422	(3,234)
	885,422	**156,046**

8. Disbursement asset revenue/expenditure

	2023	2022
Group	£	£
Disbursement asset revenue	1,221,854	2,847,487
Disbursement asset expenditure		
Costs incurred	1,221,854	2,847,487
Provision (released)/recognised	(394,020)	394,020
	(827,834)	**(3,241,507)**

The costs relate directly to the contract, the first case met the definition of an onerous contract at the end of 2022, therefore a provision was made within 2022 for costs to meet the obligations of the contract. During the year ended 31 December 2023, the provision was released against the costs incurred. This case lost during the current year and therefore no asset was recognised for these costs. The costs associated with the second case were recognised as an asset from costs to fulfil a contract, this asset was reviewed for ECL and was impaired based on the Group's assessment that the costs would not be recoverable from the client.

9. Profit from operations and auditor's remuneration

	2023	2022 restated
	£	£
Profit from operations is stated after charging:		
Fees payable to the company's auditors:		
Audit fees	351,765	290,000
Other services – pursuant to legislation/regulation	3,035	36,684
Depreciation of property, plant and equipment	484,412	530,529
Amortisation of right-of-use assets	2,028,585	2,064,823
Amortisation/impairment of intangible assets	738,610	837,412

For the year ended 31 December 2023, depreciation of property, plant and equipment of £12,091 (2022 restated: £25,874) was transferred to discontinued operations. Amortisation of right of use assets of £110,332 (2022: £88,762) was transferred to discontinued operations.

The Alternative Performance Measures used by Management are shown below:

	2023	2022 restated
	£	£
Operating (loss)/profit	(9,247,048)	(775,734)
Depreciation and amortisation expense	3,251,607	3,432,764
Non-underlying items	10,634,042	9,700,864
Adjusted EBITDA	**4,638,601**	**12,357,894**

	2023	2022 restated
	£	£
(Loss)/Profit before tax	(11,635,839)	(2,116,531)
Non-underlying items	10,634,042	9,700,864
Adjusted (Loss)/Profit before tax	**(731,797)**	**7,584,333**

10. Employees

Group

	2023	2022 restated
	£	£
Staff costs (including directors) consist of:		
Wages and salaries	19,639,680	20,060,891
Short-term non-monetary benefits	265,217	254,585
Cost of defined contribution scheme	762,278	695,206
Share-based payment expense	-	6,244
Social security costs	2,394,358	2,619,683
	23,061,533	**23,636,609**

Personnel costs stated in the consolidated statement of comprehensive income includes the costs of contractors of £3,816,927 (2022 restated: £3,547,508).

Staff costs transferred to discontinued operations during the year of £324,474 (2022 restated: £3,654,197)

Contractors' costs transferred to discontinued operations during the year of £866 (2022 restated: £356,986)

The average number of employees (including directors) during the year was as follows:

	2023 Number	2022 Number
	£	£
Legal and professional staff	136	138
Administrative staff	64	73
	200	**211**

Defined contribution pension schemes are operated on behalf of the employees of the Group. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension charge represents contributions payable by the Group for continuing operations to the funds and amounted to £762,278 (2022 restated: £693,157).

Contributions amounting to £189,132 (2022: £256,340) were payable to the funds at year end and are included in Trade and other payables.

Company

The average number of employees (excluding directors) during the period was four (2022: nine); all other personnel are employed by subsidiary undertakings.

Directors' remuneration payable in the year is set out below:

31 December 2023	Basic Salary and/or Directors Fees	Employer Pension Contributions	Total
	£	£	£
M Ismail	85,000	-	**85,000**
P Baker	40,000	-	**40,000**
D Wilkinson	40,000	-	**40,000**
N Davis (appointed 3 Mar 2023)	288,845	13,083	**301,928**
T MacLeod (appointed 3 Mar 2023)	298,254	8,648	**306,902**
I Rosenblatt (appointed 27 Jul 2023)	2,258,834**	-	**2,258,834**
J Divers (appointed 3 Mar 2023)	372,593	12,500	**385,093**
K McNair (appointed 28 Nov 23)	20,833	938	**21,771**
K Hamill (resigned 22 Jun 2023)	45,000	-	**45,000**
S Drakeford-Lewis (resigned 30 Jun 2023)	127,500	3,825	**131,325**
N Foulston (terminated 31 Jan 2023)	37,152	-	**37,152**
	3,614,011	**38,994**	**3,653,005**

** Of this amount, £600,000 remained payable as at 31 December. Ian Rosenblatt subsequently agreed to receive this amount in shares as part of the equity that was announced in February 2024.

10. Employees (continued)

31 December 2022	Basic Salary and/or Directors Fees	Employer Pension Contributions	Total
	£	£	£
S Drakeford-Lewis[20]	-	-	**-**
N Foulston (terminated 31 Jan 2023)	445,820	(333)	**445,487**
K Hamill	90,000	-	**90,000**
M Ismail	40,000	-	**40,000**
R Parker (resigned 31 Dec 2022)	611,000	24,000	**635,000**[21]
P Baker	37,737	-	**37,737**
D Wilkinson	37,737	-	**37,737**
	1,262,294	**23,667**	**1,285,961**

Directors who have an interest in the shares of the Company will benefit through dividend payments.

During the year the following bonuses were received by directors and are included within Basic Salary and/or Directors' Fees.

	31 Dec 2023[22]	31 Dec 2022
	£	£
J Divers	122,593	-
N Davis	17,178	-
S Drakeford-Lewis	25,000	-
R Parker	-	50,000

Details of the transactions with Directors are included in Note 30. The directors are considered to be the key management personnel.

11. Finance income and expense

	2023	2022
	£	£
Recognised in profit or loss		
Finance income		
Interest received on bank deposits	51,318	14,509
Net finance income recognised in profit or loss	**51,318**	**14,509**
Finance expense		
Interest expense on financial liabilities measured at amortised cost	(1,687,122)	(811,352)
Interest expense on lease liabilities	(482,987)	(522,311)
	(2,170,109)	**(1,333,663)**
Net finance (expense) recognised on profit or loss	**(2,118,791)**	**(1,319,154)**

The above financial income and expense include the following in respect of assets/(liabilities) not at fair value through profit or loss:

	2023	2022
	£	£
Total interest income on financial assets	51,318	14,509
Total interest expense on financial liabilities	(1,687,122)	(811,352)
	(1,635,804)	**(796,843)**

20 No remuneration disclosed as S Drakeford-Lewis was appointed on 31 December 2022.
21 £292,500 of the total related to termination payment.
22 Bonuses paid during the year ended 31 December 2023 relate to 31 December 2022 results.

12. Tax expense

	2023	2022 restated
	£	£
Current tax expense		
Current tax on profits for the year	-	-
Adjustment for under provision in prior years	-	(443,490)
Total current tax	**-**	**(443,492)**
Deferred tax expense		
Origination and reversal of temporary differences in current period (Note 26)	(445,317)	(747,939)
Origination and reversal of temporary differences in prior period (Note 26)	-	23,575
Total tax expense	**(445,317)**	**(1,167,854)**
Tax charge attributable to:		
Profit from continuing operations	(322,720)	(469,118)
Profit/(loss) from discontinued operations	(122,597)	(698,736)
Tax expense excluding share of tax of equity accounted associate	(455,317)	(1,167,854)
	(455,317)	**(1,167,854)**

The reasons for the difference between the actual tax charge for the period and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2023	2022 restated
	£	£
(Loss) for the year from:		
Continuing operations	(11,043,119)	(1,647,413)
Discontinued operations	(12,875,822)	(3,073,350)
	(23,918,941)	**(4,720,763)**
Income tax expense (including income tax on associate) attributable to:	(445,317)	(1,167,854)
Continuing operations	(322,720)	(469,118)
Discontinued operations	(122,597)	(698,737)
(Loss) before income taxes	**24,364,258**	**(5,888,617)**
Tax using the Company's domestic tax rate of 23.5% (2022: 19%)	(5,725,601)	(1,118,837)
Fixed asset differences	91,463	(675)
Expenses not deductible for tax purposes	3,480,519	91,370
Income not taxable for tax purposes	(350,666)	-
Timing differences not recognised in the computation	(42,036)	-
Adjustments in respect of prior periods	-	8,341
Adjustments in respect of prior periods (deferred tax)	-	23,575
Remeasurement of deferred tax for changes in tax rates	(32,552)	(171,627)
Movement in deferred tax not recognised	2,133,556	-
Total tax expense	**(445,317)**	**(1,167,854)**

Changes in tax rates and factors affecting the future tax charge

On 1 April 2023, the UK corporation tax rate increased from 19% to 25%. The effect of the new rate on the Group's tax charge has been applied to the financial statements.

13. Discontinued operations

Convex Capital Limited

During the year ended 31 December 2023, the Board made the decision to dispose of Convex Capital Limited ("Convex").

Financial performance and cash flow information

The financial performance and cash flow information presented are for the 12 months ending 31 December 2023 and 31 December 2022

Summary of discontinued operations – reconciliation to profit or loss

	2023	2022
	£	£
Revenue	2,211,674	956,050
Expenses other than finance costs	(2,871,945)	(4,609,684)
Finance costs	(43,358)	(6,387)
Non-underlying items	1,490,928	(112,066)
Impairment of intangible assets	(13,694,754)	-
Tax credit	122,597	698,737
Loss from selling discontinued operations	(90,964)	-
(Loss) for the year	**(12,875,822)**	**(3,073,350)**

Reconciliation to statement of cash flows

	2023	2022
	£	£
Net cash (outflow)/inflow from operating activities	(796,422)	1,388,283
Net cash (outflow) from investing activities	(2,586)	(12,964)
Net cash inflow/(outflow) from financing activities	482,524	(1,139,753)
Net (decrease)/increase in cash generated	(316,484)	235,566
Cash and cash equivalents at beginning of period	423,843	188,277
Cash and cash equivalents at end of period	**107,359**	**423,843**

Breakdown of discontinued operations by entity:

	2023	2022
Discontinued operations - Convex	£	£
Revenue	2,234,800	5,274,075
Expenses other than finance costs	(2,539,273)	(4,109,076)
Finance costs	(26,220)	(6,387)
Non-underlying items	-	(31,177)
Tax credit/(expense)	122,597	(215,899)
(Loss)/Profit for the year	**(208,096)**	**911,536**
Attributable to:		
Equity holders of the parent	(208,096)	911,536

	2023	2022
Cash flow	£	£
Net cash (outflow)/inflow from operating activities	(893,119)	1,396,086
Net cash (outflow) from investing activities	(2,586)	(12,575)
Net cash inflow/(outflow) from financing activities	590,626	(1,139,753)
Net (decrease)/increase in cash generated	**(305,079)**	**243,758**

13. Discontinued operations (continued)

Assets and liabilities of disposal group held for sale

The following major classes of assets and liabilities in relation to Convex have been classified as held for sale in the consolidated statement of financial position.

	2023	2022
	£	£
Property, plant and equipment	10,661	21,867
Right-of-use assets	544,386	654,718
Intangible assets	2,600,000	16,327,834
Trade and other receivables	106,728	118,582
Cash and cash equivalents	107,359	412,438
Assets held for sale	**3,369,134**	**17,535,439**
Trade and other payables	240,181	(176,486)
Leases	541,610	654,452
Amounts due to parent company	82,692	-
Tax liabilities	93,944	587,799
Liabilities held for sale	**958,476**	**1,065,765**

Lionfish Litigation Finance Limited

In December 2022, the Board announced its intention to dispose of LionFish Litigation Finance Limited ("LionFish").

On 12 August 2020, the Company agreed put options over the shares of LionFish held by the non-controlling interest. Under this agreement, the holder of the shares could require the Company to buy the shares in LionFish, with consideration based on a multiple of LionFish profits, settled by the issue of ordinary shares in the Company. On 8 December 2022, the minority shares were transferred to the Group for £nil and this agreement was terminated, during the year ended 31 December 2022 the present value of the put option was released through the Statement of Changes in Equity.

In July 2023 the Group completed its disposal of LionFish to Blackmead Infrastructure Limited.

The post-tax loss on disposal of discontinued operation was determined as follows:

	31 Dec 23
	£
Cash consideration received	1,074,734
Other consideration received	3,782,098
Total consideration received	**4,856,832**
Cash disposed of	4,000
Net cash inflow of disposal of discontinued operation	**4,852,832**
Net assets disposed (other than cash):	
Property, plant and equipment	(742)
Trade and other receivables	(1,136)
Litigation assets	(5,603,898)
Trade and other payables	661,980
	(4,943,796)
Pre-tax loss on disposal of discontinued operation	(90,964)
Related tax benefit	**22,741**
Loss on disposal of discontinued operation	**(68,223)**

13. Discontinued operations (continued)

Financial performance and cash flow information

The financial performance and cash flow information presented are for the 12 months ending 31 December 2023 and 31 December 2022.

	2023	2022
Discontinued operations - LionFish	£	£
(Loss) on litigation assets	(23,126)	(4,318,025)
Expenses other than finance costs	(332,672)	(500,608)
Finance costs	(17,138)	-
Non-underlying items	1,490,928	(80,889)
Tax credit/(expense)	-	914,635
Loss from selling discontinued operation after tax	(90,964)	-
Profit/(Loss) for the year	**1,027,028**	**(3,984,887)**
Attributable to:		
Equity holders of the parent	1,027,028	(3,599,325)
Non-controlling interests	-	(385,562)
	1,027,028	**(3,984,887)**

	2023	2022
Cash flow	£	£
Net cash inflow/(outflow) from operating activities	96,697	(7,803)
Net cash outflow from investing activities	-	(389)
Net cash outflow from financing activities	(108,102)	-
Net (decrease) in cash generated	**(11,405)**	**(8,192)**

Assets and liabilities of disposal group held for sale

The following major classes of assets and liabilities in relation to LionFish have been classified as held for sale in the consolidated statement of financial position

	2023	2022
	£	£
Property, plant and equipment	-	2,770
Litigation investments	-	5,331,698
Trade and other receivables	-	1,244
Cash and cash equivalents	-	11,405
Assets held for sale		**5,347,117**
Trade and other payables	-	1,283,883
Amounts due to parent company	-	4,766,624
Tax liabilities	-	412,551
Liabilities held for sale	**-**	**6,463,058**

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14. Earnings per share

Numerator	Total 2023 £	Total 2022 Restated £
Profit for the year and earnings used in basic and diluted EPS:		
From continuing operations	(11,043,118)	(1,647,413)
From discontinued operations	818,932	(2,687,789)
Non-Underlying items		
Costs of acquiring subsidiary	25,000	367,303
Contract assets - damage based agreement asset impairment	-	6,670,481
Release of onerous contract provision	301,727	562,979
Trade receivables – provision against damages based agreement receivable	920,127	1,296,470
Group costs associated with discontinued operations	5,648,109	-
Costs associated with refinancing project	787,193	-
Other one-off costs	2,081,890	-
(Release)/accrual of restructuring costs	(168,167)	803,631
Trade receivable provision change	1,038,163	-
Less: tax effect of above items	(2,658,511)	(1,824,410)
Profit for the year adjusted for non-underlying items from continuing operations	**(3,067,586)**	**6,229,042**

Denominator	2023 Number	2022 Number
Weighted average number of shares used in basic EPS	95,331,236	95,331,236
Impact of share options	188,392	188,392
Weighted average number of shares used in diluted EPS	**95,519,628**	**95,519,628**

	2023 Pence	2022 Restated Pence
Basic earnings per ordinary share from continuing operations	(11.58)	(1.73)
Diluted earnings per ordinary share from continuing operations	(11.58)*	(1.73)*
Basic earnings per ordinary share from discontinued operations	0.86	(2.82)
Diluted earnings per ordinary share from discontinued operations	0.86	(2.82)*
Basic earnings per ordinary share from total operations	(25.09)	(4.55)
Diluted earnings per ordinary share from total operations	(25.09)*	(4.55)*
Basic earnings per ordinary share adjusted for non-underlying items from continuing operations	(3.22)	6.53
Diluted earnings per ordinary share adjusted for non-underlying items from continuing operations	(3.22)*	6.52

On 22 February and 12 March 2024, the Group issued shares of 9,533,125 and 23,814,521 respectively. Following the Second Admission (12 March 2024), it issued share capital comprised 128,678,882 shares.

Earnings per share have been recalculated based on a weighted average of the number of shares at 31 December 2023 and following the Second Admission on 12 March 2024.

Denominator	Number
Weighted average number of shares used in basic EPS	112,005,059
Impact of share options	188,392
Weighted average number of shares used in diluted EPS	**112,193,451**

14. Earnings per share (continued)

	2023 Pence
Basic earnings per ordinary share from continuing operations	(9.86)
Diluted earnings per ordinary share from continuing operations	(9.84)
Basic earnings per ordinary share from discontinued operations	0.73
Diluted earnings per ordinary share from discontinued operations	0.73
Basic earnings per ordinary share from total operations	(21.36)
Diluted earnings per ordinary share from total operations	(21.32)
Basic earnings per ordinary share adjusted for non-underlying items from continuing operations	(2.74)
Diluted earnings per ordinary share adjusted for non-underlying items from continuing operations	(2.73)

15. Dividends

	2023 £	2022 £
Interim dividend of 0.5p (2022: 3p) per ordinary share proposed and paid during the year relating to the previous year's results	471,702	2,832,898
Interim dividend of nil (2022: 2p) per ordinary share paid during the year	-	1,903,173
	471,702	**4,736,071**

* The potentially dilutive instruments were anti-dilutive during 2022 and 2023.

16. Property, plant and equipment

Group

Cost	Leasehold improvements £	Fixtures and fittings £	Computer Equipment £	Total £
At 1 January 2022	**2,710,279**	**251,294**	**779,546**	**3,741,119**
Additions	7,471	87,883	103,998	199,352
Transferred to assets held for sale	(20,197)	(10,602)	(56,552)	(87,351)
At 31 December 2022 (restated)	**2,697,553**	**328,575**	**826,992**	**3,853,120**
At 1 January 2023 (restated)	**2,697,553**	**328,575**	**826,992**	**3,853,120**
Additions	-	3,713	320,314	324,027
At 31 December 2023	**2,697,553**	**332,288**	**1,147,306**	**4,177,147**
Accumulated depreciation and impairment				
At 1 January 2022	**487,148**	**116,989**	**554,071**	**1,158,208**
Charge for the period	285,370	109,399	157,536	552,305
Transferred to assets held for sale	(17,216)	(7,847)	(40,421)	(65,484)
At 31 December 2022 (restated)	**755,302**	**218,541**	**671,186**	**1,645,029**
At 1 January 2023 (restated)	**755,303**	**218,540**	**671,186**	**1,645,029**
Charge for the year	246,723	89,439	148,250	484,412
At 31 December 2023	**1,002,026**	**307,979**	**819,436**	**2,129,441**
Net book value				
At 1 January 2022	2,223,131	134,305	225,475	2,582,911
At 31 December (restated)	1,942,250	110,035	155,806	2,208,091
At 31 December 2023	**1,695,527**	**24,309**	**327,870**	**2,047,706**

Property, plant and equipment transferred to held for sale at 31 December 2023 of £10,661 (2022: £24,637).

The Group has no contractual commitments for the acquisition of property, plant and equipment.

16. Property, plant and equipment (continued)

Company

Cost	Computer Equipment £	Total £
At 1 January 2022	**18,750**	**18,750**
Additions	-	-
At 31 December 2022	**18,750**	**18,750**
At 1 January 2023	**18,750**	**18,750**
Additions	-	-
At 31 December 2023	**18,750**	**18,750**
Accumulated depreciation and impairment		
At 1 January 2022	**17,667**	**17,667**
Charge for the year	1,038	1,038
At 31 December 2022	**18,705**	**18,705**
At 1 January 2023	**18,705**	**18,705**
Charge for the year	45	45
At 31 December 2023	**18,750**	**18,750**
Net book value		
At 1 January 2023	45	45
At 31 December 2023	-	-

Under a debenture signed and registered on 19 April 2021, HSBC UK Bank plc have a fixed charge over the property, plant and equipment of the Group.

The Company has no contractual commitments for the acquisition of property, plant and equipment.

17. Leases

The Group leases its business premises in the United Kingdom. The lease contracts either provide for annual increases in the periodic rent payments linked to inflation or for payments to be reset periodically to market rental rates.

The percentages in the table below reflect the current proportions of lease payments that are either fixed or variable. The sensitivity reflects the impact on the carrying amount of lease liabilities and right-of-use assets if there was an uplift of 5% on the balance sheet date to lease payments that are variable.

At 31 December 2023	Lease Contract Number	Variable Payments %	Sensitivity £000
Property leases with payments linked to inflation	1	38.7%	+/- 174
Property leases with periodic uplifts to market rentals	1	61.3%	+/- 574
	2	**100.0%**	**+/- 748**

The percentages in the table below reflect the proportions of lease payments that are either fixed of variable for the comparative period.

At 31 December 2022	Lease Contract Number	Variable Payments %	Sensitivity £000
Property leases with payments linked to inflation	1	78.3%	+/- 218
Property leases with periodic uplifts to market rentals	1	21.7%	+/- 653
	2	**100.0%**	**+/- 872**

17. Leases (continued)

Right-of-use Assets

	Land and buildings £	Total £
At 1 January 2022	**15,913,008**	**15,913,008**
Amortisation	(2,153,585)	(2,153,585)
Variable lease payment adjustment	1,314,709	1,314,709
Transferred to assets held for sale	(654,718)	(654,718)
At 31 December 2022 (restated)	**14,419,414**	**14,419,414**
At 1 January 2023	**14,419,414**	**14,419,414**
Amortisation	(2,028,522)	(2,028,522)
At 31 December 2023	**12,390,892**	**12,390,892**

Lease liabilities

	Land and buildings £	Total £
At 1 January 2022	**15,849,101**	**15,849,101**
Interest expense	528,698	528,698
Variable lease payment adjustment	1,314,709	1,314,709
Lease payments	(1,740,524)	(1,740,524)
Transferred to assets held for sale	(258,474)	(258,474)
At 31 December 2022 (restated)	**15,693,510**	**15,693,510**
At 1 January 2023	**15,693,510**	**15,693,510**
Interest expense	472,410	472,410
Lease payments	(2,596,779)	(2,596,779)
At 31 December 2023	**13,569,141**	**13,569,141**

At 31 December 2023, lease liabilities were falling due as follows:

Group	Up to 3 months £	Between 3 and 12 months £	Between 1 and 2 years £	Between 2 and 5 years £	Over 5 years £	Total £
Lease liabilities	546,845	1,677,528	2,318,301	4,183,776	4,842,691	**13,569,141**

The aggregate undiscounted commitments for low-value leases as at 31 December 2023 was £nil (2022: £nil).

18. Intangible assets

Group

	Goodwill	Customer Contracts	Brand	Other	Total
	£	£	£	£	£
Cost					
At 1 January 2022	**51,862,168**	**1,706,578**	**3,360,474**	**1,000,000**	**57,929,220**
Additions	-	-	-	-	-
Transferred to assets held for sale	(15,775,039)	(1,167,673)	(661,596)	-	(17,604,308)
At 31 December 2022 (restated)	**36,087,129**	**538,905**	**2,698,878**	**1,000,000**	**40,324,912**
At 1 January 2023	**36,087,129**	**538,905**	**2,698,878**	**1,000,000**	**40,324,912**
Additions	-	-	-	2,500,000	2,500,000
At 31 December 2023	**36,087,129**	**538,905**	**2,698,878**	**3,500,000**	**42,824,912**
Accumulated amortisation and impairment					
At 1 January 2022	**-**	**1,466,599**	**270,058**	**333,333**	**2,069,990**
Amortisation charge	-	169,389	168,024	500,000	837,413
Transferred to assets held for sale	-	(1,167,673)	(108,801)	-	(1,276,474)
At 31 December 2022	**-**	**468,315**	**329,281**	**833,333**	**1,630,929**
At 1 January 2023	**-**	**468,315**	**329,281**	**833,333**	**1,630,929**
Amortisation charge	-	70,590	134,940	500,000	705,530
At 31 December 2023	**-**	**538,905**	**464,221**	**1,333,333**	**2,336,459**
Net book value					
At 1 January 2022	51,862,168	239,979	3,090,416	666,667	55,859,230
At 31 December 2022 (restated)	36,087,129	70,590	2,369,597	166,667	38,693,983
At 31 December 2023	**36,087,129**	**-**	**2,234,657**	**2,166,667**	**40,488,453**

Under a debenture signed and registered on 19 April 2021, HSBC UK Bank plc have a fixed charge over the intangible assets of the Group.

During the year, intangible assets with an opening net book value of £16,327,834 relating to Convex Capital were transferred to assets held for sale. Further amortisation of £33,080 was charged to these intangible assets during the year ended 31 December 2023. An impairment assessment was performed on these intangible assets where it was determined that an impairment of £13,694,754 was required.

19. Impairment of goodwill and other intangible assets

The Group is required to test, on an annual basis, whether goodwill and other intangible assets have suffered any impairment. The recoverable amounts are determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows. The recoverable amounts were determined to be higher than the carrying amounts and so no impairment losses were recognised.

The recoverable amounts have been determined from value in use calculations based on an extrapolation of the cash flow projections from the formally approved budget. Values assigned to the key assumptions represent management's estimate of expected future trends and are as follows:

- A pre-tax discount rate of 25% was applied in determining the recoverable amount. The discount rate is based on the average weighted cost of capital
- Growth rates over the longer term of between 0-3% are based on management's understanding of the market opportunities for services provided
- Increases in costs are based on current inflation rates and expected levels of recruitment needed to generate predicted revenue growth
- Cash flows have been assessed over ten years with the assumption that the business will be ongoing at the end of that period

The review demonstrated sufficient headroom such that the estimated carrying values from continuing operations are not sensitive to changes in assumptions. Having reviewed the key assumptions used, the Directors do not believe that there is a reasonably possible change in any of the key assumptions that require further disclosure.

An impairment in relation to Convex Capital goodwill and intangible assets was made during the financial year.

20. Subsidiaries

The principal subsidiaries of RBG Holdings plc, which are incorporated in England and Wales and have been included in these consolidated financial statements, are as follows:

Name	Principal Activity	Registered Number	Proportion of ownership interest 2023	2022
RBL Law Limited	Legal Services	09986118	100%	100%
RBG Legal Services Limited	Legal Services	13287062	100%	100%
Convex Group (Holdings) Limited	Holding Company	11490871	100%	100%
Convex Capital Limited	Professional Services	11491052	100%	100%
LionFish Litigation Finance Limited[23]	Litigation Finance	12165991	-	100%
Islero Assignments Limited	Dormant	12754244	-	100%
Memery Crystal Limited	Dormant	13600674	100%	100%
Rosenblatt Limited	Dormant	13601148	100%	100%

The principal place of business of Convex Group (Holdings) Limited and Convex Capital Limited is Bass Warehouse, 4 Castle Street, Manchester, M3 4LZ. The principal place of business and registered office of RBG Legal Services Limited is 165 Fleet Street, London, England, EC4A 2DY. The principal place of business of the other subsidiaries and the registered address of each subsidiary is 165 Fleet Street, London, England, EC4A 2DY.

For the year ending 31 December 2023, the principal subsidiary companies, set out above, were exempt from the requirements of the Companies Act relating to the audit of individual accounts by virtue of section 479A of the Companies Act 2006. RBG Holdings plc, has given a statement of guarantee under the Companies Act 2006 section 479C, whereby RBG Holdings plc will guarantee all outstanding liabilities to which the respective subsidiary companies are subject as at 31 December 2023.

	2023	2022
Company	£	£
Cost and net book value		
At 1 January	27,501,278	27,501,278
Investments in subsidiaries	-	100
Impairment in subsidiary held for sale	(13,694,754)	-
At 31 December	**13,806,624**	**27,501,378**

Impairment in subsidiary held for sale relates to Convex Capital Limited which was classified as a discontinued operation at 31 December 2023 and subsequently sold in March 2024.

This impairment has been arrived at by reviewing intangible assets held in Convex, less consideration received.

21. Investments in associate

In June 2022, the Group sold its 40% interest in Adnitor Limited. The post-tax loss on disposal of investment in associate was determined as follows:

	2023	2022
	£	£
Cash consideration received	-	80,000
Total consideration received	**-**	**80,000**
Net assets disposed (other than cash):		
Investment in associate	-	101,643
Loss on disposal of discontinued operation, net of tax	-	**(21,643)**

23 LionFish Litigation Finance Limited was sold in July 2023.

22. Trade and other receivables

Group

	Group 31 Dec 2023	Group 31 Dec 2022 Restated	Group 1 Jan 2022 Restated
	£	£	£
Trade receivables	14,131,346	12,229,829	10,456,340
Less: provision for impairment of trade receivables	(6,170,819)	(2,315,087)	(828,694)
Trade receivables – net	**7,960,527**	**9,914,742**	**9,627,646**
Contract assets	8,243,338	9,703,812	12,378,702
Amounts due from discontinued operations	82,692	4,766,624	760,081
Corporation tax receivable	725,723	656,982	-
Other taxes and social security	-	-	-
Other receivables	1,068,361	659,347	1,003,079
Total financial assets other than cash and cash equivalents classified as amortised cost	**18,080,641**	**25,701,508**	**23,769,508**
Prepayments	1,019,834	2,170,051	1,963,850
Total trade and other receivables	**19,100,475**	**27,871,559**	**25,733,358**
Due within one year or less	19,100,475	27,871,559	19,330,914
Due after more than one year	-	-	6,402,444
	19,100,475	**27,871,559**	**25,733,358**

At 31 December 2023, trade and other receivables of £106,728 (2022: £119,806) were transferred to assets held for sale – discontinued operations.

Trade receivables are made up of the following:

	Group 31 Dec 2023	Group 31 Dec 2022	Group 1 Jan 2022
	£	£	£
Trade receivables for legal services revenue[a]	11,641,655	10,660,265	10,183,246
Trade receivables for damages based agreement[b]	2,489,691	1,569,564	273,094
	14,131,346	**12,229,829**	**10,456,340**

[a] Trade receivables from legal services revenue relates to balances due on work invoiced for the supply of legal services.

[b] Trade receivables for damages based agreement relates to a case the Group has entered into and the disbursements are recoverable from the client whether the case wins or loses. At each reporting date, an ECL assessment is performed on the asset in line with IFRS 9 and an impairment is recognised as appropriate.

The Group have performed an ECL assessment at each year end and have determined that in the event of a loss, the disbursements are not recoverable and have therefore impaired the asset.

Contract assets are made up of the following:

	Group 31 Dec 2023	Group 31 Dec 2022	Group 1 Jan 2022
	£	£	£
Work in progress[a]	8,243,338	9,703,812	5,976,258
Damages based agreement assets[b]	-	-	6,402,444
	8,243,338	**9,703,812**	**12,378,702**

[a] Work in progress relates to time recorded by fee earners that has not been billed at balance sheet date.

[b] Where revenue is subject to alternative billing arrangements, including services provided under Damages based agreements (DBAs) the Group recognises an asset for the disbursements on these cases. The Group has two cases that fall under damages based agreements.

For the first case, disbursements are recoverable either in the case of a win or where the client or the Group terminate the agreement. Under IFRS 15, this case is treated as a contract asset and an impairment assessment is performed under IFRS 15. During the year ended 31 December 2022, the probability of success was reduced from 90% to 50%, at this point, the case became an onerous contract and costs to fulfil the contract were provided for.

22. Trade and other receivables (continued)

The table below provides analysis of the movements in damages based agreement asset.

	2023	2022 Restated
	£	£
At 1 January	-	6,402,444
Additions	-	988,037
Realisations	-	(720,000)
Write off of damages based agreement asset	-	(6,670,481)
At 31 December	**-**	**-**

The carrying value of trade and other receivables classified at amortised cost approximates fair value.

The Group does not hold any collateral as security.

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

The expected loss rates are based on the Group's credit losses experienced over the period since incorporation, adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors in the countries where the Group operates.

The lifetime expected credit loss provision for trade receivables and contract assets is as follows:

	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total £
31 December 2023					
Expected loss rate	*18.0%*	*3.9%*	*7.9%*	*7.9%*	
Gross carrying amount – trade receivables	2,536,027	1,247,100	1,664,689	6,193,839	**11,641,655**
Gross carrying amount – contract assets (Work in Progress)	8,243,338	-	-	-	**8,243,338**
Gross carrying amount – trade receivables – DBA assets	2,489,691	-	-	-	**2,489,691**
Loss provision	2,507,392	48,029	131,270	3,484,129	**6,170,819**

	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total £
31 December 2022					
Expected loss rate	*10.2%*	*2.7%*	*3.8%*	*18.6%*	
Gross carrying amount – trade receivables	4,733,325	1,832,694	820,647	3,273,600	**10,660,265**
Gross carrying amount – contract assets (Work in Progress)	9,703,812	-	-	-	**9,703,812**
Gross carrying amount – trade receivables – DBA assets	1,569,564	-	-	-	**1,569,564**
Loss provision	1,626,725	49,528	30,947	607,887	**2,315,087**

None of the trade receivables and contract assets have been subject to a significant increase in credit risk since initial recognition.

Movements in the impairment allowance for trade receivables are as follows:

	2023	2022
	£	£
At 1 January	2,315,087	828,694
Increase during the year	4,008,754	1,544,896
Receivable written off during the year as uncollectible	(62,595)	(24,247)
Unused amounts reversed	(90,427)	(34,257)
At 31 December	**6,170,820**	**2,315,087**

Included in other receivables is £17,872 (2022: £12,475) which is owed by the Employee Benefit Trust.

22. Trade and other receivables (continued)

Company

	2023	2022
	£	£
Amounts due from group companies	43,934,885	53,167,678
Corporation tax receivable	145,364	-
Other taxes and social security	347,822	-
Other receivables	361,110	403,633
Total financial assets other than cash and cash equivalents classified as amortised cost	**44,789,181**	**53,571,311**
Prepayments	162,318	187,224
Total trade and other receivables	**44,951,499**	**53,758,535**
Due within one year or less	4,539,382	14,204,102
Due after more than one year	40,412,117	39,554,433
	44,951,499	**53,758,535**

The loans due from RBG Legal Services and LionFish Litigation Finance are on demand and interest free.

Management considers that there is no increase in credit risk on the related party loans. Given that the loans are on demand, lifetime credit losses and 12-month credit losses will be the same. Having considered different recoverability scenarios which incorporated macroeconomic information (such as market interest rates and growth rates), current and forward-looking information, management consider the expected credit losses to be close to nil.

23. Trade and other payables

	Group 2023	Company 2023	Group 2022 restated	Company 2022
	£	£	£	£
Trade payables	4,911,641	547,550	3,927,448	-
Corporation tax payable	-	-	-	-
Other taxes and social security	2,194,073	-	2,260,424	-
Amounts due to discontinued operations	-	-	647,324	
Amounts due to group companies	-	2,318,419	-	2,873,359
Derivative financial liabilities	-	-	-	-
Other payables	108,261	100	100	100
Accruals	4,379,510	1,353,193	2,807,158	1,417,342
At 31 December	**11,593,485**	**4,219,262**	**9,642,454**	**4,290,801**
Due within one year or less	11,593,485	4,219,262	9,642,454	4,290,801
Due after more than one year	-	-	-	-
	11,593,485	**4,219,262**	**9,642,454**	**4,290,801**

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

At 31 December, trade and other payables of £334,175 (2022 restated: £2,107,747) were transferred to liabilities held for sale – discontinued operations (refer to note 13).

24. Loans and borrowings

The book value and fair value of loans and borrowings which are all denominated in sterling are as follows:

	Book value 31 Dec 23	Fair value 31 Dec 23	Book value 31 Dec 22	Fair value 31 Dec 22
	£	£	£	£
Non-current				
Bank loans				
Secured	22,687,488	22,687,488	20,000,000	20,000,000
Current				
Bank loans				
Secured	2,624,407	2,624,407	2,205,640	2,205,640
At 31 December	**25,311,894**	**25,311,894**	**22,205,640**	**22,205,640**

The rate at which Sterling denominated loans and borrowings are payable is 3.15% above SONIA (2022: 2.90%).

The bank loans are secured by fixed and floating charges over the assets of the Group. The bank loans are repayable over four years, during the year ending 31 December 2023, the Group signed an amendment and restatement deed which postponed the termination date. The Group has £nil undrawn committed borrowing facilities available at 31 December 2023 (2022: £nil).

25. Provisions

Group

	Leasehold dilapidations	Legal disputes	Onerous contracts	Total
	£	£	£	£
At 1 January 2022	**150,000**	**164,291**	**-**	**314,291**
Charged to profit or loss	-	47,245	956,999	1,004,244
(Released) through profit or loss	-	-	(562,979)	(562,979)
At 31 December 2022	**150,000**	**211,536**	**394,020**	**755,556**
At 1 January 2023	150,000	211,536	394,020	755,556
(Release) through profit or loss	-	(136,536)	(394,020)	(530,556)
At 31 December 2023	**150,000**	**75,000**	**-**	**225,000**
Due within one year or less	-	75,000	-	75,000
Due after more than one year	150,000	-	-	150,000
	150,000	**75,000**	**-**	**225,000**

Leasehold dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease.

The Group is currently involved in a number of legal disputes. The amount provided represents the directors' best estimate of the Group's liability having taken legal advice. Uncertainties relate to whether claims will be settled out of court or if not whether the Group is successful in defending any action. Because of the nature of the disputes, the directors have not disclosed further information on the basis that they believe that this would be seriously prejudicial to the Group's position in defending the cases brought against it.

The Group recognises a contract asset in line with IFRS 15 for one of its damages based agreement cases. Management re-assessed the probability of success of the case based on the information available at the time and the probability of success was reduced from 90% to 50% during the year ended 31 December 2022 and the contract asset associated with this was impaired. At this point in time, the case became an onerous contract and as such, a provision was made for costs to fulfil the contract.

26. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 25% (2022: 25%).

On 1 April 2023 the UK corporate tax rate increased from 19% to 25%. As IFRS requires deferred tax to be measured at tax rates that have been substantively enacted at the reporting date, the Group's deferred tax balances have been re-measured accordingly and the impact has been reflected within the consolidated financial statements.

The movement on the deferred tax account is as shown below:

	Group 2022	Company 2022	Group Restated	Company
	£	£	£	£
At 1 January	229,361	635,333	729,985	660,270
Recognised in profit or loss				
Tax expense	(323,209)	(435,828)	(682,668)	(24,937)
Transferred to held for sale – discontinued operations	(122,597)	-	182,044	-
At 31 December (asset)/liability	**(216,445)**	**199,505**	**229,361**	**635,333**

Details of the deferred tax liability and amounts recognised in the profit or loss are as follows:

Group	Accelerated capital allowances	Business combinations	Other temporary and deductible differences	Total
	£	£	£	£
Balance 1 January 2022	55,230	832,599	(37,787)	850,042
Charges/(credited) to profit or loss	1,657	(84,353)	(641,668)	(724,364)
Transferred to held for sale – discontinued operations	103,683	-	-	103,683
Balance 31 December 2022	**160,570**	**748,246**	**(679,455)**	**229,361**
Balance 1 January 2023	160,570	748,246	(679,455)	229,361
Charges/(credited) to profit or loss	52,003	(322,993)	(174,327)	(445,317)
Transferred to held for sale – discontinued operations	(489)	-	-	(489)
Balance 31 December 2023	**212,084**	**425,253**	**(853,782)**	**(216,445)**

Company	Accelerated capital allowances	Business combinations	Other temporary and deductible differences	Total
	£	£	£	£
Balance 1 January 2022	270	660,000	-	660,270
Charges/(credited) to profit or loss	(260)	-	(24,677)	(24,677)
Balance 31 December 2022	**10**	**660,000**	**(24,677)**	**635,333**
Balance 1 January 2023	10	660,000	(24,677)	635,333
Charges/(credited) to profit or loss	-	-	(435,828)	(435,828)
Balance 31 December 2023	**10**	**660,000**	**(460,505)**	**199,505**

27. Share capital

	Authorised			
	2023	2023	2022	2022
	Number	£	Number	£
Ordinary shares of 0.2p each	95,331,236	190,662	95,331,236	190,662

	Allotted, issued and fully paid			
	2023	2023	2022	2022
	Number	£	Number	£
Ordinary shares of 0.2p each				
At 1 January	95,331,236	190,662	95,331,236	190,662
Other issues for cash during the year	-	-	-	-
At 31 December	**95,331,236**	**190,662**	**95,331,236**	**190,662**

Ordinary shares rank equally as regards to dividends, other distributions and return on capital. Each ordinary share carries the right to one vote.

28. Reserves

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The following describes the nature and purpose of each reserve within equity:

Risk description and impact	Description and purpose
Share capital	Amount subscribed for share capital at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value less transaction costs.
Retained earnings	All other net gains and losses and transactions with owners (e.g., dividends) not recognised elsewhere.

29. Share-based payment

The Group operates two equity settled share-based remuneration schemes: a United Kingdom tax authority approved scheme and an unapproved scheme. Under the schemes the only vesting condition is that the individual remains an employee of the Group over the vesting period.

	2023 Weighted average exercise price	2023	2022 Weighted average exercise price	2022
	£	Number	£	Number
Outstanding 1 January	-	285,953	-	153,437
Granted during the year	-	-	0.11	1,264,977
Forfeited during the year	-	-	0.04	(1,132,461)
Exercised during the year	-	-	-	-
Outstanding at 31 December	0.36	**285,953**	0.35	**285,953**

The exercise price of options outstanding at 31 December 2023 ranged between £nil and £1.05 (2022: £nil and £1.03) and their weighted contractual life was 8 years (2022: 9 years). Of the total number of options outstanding at 31 December 2023, 23,437 had vested and were exercisable (2022: 20,000). No options were exercised in the year. No options were granted during the year (2022: fair value of each option granted was £0.92).

No options were granted during the year ended 31 December 2023, The following information is relevant in the determination of the fair value of options granted during the year ended 31 December 2022 under the equity settled share-based remuneration schemes operated by the Group.

	2022
Option pricing model used	**Black-Scholes**
Weighted average share price at date of grant	£1.18
Contractual life (in days)	3,653
Expected volatility	24%
Expected dividend yield	5%
Risk-free interest rate	1%

The share-based remuneration expense disclosed in Note 10 relates entirely to equity settled schemes. The Group did not enter into any share-based payment transactions with parties other than employees during the year.

30. Related party transactions

Group

During the year, Group companies entered into the following transactions with related parties who are not members of the Group:

Related party	Supply of services 2023	Purchase of services 2023	Supply of services 2022	Purchase of services 2022
	£	£	£	£
Velocity Venture Capital Ltd[24]	-	-	(713)	222,733
Motorsport Circuit Management Ltd[24]	-	-	11,250	-
N Davis[25]	654	-	-	-
SEC Newgate[26]	13,323	315,920	-	-
Oliver Rosenblatt	1,534	-	-	-
Senbla Limited	668	-	-	-
Winros[27 28]	-	3,229,543	-	794,458

In addition, at 31 December 2023, the Group owed £375,000 to Nicola Foulston as part of the settlement agreement (total settlement was £500,000, £125,000 was paid before year end).

In addition, during the year, £8,687 of contingent work was performed by the Group in relation to a Conditional Fee Agreement with Winros (2022: £19,480), total work in progress at year end was £527,098 with unbilled disbursements of £209,457.

During the year ended 31 December 2023, Ian Rosenblatt's restrictive covenant was extended for an additional 5 years for a value of £2,500,000, at year end, £1,241,665 was still outstanding.

At 31 December, amounts due to related parties were as follows:

	2023	2022
	£	£
SEC Newgate	150,620	-
Winros	102,412	-

At 31 December, amounts due from related parties were as follows:

	2023	2022
	£	£
SEC Newgate	5,285	-
N Davis[25]	163	-
Senbla Limited	668	-

Sales and purchase of services to related parties were conducted on an arm's length basis on normal trading terms.

Total remuneration of Key Management Personnel during the year was £3,653,005 (2022: £1,285,916). Further details of directors' remuneration are given in the Directors' Report on pages 42 to 45.

Company

In addition to the amounts disclosed in the Directors' Report on pages 42 to 45, the Company has entered into the following transactions with related parties.

During 2023, the Company reimbursed fees and expenses paid on its behalf by RBGLS totalling £642,109 (2022: £2,571,884). At 31 December 2023, the company was owed £43,532,103 by RBGLS (2021: £48,401,054) and owed £2,318,419 to RBL Law (2022: £2,226,035).

During 2023, Convex Capital Limited reimbursed fees and expenses paid on its behalf by the Company totalling £887,016 (2022: £571,264). At 31 December 2023, the company was owed £82,692 by Convex Capital Limited (2022: £647,324 owed to Convex Capital Limited).

During 2023, LionFish Litigation Finance Limited reimbursed fees and expenses paid on its behalf by the Company totalling £564,203 (2022: £1,067,602). At 31 December 2023, there were no amounts owing to or from LionFish Litigation Finance Limited (2022: £4,766,624 owed by LionFish Litigation Finance Limited).

24 A company controlled by Nicola Foulston.
25 Invoice raised during 2023, relating to services supplied during 2022, invoice paid post year end.
26 Included within purchase of services is £103,920 relating to non-underlying items.
27 A partnership in which Ian Rosenblatt is a partner.
28 Included within purchase of services is £209,456 relating to disbursements.

31. Notes supporting statement of cash flows

Non-cash transactions from financing activities are shown in the reconciliation of liabilities from financing transactions below:

	Non-current loans and borrowings	Current loans and borrowings	Total
	£	£	£
At 1 January 2022	17,000,000	2,129,592	19,129,592
Cash flows (net)	3,000,000	-	3,000,000
Non-cash flows			
Interest accruing in year	-	76,048	76,048
At 31 December 2022	**20,000,000**	**2,205,640**	**22,205,640**
At 1 January 2023	20,000,000	2,205,640	22,205,640
Cash flows (net)	2,687,488	(156,425)	2,531,063
Non-cash flows			
Interest accruing in year	-	575,191	575,191
At 31 December 2023	**22,687,488**	**2,624,406**	**25,311,894**

32. Restatement of prior year

The 2022 comparatives have been restated in these financial statements to include the effect of the adjustments as stated in Note 2. The following table presents the impact of these restatements.

Restatement to 2022 opening balances

	31 Dec 2021 As originally presented	Adjustment (i)	1 Jan 2022 Restated
	£	£	£
Non-current assets			
Trade and other receivables[29]	6,675,538	(273,094)	6,402,444
Equity			
Retained earnings	11,113,365	(273,094)	10,840,271

Restatement to 2022 statement of comprehensive income:

	31 Dec 2022 As originally presented	Adjustment (i)	31 Dec 2022 Restated
	£	£	£
Gains on litigation assets	3,821,700	(1,800,000)	2,021,700
Disbursement asset revenue	-	2,847,487	2,847,487
Disbursement asset expenditure	-	(3,241,507)	(3,241,507)
Non-underlying items:			
Contract assets - damage based agreement asset impairment	-	(6,670,481)	(6,670,481)
Release of onerous contract provision	-	(562,979)	(562,979)
Trade receivables – provision against damages based agreement receivable	-	(1,296,470)	(1,296,470)
Tax expense	1,932,586	(2,401,704)	(469,118)
Breakdown of tax adjustment			
Transferred to assets held for sale (Note 13)		(215,898)	
Restatement (i)		(2,185,806)	
		(2,401,704)	

29 Damages based agreements originally presented as "litigation assets".

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32. Restatement of prior year (continued)

	31 Dec 2022 As originally presented	Adjustment (i)	31 Dec 2022 Restated
	£	£	£
Earnings per share attributable to the ordinary equity holders of the parent	-	-	-
Basic (pence) from continuing operations	8.18	(9.91)	(1.73)
Diluted (pence) from continuing operations	8.17	(9.89)	(1.72)
Basic (pence) from total operations	4.41	(8.96)	(4.55)
Diluted (pence) from total operations	4.40	(8.94)	(4.54)

Restatement to 2022 statement of financial position:

	31 Dec 2022 As originally presented	Adjustment (i)	1 Jan 2023 Restated
	£	£	£
Non-current assets			
Trade and other receivables[30]	10,603,024	(10,603,024)	-
Current liabilities			
Provisions	(211,536)	(394,020)	(605,556)
Tax liabilities	(1,601,655)	2,258,637	656,983
Non-current liabilities			
Deferred tax	(744,328)	514,967	(229,361)
Equity			
Retained earnings	11,996,470	(8,811,238)	999,426
Breakdown of tax adjustments			
Tax liabilities:			
Transferred to assets held for sale (Note 13)	690,559		
Restatement (i)	1,568,079		
	2,258,637		
Deferred tax:			
Transferred to assets held for sale (Note 13)	(102,760)		
Restatement (i)	617,727		
	514,967		

30 Damages based agreements originally presented as "litigation assets".

32. Restatement of prior year (continued)

(i) A prior period adjustment has been made for incorrect accounting policies that were previously adopted in relation to disbursements incurred on two damages based agreements.

The disbursements were previously held on the balance sheet as Litigation Assets and measured the assets under IFRS 9 at fair value through profit and loss.

Based on the substances of the underlying agreements for the two damages based agreements, the recovery from the client of disbursements represents a revenue stream arising from a costs to fulfil a contract with a customer and therefore falls within the scope of IFRS 15.

For the first case, the disbursements are payable to the Group, only if the case wins or where the client or the Group terminates the engagement. Under IFRS 15, this case is treated as a contract asset and an impairment assessment is performed under IFRS 15. Management have reassessed the probability of success in this case and determined that during the year ended 31 December 2022, the probability of success reduced from 90% to 50%, this reassessment is based on the information available at that point in time, hindsight was not applied when making this reassessment. The reduction in the probability of success resulted in a write off of the contract asset at that time.

Additionally, the reduction in probability of success from 90% to 50% resulted in this case becoming an onerous contract and as such, the costs to fulfil the contract were provided for.

For the second case, the disbursements are recoverable in a win or lose situation. As such, the revenue recognition point is the point at which the expense is incurred by the Group. IFRS 15 requires the presentation of any unconditional rights to consideration as a receivable separately from contract assets and an expected credit loss (ECL) assessment is performed at each year end.

The Group has performed an ECL assessment as each period end and based on management's knowledge of the case and parties involved at each period end, hindsight has not been applied in making this assessment. The receivable associated with this damages based agreement has been fully provided for at each year end.

33. Contingent liabilities

The Company has been informed that HMRC has started an inquiry into the valuation of employee related securities issued by the Company in April 2018 prior to the IPO. HMRC have queried the issue of shares between 4 April 2018 and 16 April 2018 at a par value. A valuation of the shares at above the issue price could result in a liability to the recipient of the issued shares which would be required to be collected by the Company and paid to HMRC. Any liability would be re-imbursed in full by the recipient. The directors' belief is that the investigation is without merit.

The Group is involved in two claims from current or previous employees. The claim related to a previous employee has gone to a tribunal and the Group is awaiting the outcome of that tribunal. The claim related to a current employee has not yet reached a tribunal. Based on legal advice taken, management is confident that both claims are without merit and await a successful outcome to both. As such, no contingent liability has been recognised during the period in relation to them.

34. Events after the reporting date

On 22 February 2024, the Group raised £0.9 million before expenses through the issue of new ordinary shares. A further £2.1 million before expenses was raised through the issue of new ordinary shares on 12 March 2024. The fundraising was strongly supported by existing institutional shareholders. Additionally, certain directors subscribed for £1.0 million of shares as part of the fundraise. The purpose of the raise was to provide additional working capital to the Group.

On 28 March 2024, the Group completed the disposal of Convex Capital to a joint venture led by its management team. Under the terms of the agreement, the Group received initial consideration of £2.0 million with up to another £600,000 payable on completion of certain subsequent transactions.

Following the completion of the disposal of Convex, Ian Rosenblatt stepped down from the Board. Ian remains the Group's largest shareholder and largest revenue earner.

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