Company Registration No. 03537238 (England and Wales)

TOUCHSTONE GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2023

Contents

TOUCHSTONE GROUP LIMITED

COMPANY INFORMATION

Directors	KGJ Birch	– Chief Executive
	DP Birch	– Commercial Director
	C Butler	– Finance Director

Registered office
46 Worship Street
London
EC2A 2EA

Secretary
DP Birch

Auditor
RSM UK Audit LLP
3rd Floor
One London Square
Cross Lanes
Guildford, Surrey
GU1 1UN

Bankers
National Westminster Bank Plc
North London Business Centre
PO Box 6333
2/3 Upper Street
London N1 0QE

Business Review

The following business review has been provided by the directors in accordance with the Companies Act 2006.

Given the inflationary challenges in the last 12 months, it was pleasing to report that the Group improved both turnover and trading gross profit margins on the prior year, and although we suffered pressure on salaries, with closer control over the other overheads we delivered a comparable level in trading profits to the prior year.

Overall Group turnover was up on last year 18% (2022: 11%) at £25.4m (2022: £21.5m).

At an adjusted level, EBITDA was in line with last year at £1.8m (2022: £1.8m).

In February 2020 the Group disposed of its subsidiary Touchstone (C.I.) Limited (TCI), and which resulted in cash consideration and financial instruments in the new company Redwood Holdco Limited (see note 11). Redwood HoldCo Limited (trading as 'Trustquay') was disposed of in a sale to HG Capital in November 2022. This resulted in a further profit for Touchstone on the retained investment of £6.1m. The total net profit on disposal since first selling TCI was therefore £23.3m (of which £4.5m was recognised in 2021 and £12.7m was recognised in 2020) in addition rolled up interest on preference shares and loan notes of £1.2m was received at the point of sale. For further details see note 11.

The Group's liquidity position remains strong, increasing its cash balances to £23.0m (2022: £16.3m) - £15.6m of the £23m was held in fixed term deposit accounts at the year end, as shown in note 12. This increase is after dividends of £2.66m (2022: £1.66m) and a share buy-back at a cost of £1.35m.

The Board uses a range of performance indicators to monitor and manage the business and ensure focus is maintained on the key priorities of the Group.

The Key Performance Indicators ("KPIs"), which are set at board level, have been devised to allow the Board and shareholders to monitor the Group as a whole.

The performance indicators which the Board currently considers to be the most important are as follows:

	31 March 2023	**31 March 2022**
1. Revenue	**£25.4m**	**£21.5m**
2. Trading Gross Profit (GP Margin %)*	**£16.6m (65.3%)**	**£14.5m (67.4%)**
3. Adjusted EBITDA**	**£1.8m**	**£1.8m**
4. Cash and cash equivalents (including fixed term deposit accounts)	**£23.0m**	**£16.3m**
5. Working capital (net current assets)	**£20.2m**	**£12.9m**
6. Average salaried Staff headcount during year	**146**	**131**
7. Total staff including Contractors @ year end	**156 Staff**	**141 Staff**

**Trading GP is Turnover less direct Costs of sales relating to Software, support and external freelance contractor costs. These numbers are all taken from the March 2023 management accounts.*
***Adjusted EBITDA is Operating profit stated prior to bank interest, tax and charges, depreciation, amortisation and impairment of intangible fixed assets and other income.*

Actual performance in respect of these KPIs is provided in the Consolidated Statement of Comprehensive Income on page 9 and the Consolidated Balance Sheet on page 10.

Principal Risks and uncertainties:

The principal risks and uncertainties facing the group are broadly grouped as competitive, author, staff and inflationary pressures resulting from global economic and political uncertainties such as the Ukrainian conflict.

Competitive risks

The Group has contracts with a number of major customers that are subject to periodic reviews, often resulting in competitive tender. However, the Board believe that the group's diversity of both customers and products substantially mitigate any uncertainties that caused the renewal of these contracts. Additionally, it is vitally important that the Group maintains service margins, particularly in the increasingly competitive market place that it currently faces. Project managers rigorously monitor project plans, budgets and milestones to ensure this risk factor is kept closely under review.

Author risk:

Historically, as a software reseller, the Group has been dependent on a small number of software authors to provide the software products it resells. If some of these authors were to develop financial instability this could have an adverse impact on the Group’s business, results and financial position. Additionally, these authors could exert influence on pricing which could adversely affect the Group’s profits. The Group mitigates this risk by monitoring financial performance of its authors and having strong, lasting relationships with them. The Group’s strategy has also been to diversify its product and services portfolio, which now includes “blue chip” global software providers such as Microsoft and INFOR. Services make up 84% of the Group’s revenue (2022: 85%).

Staff risk:

The Group’s success is dependent on its ability to retain and recruit suitably qualified, high calibre staff. Recruitment is particularly difficult in the current inflationary climate, and is presenting management with a number of challenges in finding suitable candidates. The Board actively monitors retention rates, internal and external staff surveys and reward packages to manage and reduce this risk.

Going Concern:

The Directors have reviewed the projections for the forthcoming 12 month period from the date of signing of these financial statements and based on the level of existing cash, projected income and expenditure, the Directors are satisfied that the Company and the Group have adequate resources to continue for a period of at least 12 months from the date of signing of these financial statements, as a result the Directors consider it appropriate for the financial statements to be prepared on a going concern basis.

Approved by the Board of directors and signed on its behalf by:

KGJ Birch

Director

27 September 2023

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 March 2023.

Directors:

The Directors who have held office since 1 April 2022 are as follows:

KGJ Birch
DP Birch
C Butler

Principal activities

Touchstone Group Limited is a holding company.

The principal activity of its trading subsidiaries during the financial year was the provision of integrated business software and associated consulting and support services.

Touchstone Group Limited is incorporated and domiciled in the United Kingdom.

A review of the business's performance is presented in the Strategic report.

Cash Distribution

Distributions – Dividends and share buybacks

In August 2022, the Board declared an interim dividend of 4.5p per share in relation to last year end (2022: 5.5p), and then in March 2023 declared a final dividend of 15p for last year, along with a special Interim for the current year of 15p. In total these dividends consumed £2.7m (net of £86k waived by ESOT) of Group cash reserves (vs total dividends paid in 2021: £1.6m).

There were two Interim dividends for FY22, which along with a final of 15p, means a total dividend of 25p declared for the year - (FY21- 26p)

The Board also completed a further Buyback of 660,577 of shares in March 2023. This was set at a price of £2.05 per share, and consumed £1.4m of cash reserves.

Due to the effort and administration associated with the Company buying shares, the Board have no plans for a further share buyback exercise. However, the Board may seek trustee permission from the Group's Employee Share Ownership Trust (ESOT) as to whether it would be willing to purchase shares in the future at a price similar to the last Buyback. To this end the Company will set up a Register of interested sellers to submit to the Trust. This may assist those shareholders who either missed out on the last Buyback or who may be contemplating selling shares. This ESOT purchase exercise will only happen once a year if there is sufficient interest to justify the administration costs and effort required of the Trust, and their limited available funds.

Shareholders can register their interest in this facility by sending an e-mail to ESOTpurchase@touchstone.co.uk noting their contact details and the number of shares to be sold.

Current Trading

The Group has enjoyed a positive start to the year with all units trading in line or ahead of budget.

The Board would like to thank all management and staff for their sterling efforts throughout the year and to all the Group's customers for their business and on-going loyalty.

Policy and practice on payment of creditors

The Group's policy is to pay suppliers in accordance with terms and conditions agreed when orders are placed. Although the Group does not follow any code or standard on payment policy, where payment terms have not been specifically agreed, invoices dated in one calendar month are paid close to the end of the following month.

Treasury and funding activities

The Group's financial instruments comprise cash, short term deposits and various items such as trade receivables and trade payables that arise directly from its operations.

The Group finances its operations primarily through retained profits.

As such, it has no significant interest rate risk or liquidity risk.

Environmental policy
Recognising that the Group's operations are themselves of minimal environmental impact, the Group's environmental policy is to:

- Meet the statutory requirements placed on us.
- Apply good environmental practice both in our business operations and in the development of systems and products for our customers, recognising, however, that we are contractually obliged to conform with our customers' requirements.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the auditor is 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 it has been communicated to the auditor.

Employment policies

The Group places great emphasis on providing equality of opportunity for all employees and in particular ensures that fair selection and development procedures apply. The aim of the policy is to ensure that no job applicant or employee receives less favourable treatment on the grounds of age, sex, sexual orientation, disability, marital status, colour, religion or ethnic origin.

Research and development expenditure

The Group undertakes software product development activities in the normal course of its business, none of these costs have been capitalised during the year.

Financial risk management
The directors have during the year monitored the improving money market deposit rates and have sought to maximise interest generated from the surplus funds carried by the Group. The funds are placed in fixed term deposit accounts held in the treasury arms of two large banks (National Westminster and Handelsbanken), The deposited funds are fixed at various maturity terms to offer access within three to twelve months periods.

Future developments of the Group

The directors continue to invest in growth of all of the Group business units.

Auditor

The auditor, RSM UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office.

By order of the Board

46 Worship Street
London
EC2A 2EA

KGJ Birch
Director

27 September 2023

Statement of Directors' responsibilities in respect of the Annual Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, Directors' Report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and company financial statements for each financial year. Under that law the directors have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing each of the group and the company financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Touchstone Group Limited website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOUCHSTONE GROUP LIMITED

Opinion

We have audited the financial statements of Touchstone Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the consolidated statement of comprehensive income, consolidated balance sheet, parent company balance sheet, consolidated statement of changes in equity, parent company statement of changes in equity, consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2023 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The extent to which the audit was considered capable of detecting irregularities, including fraud:
Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk 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 and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:
- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, and reviewing computations prepared by external tax advisors.

The audit engagement team identified the risk of management override of controls, the occurrence of certain revenue streams and cut-off of certain revenue streams as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, testing the occurrence of revenue through the use of data analytics tools and reviewing a sample of revenue transactions either side of the year end to ensure that revenue had been recognised in the appropriate accounting period.

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

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

Adam Gage ACA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants,
3rd Floor, One London Square,
Cross Lanes,
Guildford,
Surrey,
GU1 1UN
Date

27 September 2023

Company Registration No. 03537238

TOUCHSTONE GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

AS AT 31 MARCH 2023

	Note	**2023**	2022
		£000	£000
Turnover	*2*	**25,395**	21,503
Operating expenses		**(23,977)**	(20,083)
Operating Profit	*3*	**1,418**	1,420
EBITDA:			
Operating profit		**1,418**	1,420
Depreciation	*3,10*	**158**	153
Amortisation	*3,9*	**241**	241
EBITDA		**1,817**	1,814
Interest receivable and similar income		**1,422**	11
Profit on disposal of operations		**6,129**	-
Profit before taxation		**8,969**	1,431
Taxation	*7*	**(1,754)**	(335)
Profit after taxation for the financial year		**7,215**	1,096
Total comprehensive income for the year		**7,215**	**1,096**
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Company Registration No. 03537238

TOUCHSTONE GROUP LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2023

	Note	**2023 £000**	2022 £000
Fixed assets			
Goodwill	*9*	**225**	466
Property, plant and equipment	*10*	**3,577**	3,647
Investments	*11*	**-**	3,785
		3,802	7,898
Current assets			
Inventories		**-**	3
Debtors	*13*	**7,861**	6,299
Investments	*12*	**15,634**	-
Cash at bank and in hand	*17*	**7,537**	16,324
		31,032	22,626
Creditors: amounts falling due within one year	*14*	**(10,845)**	(9,738)
Net current assets		**20,187**	12,888
Total assets less current liabilities		**23,989**	20,786
Net assets		**23,989**	20,786
Capital and reserves			
Called up share capital	*15*	**728**	794
Share premium reserve		**346**	1,634
Capital redemption reserve		**280**	280
Profit and loss account		**22,635**	18,078
Total equity		**23,989**	20,786

These financial statements on pages 9 to 30 were approved by the Board of Directors and authorised for issue On 27 September 2023 and were signed on its behalf by:

KGJ Birch
Director

TOUCHSTONE GROUP LIMITED

PARENT COMPANY BALANCE SHEET

FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £000	2022 £000
Fixed assets			
Freehold property	*10*	**3,437**	3,511
Investments	*11*	**5,205**	8,957
		8,642	12,468
Current assets			
Debtors	*13*	**12,740**	7,039
Cash at bank and in hand		**587**	57
		13,327	7,096
Creditors: amounts falling due within one year	*14*	**(630)**	(46)
Net current assets		**12,697**	7,050
Total assets less current liabilities		**21,339**	19,518
Net assets		**21,339**	19,518
Capital and reserves			
Called up share capital	*15*	**728**	794
Share premium reserve		**346**	1,634
Capital redemption reserve		**329**	329
Other reserve		**843**	843
Profit and loss account		**19,093**	15,918
Total equity		**21,339**	19,518

The Company’s total comprehensive income/ (loss) for the year was £5.8m – (2022: (£0.1m)).

These financial statements on pages 9 to 30 were approved by the Board of Directors on 27 September 2023 and were authorised for issue and signed on its behalf by:

KGJ Birch
Director

TOUCHSTONE GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

	Called up share capital £000	Share premium reserve £000	Capital redemption reserve £000	Profit and loss account £000	Total attributable to equity holders of parent £000
Balance at 31 March 2021 and Brought Forward At 1 April 2021	796	1,660	280	18,634	21,370
Changes in equity for the year ended 31 March 2022:					
Total comprehensive income for the year	-	-	-	1,096	1,096
Transactions with owners:					
Share buy-back	(2)	(26)	-	-	(28)
Dividends	-	-	-	(1,655)	(1,655)
Share based payment	-	-	-	3	3
Balance Carried Forward At 31 March 2022	794	1,634	280	18,078	20,786
Changes in equity for the year ended 31 March 2023:					
Total comprehensive income for the year	-	-	-	7,215	7,215
Transactions with owners:					
Share buy-back	(66)	(1,288)	-	-	(1,354)
Dividends	-	-	-	(2,661)	(2,661)
Share based payment	-	-	-	3	3
Balance Carried Forward At 31 March 2023	**728**	**346**	**280**	**22,635**	**23,989**

Share capital
Represents the nominal value of shares in issue.

Share premium reserve
Represents amounts subscribed for share capital in excess of nominal value, net of directly attributable issue costs.

Capital redemption reserve
The capital redemption reserve arose due to the repurchase of its own shares by the Company during prior years. It represents an amount equivalent to the nominal share capital of the shares purchased.

Retained earnings (Profit and Loss account)
Represent the cumulative profit and loss net of distribution to owners.

TOUCHSTONE GROUP LIMITED

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

	Share capital £000	Share premium reserve £000	Capital redemption reserve £000	Other reserves £000	Profit and loss account £000	Total Equity £000
Balance at 31 March 2021 and Brought Forward At 1 April 2021	796	1,660	329	843	17,684	21,312
Changes in equity for the year ended 31 March 2021:						
Total comprehensive income for the year	-	-	-	-	(114)	(114)
Transactions with owners:						
Share buy-back	(2)	(26)	-	-	-	(28)
Dividends	-	-	-	-	(1,655)	(1,655)
Share based payments	-	-	-	-	3	3
Balance Carried Forward At 31 March 2022	794	1,634	329	843	15,918	19,518
Changes in equity for the year ended 31 March 2023:						
Total comprehensive income for the year	-	-	-	-	5,833	5,833
Transactions with owners:						
Share buy-back	(66)	(1,288)	-	-	-	(1,354)
Dividends	-	-	-	-	(2,661)	(2,661)
Share based payments		-	-	-	3	3
Balance Carried Forward At 31 March 2023	**728**	**346**	**329**	**843**	**19,093**	**21,339**

Share capital
Represents the nominal value of shares in issue.

Share premium reserve
Represents amounts subscribed for share capital in excess of nominal value, net of directly attributable issue costs.

Capital redemption reserve
The capital redemption reserve arose due to the repurchase of its own shares by the Company during prior years. It represents an amount equivalent to the nominal share capital of the shares purchased.

Other reserves
The Company's 'other reserves' figure of £843,000 (2022: £843,000) represents the differences arising from historical share for share exchanges, together with the premium on shares issued for the total consideration of past acquisitions.

Retained earnings (Profit and loss account)
Represent the cumulative profit and loss net of distribution to owners.

TOUCHSTONE GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Note	**2023 £000**	2022 £000
Cash flows from operating activities	*19*	**683**	(128)
Income taxes paid		**(1,237)**	(160)
Net cash generated from operating activities		**(554)**	(288)
Cash flows from investing activities			
Net proceeds from sale of investments	*11*	**9,881**	-
Purchase of property, plant and equipment	*10*	**(88)**	(105)
Net Investment in fixed-term deposit accounts	*12*	**(15,500)**	-
Interest received		**1,422**	11
Net cash used in investing activities		**(4,285)**	(94)
Cash flows from financing activities			
Dividends paid	*8*	**(2,594)**	(1,655)
Purchase of own shares	*15*	**(1,354)**	(28)
Net cash used from financing activities		**(3,948)**	(1,683)
Net decrease in cash and cash equivalents	*17*	**(8,787)**	(2,065)
Cash and cash equivalents at the beginning of the year	*17*	**16,324**	18,389
Cash and cash equivalents at the end of the year	*17*	**7,537**	16,324

1 Accounting policies

Company information

Touchstone Group Limited is a company limited by shares incorporated in England and Wales. The registered office and principal place of business is 46 Worship Street, London, EC2A 2EA.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group") all prepared in Sterling. The parent company financial statements present information about the Company as a separate entity and not about its Group.

Accounting Convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The principal accounting policies adopted are set out below.

Reduced disclosures

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements;

- *Section 7 'Statement of Cash Flows'* – Presentation of a Statement of Cash Flow and related notes and disclosures
- *Section 11 'Basic Financial Instruments'* & *Section 12 'Other Financial Instrument Issues'* – Interest income/expense and net gains/losses for financial instruments not measured at fair value, amount of any impairment loss, risks arising from financial instruments, and transferred financial asset not derecognised, loan defaults or breaches, and descriptions of hedging relationships.
- *Section 26 'Share-based Payment'* – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements
- *Section 33 'Related Party Disclosures'* – Compensation for key management personnel.

Going concern

The Directors have reviewed the projections for the forthcoming 12 month period from the date of signing of these financial statements and based on the level of existing cash, projected income and expenditure, the Directors are satisfied that the Company and the Group have adequate resources to continue for a period of at least 12 months from the date of signing of these financial statements, as a result the Directors consider it appropriate for the financial statements to be prepared on a going concern basis.

Company statement of comprehensive income

As permitted by s408 Companies Act 2006, the Company has not presented its own statement of comprehensive income as it prepares group accounts and the company's individual balance sheet shows the company's profit or loss for the financial year.

Basis of consolidation

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date irrespective of the extent of any minority interest.

The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

Subsidiaries are entities controlled by the Group. Control is achieved when the Group has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-Group transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated on consolidation.

TANGIBLE FIXED ASSETS

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:-

Freehold land and Buildings 2% straight line

Leasehold Improvements 20% straight line

Fixtures and fittings 20% reducing balance or 20% - 331/3% straight line

Computer equipment over 3 year's straight line

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Depreciation expense is not included in administration expenses in the Statement of Comprehensive Income.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

GOODWILL

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary at the date of acquisition.

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Goodwill 10 years

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

OTHER INTANGIBLE ASSETS

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the Group's software product development is recognised only if all of the following conditions are met:

(a) The technical feasibility of completing the development so the intangible asset will be available for use or sale.
(b) Its intention to complete the development and to use or sell the intangible asset.
(c) Its ability to use or sell the intangible asset.
(d) It can be demonstrated how the intangible asset will generate probable future economic benefits.
(e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
(f) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

IMPAIRMENT OF FIXED ASSETS

Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be reliably measured.

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Any impairment loss recognised for goodwill is not reversed. For fixed assets other than goodwill, where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

FINANCIAL INSTRUMENTS

The company has elected to apply the provisions of Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instruments Issues’ of FRS 102 to all of its financial instruments. Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial instruments

Basic financial assets, which include trade and other receivables, fixed term deposit accounts, cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Investments in equity instruments (such as the ordinary shares, preference shares and loan notes as listed in note 11) that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset’s original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

LEASING

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, Value Added Tax and other sales related taxes. Sales of goods are recognised when goods are delivered, and title has passed.

The Group's main revenue categories are as follows:

Software sales

Revenue from direct software sales to end-users is recognised once a non-cancellable purchase order or contract has been received, and the product has been delivered to the customer. Revenue sold under subscription is recognised on a monthly basis in line with the service being provided.

Maintenance revenues

Maintenance revenues are recognised over the period of the contract on a pro-rata basis.

Professional services

Revenue from professional services is recognised following provision of those services on an hours completed basis and on a project percentage complete basis.

SHARE-BASED PAYMENTS

The Company grants share options ("equity-settled share-based payments") to certain employees.

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

Where the Group is liable for National Insurance Contributions (NICs) on the share payment, provision is made for NICs on outstanding share options that are expected to be exercised, based upon the latest enacted NIC rates at the reporting date.

INTEREST IN OWN SHARES

The Group has an Employee Share Ownership Trust (ESOT) to assist with amongst other matters the obligations under share options. The ESOT is consolidated as if it were a subsidiary undertaking on the basis that it is controlled by the group. Shares in the Group held by the (ESOT) are stated at cost.

RETIREMENT BENEFIT COSTS

The company operates a defined contribution scheme for its employees, and the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

TAXATION

The tax expense represents the sum of the current tax and the deferred tax elements. The current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

FOREIGN CURRENCIES

Transactions in currencies other than sterling, the presentational and functional currency of the Group, are recorded at the rates of exchange prevailing on the dates of the transactions.

Items included in the financial statements of each of the Group's entities are measured using the functional currency of that entity. At the reporting date, the monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing on the reporting date. Gains and losses arising on translation are included in the Statement of Comprehensive Income for the period.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting judgements will, by definition, seldom equal the related actual results. 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 year are discussed below:

- Management have considered the appropriate treatment of the financial instruments previously acquired in Redwood HoldCo Limited (see note 11). Under section 2A.5 of FRS102 where the fair value cannot be measured reliably the entity it is precluded from measuring the asset at fair value. In such instances the asset would be measured at cost. In managements view it is not possible to reliably measure the fair value of these assets and as such they have been held at cost. This investment was disposed of during the financial year.
- The freehold land and buildings are accounted for using the amortised cost model. The directors have elected to use a depreciation policy of 50 years. In the current period the directors have performed an impairment assessment of the property and concluded that no impairment is required.
- Management have determined that, in their judgement, an exit event as referred to in note 18 is not currently considered probable in respect of growth shares held.

2 Turnover

The Group's turnover arises from its activities in the UK £22.64m (2022: £19.55m), Europe £0.73m (2022: £1.35m) and the rest of the world £2.0m (2022: £0.6m). Turnover and profits before tax arising in Ireland are not material. The Group has one principal class of business, the provision of integrated business software and consulting services, however revenue can be split into the following categories:

	2023	2022
	£000	£000
Software	**3,953**	3,088
Consultancy	**13,969**	11,094
Maintenance and support	**7,342**	7,138
Other (e.g. rechargeable costs)	**131**	183
Total turnover	**25,395**	21,503

3 Operating profit before taxation

	2023	2022
	£000	£000
Profit before taxation has been arrived at after charging/(crediting):		
Services provided by the company's auditors and its associates		
Audit of parent Company and consolidated accounts	**11**	**11**
Audit of the subsidiaries	**49**	**41**
Depreciation and other amounts written off property, plant and equipment	**158**	**153**
Amortisation of intangible assets	**241**	**241**
Foreign exchange gains	**80**	**63**
Hire of land and buildings – operating leases	**41**	**41**

4 Directors' remuneration

Aggregate emoluments in respect of qualifying services amounted to £664,436 (2022: £731,483). Social security contributions were £88,760 (2022: £94,696).

Emoluments of the highest paid Director (excluding pension contributions) were £237,419 (2022: £259,209). Amounts paid by the Group in respect of his pension contributions were £NIL (2022: Nil). He currently holds no share options or entitlement to share options.

Total pension contributions of £46,985 (2022: £45,277) were made to the Executive Directors' personal pension plans. There are two executive Directors who all are accruing pension benefits (2022: two). The Directors are also considered to be key management.

5 Employees

The average monthly number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	Number of employees	
	2023	2022
	No	No
Management	**6**	6
Administration	**12**	12
Sales, support and technical	**128**	119
	146	137

The above staff numbers include 6 contractors (2022: 6). There are no employees of the company, other than director's who are remunerated through other group entities

The aggregate payroll costs of these persons were as follows:

	2023	2022
	£000	£000
Wages and salaries	**10,356**	9,056
Social security costs	**1,323**	1,102
Other pension costs (see note 20)	**914**	721
	12,593	10,879

6 Interest receivable and similar income

	2023	2022
	£000	£000
Bank interest	**249**	11
Preference shares and loan note interest on sale of investment	**1,173**	-
	1,422	11

At the point of sale of the group's investment in Redwood Holdco Limited, the rolled up interest was settled on the preference shares and loan notes held. The rolled up interest had not been recognised in previous years since in the director's opinion it was not prudent to expect full settlement until the point of sale.

7 Taxation

	2023 £000	2022 £000
Current tax		
UK Corporation tax	**1,755**	336
Adjustment in respect of prior periods	**(1)**	(1)
Total tax charge	**1,754**	335

Factors affecting the tax charge for the current period
The current tax charge for the period is higher (2022: higher) than the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below:

	2023 £000	2022 £000
Current tax reconciliation		
Profit before tax	**8,969**	1,431
Current tax at 19% (2022: 19%)	**1,704**	272
Effects of:		
Effect of depreciation in excess of capital allowances	**10**	21
Non-deductible expenditure	**49**	43
Adjustments in respect of prior periods	**(1)**	(1)
Other adjustments	**(8)**	-
Total tax charge (see above)	**1,754**	335

8 Dividends

	2023 **£000**	2022 £000
Equity shares:		
4.5p Interim ordinary in respect of prior year and 15p special interim for current year (2022: 5.5p per share ordinary)	**1,505**	423
15.0p final ordinary dividend in respect of prior year (2022: 12.0p ordinary and 4.0p special). Both not recognised as liabilities in that year.	**1,156**	1,232
Totals for the year	**2,661**	1,655

The Board have proposed a final ordinary dividend of 15.0p in respect of the current financial year (2022: 15p per share), and no special dividend (2022: Nil). The board proposed a second interim ordinary dividend of 7.5p for the current financial year which was paid in August 2023.

The Employee Share Ownership Trust waived the dividend of £86k due from the Company on its shares (2022: £53k).

9 Goodwill

	Goodwill **£000**
Cost	
Balance as at 1 April 2022	3,965
Balance as at 31 March 2023	3,965
Amortisation and impairment	
Balance as at 1 April 2022	3,499
Charge for the year	241
Balance at 31 March 2023	3,740
Net Book Value	
At 31 March 2023	**225**
At 31 March 2022	466

The amortisation charge for the year is recognised within administrative expenses in the Statement of Comprehensive Income.

10. Tangible fixed assets

Group

	Freehold property	Fixtures, fittings, computer equipment and leasehold improvements	Total Fixed assets
Cost / valuation	**£000**	**£000**	**£000**
Balance at 1 April 2022	3,657	1,209	4,866
Additions	-	88	88
Balance at 31 March 2023	3,657	1,297	4,954
Depreciation			
Balance at 1 April 2022	146	1,073	1,219
Depreciation charge for the year	74	84	158
Balance at 31 March 2023	220	1,157	1,377
Net Book Value			
At 31 March 2023	**3,437**	**140**	**3,577**
At 31 March 2022	3,511	136	3,647

Company	**Freehold property**
Cost / valuation	**£'000**
Balance at 1 April 2022 and 31 March 2023	**3,657**
Depreciation	
Balance at 1 April 2022	146
Depreciation charge for the year	74
Balance at 31 March 2023	220
Net Book Value	
At 31 March 2023	**3,437**
At 31 March 2022	3,512

Depreciation expense is included in administration expenses in the Statement of Comprehensive Income.

11 Investments

Group

	Unlisted Investments	Total Investments
Cost	**£000**	**£000**
At 1 April 2022	3,877	3,877
Disposals	(3,858)	(3,858)
At 31 March 2022	**19**	**19**
Impairment Provision		
Balance as at 1 April 2022	(92)	(92)
Disposal	73	73
Balance as at 31 March 2023	19	19
Net book value		
At 31 March 2023	**-**	**-**
At 31 March 2022	**3,785**	**3,785**

In the prior year Touchstone FMS Ltd sold its investment of 43,000 shares in Proactis Plc, representing a 0.04% (2022: 0.04%) shareholding as part of the takeover by CafeBidco. Touchstone FMS Limited also holds 25,000 (2022: 25,000) shares in Management Consulting plc representing a 0.001% (2022: 0.001%) shareholding. The company has been delisted following a collapse in trading during Covid, and so this investment has been fully provided against.

During the year Touchstone Group disposed of its 8.7% shareholding in Redwood HoldCo Limited, trading as 'Trustquay', which was sold to HG Capital in November 2022. The proceeds of the sale of the investment in Redwood consisted of Ordinary A shares (£6.4m proceeds), Preference shares (£2.6m) and Loan notes that were redeemed for £1m. Rolled up interest of £1.1m was also settled. The total proceeds were £11m including interest, and the net profit recognised in the current year, after fees and disposal of the carrying value of the investment was £6.1m, plus £1.1m of rolled up interest not recognised until completion.

Company	**Shares in Non-listed Investments £000**	**Shares in group undertaking £000**	**Total Investments £000**
Cost			
At 1 April 2022 and 31 March 2023	3,752	6,387	10,139
Disposals	(3,752)	-	(3,752)
Provisions			
At 1 April 2022 and 31 March 2023	-	(1,182)	(1,182)
Net book value			
At 31 March 2023	**-**	**5,205**	**5,205**
At 31 March 2022	3,752	5,205	8,957

11 Investments

The fixed asset investments of the company comprise the following companies:

	Country of incorporation	Principal Activity	Class and percentage of shares held Company Ordinary shares	Registered address
Direct subsidiary undertakings				
Touchstone FMS Limited	England and Wales	Supply and support of business software	100%	46 Worship Street, London, EC2A 2EA
Xpedition Limited	England and Wales	Supply and support of business software	100%	46 Worship Street, London, EC2A 2EA
Indirect subsidiary undertakings				
FMS BI Limited	England and Wales	Dormant	100%	46 Worship Street, London, EC2A 2EA

The shares in subsidiary undertakings carry full voting rights.

12 Current asset investments

	2023 £000	2022 £000
Fixed term deposit accounts	**15,634**	-

The current asset investments represents amounts held on fixed term deposit accounts at amortised cost plus unpaid accrued interest. The fixed term deposits mature within 12 months of the year-end.

13 Debtors

	Group		Company	
	2023 £000	2022 £000	**2023 £000**	2022 £000
Trade debtors	**3,338**	2,948	**-**	-
Amounts owed by group undertakings	**-**	-	**12,441**	6,740
Other debtors	**10**	9	**299**	299
Prepayments and accrued income	**4,513**	3,342	**-**	-
	7,861	6,299	**12,740**	7,039

At 31 March 2023, a provision of £76,000 (2022: £77,000) was carried in respect of trade debtors.

14 Creditors: amounts falling due within one year

	Group		Company	
	2023 £000	2022 £000	**2023 £000**	2022 £000
Trade creditors	**654**	576	**-**	-
Corporation tax	**898**	381	**485**	-
Other creditors including tax and social security	**1,235**	1,262	**138**	-
Accruals and deferred income	**8,058**	7,519	**7**	46
	10,845	9,738	**630**	46

15 Share capital

	2023 £000	2022 £000
Allotted, called up and fully paid		
7,282,998 ordinary shares of 10p each (2022: 7,943,575)	**728**	794

	2023	2022
Authorised		
Ordinary shares of 10p each	**14,210,000**	14,210,000

The company’s ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

During the year the Group bought in for cancellation a further 660,577 (2022- 20,955) shares at a price of £2.05 per share.
At the year end the employee share ownership trust owned 226,836 shares (2022: 246,086 shares).

16 Commitments

Future aggregate minimum lease payments under non-cancellable operating lease rentals are in aggregate as follows:

	2023 Land and Buildings £000	2022 Land and buildings £000
Group		
Amounts due:		
Within 1 year	**41**	41
Between 2 and 5 years	**121**	121
Over 5 years	**26**	67
	188	229

The above commitments relate to one (2022: one) office lease rental with a fixed term over the next 6 years.

17 Analysis of net funds

2022:	At beginning of year £000	Cash flow £000	**At end of year £000**
Cash and cash equivalents	18,389	(2,065)	16,324

2023:	At beginning of year £000	Cash flow £000	**At end of year £000**
Cash and cash equivalents	16,324	(8,787)	7,537

18 Share based payments

At the reporting date, the Group operated a share option scheme. Qualifying directors and certain employees of the Group are eligible to participate in the scheme.

Consistent with the rules of the schemes the vesting of options is generally contingent on continued employment for a period of at least three years, and the employee then has a ten-year period within which to exercise, subject to the Group meeting certain performance criteria in the period preceding exercise.

The number and weighted average exercise prices of share options are as follows:

	2023 Weighted average exercise price	**2023 Number of options**	2022 Weighted average exercise price	2022 Number of options
Outstanding at the beginning of the period	**52p**	**153,000**	52p	153,000
Issued during the period	-	-	-	-
Lapsed during the period	-	-	-	-
Exercised during the period	-	-	-	-
Outstanding at the end of the period	**52p**	**153,000**	52p	153,000
Exercisable at the end of the period	**52p**	**NIL**	52p	NIL

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a Black-Scholes model, assumptions for which are based on the following:

- The contractual life of the options is in accordance with the scheme rules, which vest between three and ten years, the maximum exercise period is ten years,
- The expected volatility is wholly based on historic volatility, adjusted for any expected changes to future volatility due to publicly available information,
- The expected dividend yield is wholly based on historic yield,
- The risk-free rate is based on national government bonds.

An expense of £3,000 (2022: £3,000), has been recognised for the period arising from share-based payments.

Growth Shares

Two years ago one of Touchstone Group Limited's subsidiaries (Xpedition Limited) issued and allotted 40 Growth Shares of £1 to certain employees. Consideration received for the allotment of these shares was £40. Following an Exit Event* in future periods, in relation to Xpedition Limited (such as the sale of the business) any Exit Proceeds* greater than the Hurdle* will be distributed in accordance with clause 18.1 of the Articles of Association of Xpedition Limited.

A share based payment charge will be recognised in future financial statement at such a time, in management judgment, when the certainty of an exit event becomes probable. It is management judgment than an exit event is currently uncertain and therefore not probable.

*As defined in the Articles of Association of Xpedition Limited

19 Reconciliation of profit after tax to net cash generated from/(used in) operations

	Note	2023 £000	2022 £000
Profit for the year after tax		**7,215**	1,096
Amortisation and impairment of intangible assets	*9*	**241**	241
Depreciation and impairment of fixed assets	*10*	**158**	153
Interest receivable and similar income	*6*	**(1,422)**	(11)
Share based payment expense	*18*	**3**	3
Profit on sale of investments		**(6,129)**	-
Taxation	*7*	**1,754**	335
Operating cash flows before movements in working capital		**1,820**	1,817
Decrease/(increase) in Stocks		**3**	9
(Increase)/decrease in trade and other receivables		**(1,730)**	(1,105)
(Decrease)/increase in trade and other payables		**590**	(849)
Movement in working capital		**(1,137)**	(1,945)
Cash flows from operating activities		**683**	(128)

20 Pension scheme

The Group operates a defined contribution scheme for its employees, and the amount charged to the profit or loss is the contributions. payable in the year. The operating company makes a percentage contribution of qualifying salary into the pension scheme. The amount charged to the profit and loss account in respect of such contributions was £914,000 (2022: £721,000).

21 Related party transactions

The company has taken advantage of the exemptions provided by Section 33 of FRS 102 ‘Related Party Disclosures’ and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

Dividends to Directors*:* During the year total dividends paid to directors were £1,420,480 (2022 - £1,065,689)

There were purchases of £10,448 (2022: £1,045) from an entity with common directorships in the year.