Frenkel Topping Group plc
("Frenkel Topping", "the Company" or the "Group")

Results for the 12 months ended 31 December 2023

A year of executing strategy and delivering a strong performance

Frenkel Topping Group (AIM: FEN), a specialist professional and financial services firm operating in the Personal Injury (PI) Clinical Negligence (CN) space, is pleased to announce its final results for the 12 months ended 31 December 2023 (“FY23”). These results demonstrate a strong performance through 2023 and the Board is pleased to report an encouraging start to the 2024 financial year.

Financial Highlights

	FY 2023	FY 2022	% change
Revenue	*£32.8m*	*£24.8m*	*+32%*
Recurring revenue	*£12.0m*	*£11.0m*	*+9%*
Non-recurring revenue	*£20.8m*	*£13.8m*	*+51%*
Gross profit	*£13.9m*	*£11.1m*	*+25%*
Adjusted EBITDA*	*£8.0m*	*£6.1m*	*+31%*
Adjusted profit from operations	*£7.2m*	*£5.5m*	*+31%*
Adjusted EPS*	*4.26 pence*	*3.78 pence*	*+13%*
Total dividends (paid and proposed)	*1.375 pence per share*	*1.37 pence per share*	-
Cash generated from operating activities	*£3.2m*	*£0.7m*	*+357%*

**Adjusted EBITDA and Adjusted EPS are stated after adding back share based compensation, re-organisation, costs relating to our acquisition strategy and any exceptional items.*

Operational Highlights

- Fifteenth consecutive year of high client retention (99%) in investment management services
- Funds under management (“FUM”) of £1,335m (as at 31 December 2022: £1,187m) – growth of 12% despite turbulent markets
- Funds on a discretionary mandate of £820m (as at 31 December 2022: £715m) – growth of 15%, showing the resilience of our portfolios
- New Money Market Solution launched in June 2023 attracting investment of £39m as at 31 December 2023
- Two new Major Trauma Centres added by Cardinal Management Limited ("Cardinal")
- KnowledgeHub delivered 19 expert training sessions with 7,970 registrations
- Welfare Benefits Advice team identified over £2m in unclaimed benefits for our clients

Q1 update - an encouraging start to the new financial year

- The Group has signed a new £7.5m Revolving Credit Facility with Santander to support its growth and acquisition strategy
- As announced this morning, we are continuing the roll-up strategy with a strategic bolt on acquisition of North West based cost consultant, North West Law Services Limited (NWL). NWL is a leading firm of cost consultants based in the North West with over 40 years experience in the field that will add to the Company’s expertise in the area and work closely with the teams at Partners in Costs Limited, Bidwell Henderson Costs Consultants Limited and A&M Bacon Limited
- Undertaken a group wide initiative to create a set of values that align and represent us as a Group

- New Money Market Solution investment grown to £92m as at March 2024 from £39m in the last three months
- Record numbers for pipeline of opportunities across the Group
- Continuation of the Costs Training Academy

Richard Fraser, CEO of Frenkel Topping, said:

"*Our 2023 results demonstrate the success of our acquisition strategy over recent years and the resilience of our business against the backdrop of challenging and volatile market conditions which saw a modest impact on the year end outturn as previously announced.*

Non-recurring revenue has been pleasing, with 22% of the total 51% growth in this area coming from organic growth across our business units. This demonstrates the strength of the acquisition strategy with the Company demonstrably identifying businesses that the management has been able to grow and capture upside opportunities as well as diversifying revenue streams. We will continue to explore synergies, to invest in our people, data and technology in order to help us to further take advantage of opportunities that the enlarged Group presents.

Additionally, we have continued to grow our FUM, in no small part thanks to Ascencia, which has again beaten its benchmarks and shown agility in launching the new Money Market Solution in response to market dynamics and client demand. This product, assisted by the hard work and tenacity of our sales team, has attracted investment from both new and existing clients with £39m of assets added by the year end, generating revenue for the Company and positive outcomes for our clients.

During the year the Frenkel Topping Charitable Foundation grew to new heights with bigger events, more fundraising and contributions up by 59% from 2022.

In 2024 we have continued to enhance our compliance framework in order to further embed FCA Consumer Duty into our operations and welcome the appointment of Consumer Duty Champions at board level. "

We continue to be optimistic about our long-term goal to grow to 15% market share in each of our business units."

For further information:

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Carl Holmes/Abigail Kelly/Fergus Sullivan (Corporate Finance)	
Tim Redfern (ECM)	

About Frenkel Topping Group

The Frenkel Topping Group of companies specialises in providing financial advice and asset protection services to clients at times of financial vulnerability, with particular expertise in the field of personal injury (PI) and clinical negligence (CN).

For more than 30 years the Group has worked with legal professionals and injured clients themselves to provide pre-settlement, at-settlement and post-settlement services to help achieve the best long-term outcomes for clients after injury. It boasts a client retention rate of 99%.

Frenkel Topping Group is focused on consolidating the fragmented PI and CN space in order to provide the most comprehensive suite of services to clients and deliver a best-in-class service offering from immediately after injury or illness and for the rest of their lives.

The Group's services include the Major Trauma Signposting Partnership service inside NHS Major Trauma Centres, expert witness, costs, tax and forensic accountancy, independent financial advice, investment management, and care and case management.

The Group's discretionary fund manager, Ascencia, manages financial portfolios for clients in unique circumstances, often who have received a financial settlement after litigation. In recent years Ascencia has diversified its portfolios to include a Sharia-law-compliant portfolio and a number of ESG portfolios in response to increased interest in socially responsible investing (SRI).

Frenkel Topping has earned a reputation for commercial astuteness underpinned by a strong moral obligation to its clients, employees and wider society, with a continued focus on its Environmental, Social and Governance (ESG) impact.

For more information visit: www.frenkeltoppinggroup.co.uk

Chairman's Statement

Overview

On behalf of the Frenkel Topping Group (FTG) Board of Directors, I am pleased to report on another positive year of growth for the Group in which we continued to deliver against our strategy.

The Group's performance in the last financial year demonstrates its resilience in a challenging financial market, as well as further progress made through our focused acquisition strategy and continued consolidation of the PI and CN space.

Following fundraises in 2020 and 2022 the Group has worked to consolidate the much-fragmented PI and CN space, making key acquisitions which fit with the culture and values of the existing businesses.

Whilst we have not yet fully maximised the opportunities the enlarged Group presents, we are beginning to see the fruits of our labour, with acquisitions made in prior years showing increased revenues and EBITDA compared to when they were acquired. Furthermore, the continued embedding of our services within our professional client base is beginning to open the door to more opportunities to add FUM than we have previously seen.

Having stepped into the role of Chairman during February 2024, I would like to take the opportunity to express my gratitude to Tim Linacre for his stewardship and expertise in the role since 2020. Further, I am pleased that he remains on the Board as a Senior Non-Executive Director as we step forward into the next chapter of this journey.

Dividend

Total dividends proposed for the year are 1.375p per share (FY 2022: 1.37p), reflecting the Board's intention to continue to invest in the future of the business.

Outlook

Our industry continues to face headwinds as increased compliance costs and higher interest rates encourage clients to place money into lower margin money market funds. However, the Group now provides a broad range of services where we have the opportunity to cross sell, thereby accelerating organic growth. There is also the opportunity to achieve synergies across the Group as earn-out payments come to an end, enabling better integration of our various operations.

Consequently, although we face many challenges, we remain confident that the Group will continue to prosper over the coming year.

Christopher Mills
Chairman

Chief Executive Officer's Statement

Review of the Year
I am very pleased to report on another strong 12-month period against the backdrop of market volatility. This is a testament to the hard work of the staff across all of our business units and I would like to thank them for their efforts during the year.

Additionally, the investments made into acquisitions across recent years were especially important in diversifying revenue streams which helped to protect us against the full impact of financial markets.

Further, we are pleased to report another year where our in-house discretionary fund manager, Ascencia Investment Management (Ascencia), has outperformed its benchmarks, as shown within the CFO's report. Ascencia's conservative multi-asset investment approach continues to deliver a smooth client investment experience with a focus on asset protection.

High interest rates have meant many potential new Court of Protection clients were inclined to hold funds within the Government's Court Funds Office accounts rather than to invest. In June 2023, in part in response to this, Ascencia launched its 'Money Market Solution' which provides clients with an investment solution that benefits from the higher interest rate environment. This product, assisted by the hard work and tenacity of our sales team, has attracted investment from both new and existing clients with £39m of assets added by the year end. Whilst funds in this Money Market Solution product earn a lower fee than those invested in our other investment solutions, moderately impacting the overall full year outturn, we are confident that they will be redeployed to higher fee products across our proposition as financial markets turn.

During the year we continued to focus on integrating the acquisitions made in prior years in order to maximise the commercial opportunities being a larger Group presents. This will continue to be a focus in the year ahead, particular with a view to harnessing the newly available data.

Whilst doing so, we are also exploring further acquisition opportunities. We are looking at a number of businesses which complement our service offering and give us increased access to clients, be it via new services offered, client relationships or increased geographical spread. We remain firmly focused on the PI and CN space.

We are proud to have added two new sites to Cardinal's Major Trauma Signposting (MTSP) service and discussions continue in respect of a number of further sites. This partnership with the NHS provides a vital bedside service to patients at the earliest possible opportunity. At each MTSP site, Cardinal has selected a legal panel which comprises law firms who provide the highest quality of care and service to patients which in turn provides significant opportunity for the Group to further strengthen its relationships with PI and CN departments within law firms nationally.

Consumer Duty
During the year we welcomed the launch of the FCA's Consumer Duty guidance, putting clients' needs first in order to improve outcomes for consumers. This aligns well with the customer focused approach

we have always had. Moreover, we began the current financial year with the launch of the Frenkel Topping Group Values (detailed within the Strategic Report section of our Annual Report) which will be at the heart of everything we do moving forward, enhancing what we offer to our clients, as well as our people and ultimately our shareholders. These values align with Consumer Duty and throughout 2024 we will continue to review and enhance our compliance framework, further embedding the Consumer Duty and undertaking an assessment of value for our clients. Consumer Duty is expected to result in certain modest changes to our working practices which we are currently reviewing with a keen eye on making sure that clients' best interests are always put first and fair value is delivered.

We have appointed our existing non-executive director Rt. Hon. Mark Field as Non-Executive Consumer Duty Champion for Frenkel Topping Limited (FTL) and Ascencia. I have taken on the role of Executive Champion for Ascencia whilst Mark Holt has taken on the same role for FTL. Mark will also be the Executive Champion for Cardinal alongside Andrew Pemberton, Cardinal's Managing Director.

Market Landscape
According to industry data from NHS Litigation Authority and media sources, the NHS paid out Clinical Negligence Damages of £2bn across a total of 6,888 claims during the 12 months to 31 March 2023.

Road traffic accidents accounted for 29,429 deaths or serious injuries with £2.4bn paid out on motor insurance claims during 2023.

Outlook
2024 has seen a solid start across our transactional businesses and we continue to be optimistic about our long-term goal to grow to 15% market share in each of our business unit. Trading is in line with expectations and there is as a strong pipeline of new FUM opportunities being pursued. However, we are mindful of the market backdrop, consumer duty and the ongoing integration of acquisitions and so it is prudent to maintain our existing expectations for FY2024.

Richard Fraser
Chief Executive Officer

Chief Financial Officer's Report

We are pleased to report continued growth on prior years following the continued success of our acquisition strategy. Revenue has grown by 32% to £32.8m (2022: £24.8m) with profit from operations up 76% to £5.1m (2022: 2.9m) and adjusted EBITDA up by 31% to £8.0m (2022: £6.1m).

Non-recurring revenue

The strong growth of 51% in non-recurring revenue has been very pleasing, demonstrating the success of the Group's acquisition strategy over recent years.

Cardinal was acquired in January 2022 and Somek & Associates (Somek) and N-Able Services were acquired during September 2022 and the impact of having them for the full year makes up 29% of the increase, with the remaining 22% coming from organic growth across all of our business units. This translates to an acquisition related growth in Adjusted EBTIDA of 15% and organic growth of 16%.

Forths (acquired 2020) and Bidwell Henderson (acquired 2021) closed the year with record numbers of active files. Meanwhile Somek has grown their number of expert witnesses by 19% during the year which further increases capacity to accept new instructions. The onboarding of expert witnesses remains a key area of focus for 2024 and we expect to achieve similar levels of growth throughout the year ahead.

Recurring Revenue

It is reassuring that our recurring revenue has continued to grow, (9% on FY22) and that the year-end FUM has increased. However, growth in FUM was moderately impacted by market conditions which the Group has not been entirely immune from.

This has been further supported by the launch of the Money Market Solution, as discussed within the CEO's Statement, which diversified our revenue streams during the year, and leaves funds poised to be redeployed to other investment solutions as markets recover.

The performance of our discretionary fund management business Ascencia Investment Management has again been strong and has continued to outperform its key benchmarks:

Period: 01/01/22 – 31/12/23	Performance	Benchmark*
Ascencia Growth 3	-1.81%	-3.51%
Ascencia Growth 4	-2.04%	-3.71%

*Benchmark for Ascencia Growth 3 is ARC Sterling Cautious and for Ascencia Growth 4 is ARC Sterling Balanced Asset

Margin

Despite the inflationary challenges presented across 2023 and recent years, we are pleased to have kept control of our Adjusted EBITDA margin:

	2023	2022	2021	2020
Revenue	32.8	24.8	18.4	10.2
Adjusted EBITDA	8.0	6.1	4.6	2.5
Adjusted EBITDA Margin	24.4%	24.6%	25.0%	24.5%

As financial markets recover and we continue to add FUM, we do expect to begin to see some margin improvement in the coming years.

Working Capital

Cash generated from operating activities has increased to £3.2m (2022: £0.7m), an increase of 357%. Moreover, as a percentage of profit before tax this has increased from 36% in 2022 to 168% in 2023.

This reflects the strength of our debtor book and shows that investment made into organic growth within the Group in prior years is now beginning to turn to cash.

The decrease in closing net cash position of £2.4m compared to the prior year (2022: £5.0m) is as a result of £3.5m of deferred consideration payments made in the year relating to acquisitions made in prior years.

Earnings Per Share (EPS)

Adjusted EPS has increased to 4.26 pence (2022: 3.78 pence) and 4.02 pence (2022: 3.55 pence) for basic and diluted respectively. This increase of 13% shows the success of our acquisition strategy to date and organic growth.

The statutory EPS is down from the prior period, primarily due to the revaluation of contingent consideration payable in relation to acquisitions made in prior years. This revaluation gave rise to an expense of £1.4m within the current year however should be viewed as a positive as it shows the success of these businesses and their continued growth.

Revolving Credit Facility

In January 2024, the Group secured a revolving credit facility of £7.5m with Santander. The facility will be used to continue to pursue our acquisition strategy, as outlined in the CEO Statement & Strategic Report, as well as to fund contingent consideration payments due in 2024 and future years.

Elaine Cullen-Grant
Chief Financial Officer

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2023

	2023 £'000	2022 £'000
REVENUE	32,809	24,850
Direct staff costs	(18,943)	(13,716)
GROSS PROFIT	13,866	11,134
Administrative expenses	(8,797)	(8,230)
Adjusted profit from operations	7,233	5,492
Share based compensation	(610)	(659)
Other adjustments to profit from operations	(1,554)	(1,929)
PROFIT FROM OPERATIONS	5,069	2,904
Finance and other income	20	(8)
Finance costs	(532)	(477)
Revaluation of contingent consideration	(1,364)	-
PROFIT BEFORE TAX	3,193	2,419
Income tax expense	(1,286)	(570)
PROFIT FOR THE YEAR	1,907	1,849
ITEMS THAT WILL NOT BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS:		
Gains on property revaluation arising net of tax	80	127
TOTAL COMPREHENSIVE INCOME FOR YEAR	1,987	1,976
PROFIT ATTRIBUTABLE TO:		
Owners of the parent undertaking	1,661	1,652
Non-controlling interests	246	197
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent undertaking	1,741	1,779
Non-controlling interests	246	197
Earnings per ordinary share – basic (pence)	1.4p	1.5p
Earnings per ordinary share – diluted (pence)	1.3p	1.4p
Adjusted earnings per ordinary share – basic (pence)	4.3p	3.8p
Adjusted earnings per ordinary share – diluted (pence)	4.0p	3.6p

All amounts are derived from continuing operations.

The Notes to the Financial Statements form an integral part of these financial statements.

GROUP STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Group 2023 £'000	Group 2022 £'000
ASSETS		
NON-CURRENT ASSETS		
Goodwill and other intangibles	29,210	29,580
Property, plant and equipment	2,998	2,833
Investments	-	-
Loans receivable	151	163
	32,359	32,576
CURRENT ASSETS		
Accrued income	6,066	4,071
Trade receivables	11,282	10,661
Other receivables	896	749
Investments	107	100
Cash and cash equivalents	2,425	4,986
	20,776	20,567
TOTAL ASSETS	53,135	53,143
EQUITY AND LIABILITIES		
EQUITY		
Share capital	640	637
Share premium	22,706	22,706
Merger reserve	6,492	6,245
Revaluation reserve	559	479
Other reserve	(341)	(341)
Own shares reserve	(2,134)	(2,211)
Retained earnings	13,134	12,296
Equity attributable to owners of the parent company	41,056	39,811
Non-controlling interests	344	283
TOTAL EQUITY	41,400	40,094
CURRENT LIABILITIES	999	760
Current taxation	8,112	7,680
Trade and other payables		
	9,111	8,440
LONG TERM LIABILITIES	2,624	4,609
TOTAL EQUITY AND LIABILITIES	53,135	53,143

GROUP STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Merger reserve	Other Reserve	Own shares Reserve	Retained Earnings	Revaluation reserve	Total controlling interest	Non-controlling interests	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance 1 January 2022	566	13,140	6,245	(341)	(2,315)	11,716	352	29,363	196	29,559
Issue of Share Capital	71	9,566	-	-	-	-	-	9,637	-	9,637
Share based compensation (note 4)	-	-	-	-	-	589	-	589	-	589
Sale of own shares	-	-	-	-	104	-	-	104	-	104
Dividend paid	-	-	-	-	-	(1,661)	-	(1,661)	(110)	(1,771)
Total transactions with owners recognised in equity	71	9,566	-	-	104	(1,072)	-	8,669	(110)	8,559
Profit for year	-	-	-	-	-	1,652	-	1,652	197	1,849
Other comprehensive income	-	-	-	-	-	-	127	127	-	127
Total comprehensive income	-	-	-	-	-	1,652	127	1,779	197	1,976
Balance at 1 January 2023	637	22,706	6,245	(341)	(2,211)	12,296	479	39,811	283	40,094
Issue of share capital	3	-	247	-	-	-	-	250	-	250
Sale of own shares	-	-	-	-	77	-	-	77	-	77
Share based compensation	-	-	-	-	-	443	-	443	-	443
Dividend paid	-	-	-	-	-	(1,266)	-	(1,266)	(185)	(1,451)
Total transactions with owners recognised in equity	3	-	247	-	77	(823)	-	(496)	(185)	(681)
Profit for year	-	-	-	-	-	1,661	-	1,661	246	1,907
Other comprehensive income	-	-	-	-	-	-	80	80	-	80
Total comprehensive income	-	-	-	-	-	1,661	80	1,741	246	1,987
Balance at 31 December 2023	640	22,706	6,492	(341)	(2,134)	13,134	559	41,056	344	41,400

GROUP CASHFLOW STATEMENT

for the year ended 31 December 2023

	Group 2023 £'000	Group 2022 £'000
Profit before tax	3,193	2,419
Adjustments to reconcile profit before tax to cash generated from operating activities:		
Finance income	(20)	8
Finance costs	532	477
Revaluation of contingent consideration	1,364	-
Goodwill write off	62	-
Share based compensation	499	480
Depreciation and amortisation	720	575
(Increase)/decrease in accrued income, trade and other receivables	(2,736)	(2,206)
(Decrease)/increase in trade and other payables	612	(96)
Cash generated from operations	4,226	1,657
Income tax paid	(1,014)	(999)
Cash generated from operating activities	3,212	658
Investing activities		
Acquisition of property, plant and equipment	(290)	(240)
Acquisition and deferred consideration payments	(3,518)	(13,478)
Cash acquired on acquisition of subsidiaries	-	1,992
Loans advanced	-	(22)
Dividend received	-	-
Cash used in investment activities	(3,808)	(11,748)
Financing activities		
Shares issued (net of costs)	-	9,637
Exercise of share options	1	1
Dividends paid	(1,451)	(1,771)
Loans received	237	-
Repayment of borrowing	(201)	(2)
Interest element of lease payments	(38)	(36)
Principal element of lease payments	(516)	(368)
Interest received	13	-
Other interest paid and foreign exchange losses	(10)	(3)
Cash generated from financing	(1,965)	7,458
Decrease in cash and cash equivalents	(2,561)	(3,632)
Opening cash and cash equivalents	4,986	8,618
Closing cash and cash equivalents	2,425	4,986

GENERAL INFORMATION

The preliminary financial information does not constitute full accounts within the meaning of section 434 of the Companies Act 2006 but is derived from accounts for the years ended 31 December 2023 and 31 December 2022. The figures for the year ended 31 December 2023 are audited. The preliminary announcement is prepared on the same basis as set out in the statutory accounts for the year ended 31 December 2023. Those accounts upon which the auditors issued an unqualified opinion, did not include a reference to any matters to which the auditors drew attention by way of emphasis, without qualifying their report, and made no statement under section 498(2) or (3) of the Companies Act 2006, will be delivered to the Registrar of Companies following the Annual General Meeting.

Statutory accounts for the year ended 31 December 2022 have been filed with the registrar of Companies. The auditors report on those accounts was unqualified did not include a reference to any matters to which the auditors drew attention by way of emphasis, without qualifying their report, and made no statement under section 498(2) or (3) of the Companies Act 2006.

While the financial information included in this preliminary report has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standard (IFRS), as adopted by the U.K., this announcement does not in itself contain sufficient information to comply with IFRS.

Frenkel Topping Group Plc is incorporated and domiciled in the United Kingdom.

1 REVENUE AND SEGMENTAL REPORTING

All of the Group's revenue arises from activities within the UK.
Revenue arising from recurring and non-recurring sources is as follows:

	Group 2023 £'000	Group 2022 £'000
Recurring	11,961	11,045
Non-recurring	20,848	13,805
Total revenue	32,809	24,850

OPERATING SEGMENTS

The Group's chief operating decision maker is deemed to be the CEO. The CEO has identified the following operating segments:

Financial Services:
This segment includes our independent financial advisory, discretionary fund management and financial services businesses.

Costs Law:
This segment includes each of our costs law services businesses.

Other Professional Services:
This segment includes our major trauma signposting, forensic accountancy, care and case management and medico-legal reporting businesses.

Central Services:
This is predominantly a cost centre for managing Group related activities or other costs not specifically related to a product.

2023	Financial services £'000	Costs Law £'000	Other Professional Services £'000	Central Services £'000	Total £'000
Revenue	12,778	8,355	11,570	106	32,809
Depreciation	341	115	264	-	720
Finance Income	12	1	2	5	20
Finance Costs	23	7	18	484	532
Profit before tax	4,153	1,609	2,598	(5,167)	3,193
Corporation tax	(625)	(306)	(352)	(3)	(1,286)
Profit After Tax	3,528	1,303	2,246	(5,170)	1,907
Additions to plant property and equipment	536	91	202	-	829
Additions/(disposals) to Goodwill and other intangibles	-	-	-	(369)	(369)

2022	Financial services £'000	Costs Law £'000	Other Professional Services £'000	Central Services £'000	Total £'000
Revenue	11,792	7,057	6,001	-	24,850
Depreciation	248	110	217	-	575
Finance Income	(8)	-	-	-	(8)
Finance Costs	15	9	14	439	477
Profit before tax	3,403	981	1,307	(3,272)	2,419
Corporation tax	(251)	(174)	(268)	123	(570)
Profit After Tax	3,152	807	1,039	(3,149)	1,849
Additions to plant property and equipment	219	333	263	-	815
Additions to Goodwill and other intangibles	-	-	-	13,324	13,324

Measures of total assets and total liabilities are not shown as they are not regularly reviewed by the CEO.

6 TAXATION	Group 2023 £'000	Group 2022 £'000
ANALYSIS OF CHARGE IN YEAR		
CURRENT TAX		
UK corporation tax	1,251	691
Adjustments in respect of previous periods	(7)	7
Total current tax charge	1,244	698
Deferred tax		
Temporary differences, origination and reversal	42	(128)
Total deferred tax charge/(credit)	42	(128)
Tax on profit on ordinary activities	1,286	570

FACTORS AFFECTING TAX CHARGE FOR YEAR

The corporation tax rate rose to 25% from 1 April 2023. The effective standard rate of tax applied to reported profit on ordinary activities is 23.52 per cent (2022: 19 per cent). There is no expiry date on timing differences, unused tax losses or tax credits.

The charge for the year can be reconciled to the profit per the income statement as follows:

	Group 2023 £'000	Group 2022 £'000
Profit before taxation	3,193	2,419
Profit multiplied by effective rate of corporation tax in the UK of 23.52% (2022: 19%)	751	460
EFFECTS OF:		
Expenses not deductible less capital allowances	241	232
Revaluation of contingent consideration not tax allowable	321	-
Deferred tax relating to Share based payments	(140)	(153)
Previous period adjustments	(7)	-
Deferred tax	162	-
Other (deductions)/charges	(42)	31
Total tax expense for year	1,286	570

3 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Group 2023 £'000	Group 2022 £'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share (net profit for the year attributable to equity holders of the parent)	1,661	1,652
Earnings for the purposes of adjusted basic earnings per share (as above, adjusted for share based compensation, acquisition strategy, reorganisation costs and unwinding of the discount on deferred consideration)	5,217	4,303
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share		
Weighted average shares in issue	127,693	119,432
Less: weighted average own shares held	(5,216)	(5,502)
	122,477	113,930
Effect of dilutive potential ordinary shares:		
- Share options	7,300	7,344
Weighted average number of ordinary shares for the purposes of diluted earnings per share	129,777	121,274
Earnings per ordinary share – basic (pence)	1.4p	1.5p
Earnings per ordinary share – diluted (pence)	1.3p	1.4p

Adjusted earnings per ordinary share – basic (pence)	4.3p	3.8p
Adjusted earnings per ordinary share – diluted (pence)	4.0p	3.6p