RNS Number : 0488Z
CEPS PLC
12 September 2025

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CEPS PLC

("CEPS", "CEPS Group" "Group" or "Company")

HALF-YEARLY REPORT

The Board is pleased to announce its unaudited half-yearly report for the six months ended 30 June 2025.

CHAIRMAN'S STATEMENT

Shareholders will be aware from my statement in the Annual Report in May of my disappointment with the first 11 months of this Labour government. Sadly, nothing in the past four months has caused me to revise my views.

In this period, our companies have had to manage their way through the Employer's National Insurance increase, the reduction in the threshold for Employer's National Insurance and the significant rise in the National Living Wage, which of course impacts the remuneration of every employee in a company as differentials need to be maintained. Simultaneously, there has been a reduction in consumer and business confidence caused directly by the government's actions and the general uncertainty that its approach has created. Despite the public's individual balance sheets being historically strong, with the savings ratio continuing at elevated levels since the Covid lockdown in 2020, consumer spending has been weak.

Despite the headlines and mainstream media running a "Broken Britain" agenda, this by no means reflects the complete picture. Whilst inflation at 3.8% is currently well above the Bank of England's target level of 2%, a significant element of this was government introduced, and will fall out of the inflation index with the passage of time. The Bank of England, still wary of elevated inflation, has slowed the pace of interest rate cuts and now appears to have paused them altogether. It is something of a puzzle that inflation across Europe is at a subdued level of 2% and the interest rates at the ECB are 2% (Deposit Facility Rate).

Recent monthly growth statistics show that the UK is growing as fast, or indeed faster, than many European countries despite the absolute level of growth being historically low.

Wage increases have remained consistently above inflation and are currently running at some 5.3% in the public sector and slightly less than 5% in the private sector, both therefore, well ahead of CPI. Mortgage rates are on a reducing path and real disposable income is set to continue to rise.

It is with some relief that the Bank of England has cut interest rates in the past six months, albeit only by two 0.25% steps to 4.0%. As aforementioned, this compares to the current ECB rate of 2% which has reduced from 4.5% over the past 12 months. It is hoped that one or more further reductions are implemented this year and for this trend to continue into next year, taking rates to a sensible and sustainable level of 3.0% - 3.5%.

Lower interest rates help foster greater economic activity and boost consumer confidence. A beneficial by-product is that the government should, in time, pay less interest on its substantial debt burden, thereby easing pressure on public finances.

It is hoped that this government, with its huge majority, starts to learn from its errors to date. The increase in government spending, and in particular spending on welfare, is unsustainable and needs to be controlled and ideally reduced. If these steps are taken, confidence in the UK on a corporate and domestic level will gradually start to improve and with more economic activity, reduced inflation and moderating pay claims the UK environment will become positive for enterprise.

Review of the period

This period has been dominated by the impact of "Liberation Day" and the proposed introduction by the United States

This period has been dominated by the impact of "Liberation Day" and the proposed introduction by the United States of tariffs against virtually every country in the world. Whilst the CEPS companies are largely unaffected in a direct manner, the impact is being felt on economic uncertainty and, consequently, economic activity.

Operational review

Aford Awards

Aford Awards has continued its development by broadening its product range through innovation and its increased production capability. Whilst last year focussed on the ongoing integration of the business and assets of Impact Promotional Merchandise, this period has been one of managing the various business streams to enhance efficiency, operational effectiveness and profitability.

Anecdotally it would seem that the trophy and medal market has contracted, potentially by as much as 20% on the previous year.

The company is looking, as ever, at several "bolt-on" acquisitions and has, with recent experience, developed a process and structure to facilitate the integration of future acquisitions to maximise return on investment.

With the conclusion of deferred payments to the vendor of Impact Promotional Merchandise, Aford Awards has begun to generate greater free cash flow. Currently the company, with CEPS approval, has placed this cash on deposit anticipating the possibility of needing it for future acquisitions.

Signature Fabrics

Friedman's and Milano have not yet seen the hoped for increase in sales.

As anticipated, the performance of the two companies remained subdued as the continued effects of the cost-of-living crisis and inflationary pressures impacted expected sales. Whilst Milano met sales targets, it was largely achieved by clearing old stock at reduced margins. A Friedman's competitor went into liquidation in the period, and it is hoped that further business will be picked up from this source.

ICA Group ("Inspection, Compliance and Audit")

Very pleasingly the ICA Group (previously the Hickton Group) has had another positive first six months. Sales were ahead of last year alongside an improvement in margins and, therefore, EBITDA. A key challenge during this period has been the recruitment and retention of professional staff in the face of disproportionately high salaries being offered by local councils.

The acquisition of Align Group (UK) was concluded on the 1 April 2025 and, consequently, it has only been included for three months trading within these accounts. This acquisition has fulfilled all expectations and confirms that the ICA team is able to identify acquisition opportunities, negotiate transactions, arrange financing and integrate acquired businesses into the Group.

Financial review

It is pleasing that sales for the Group for the first six months of 2025 of £16.82m increased by 5.8% on the comparable period of £15.89m in H1 2024.

Aford Awards generated revenue of £2.22m for the first six months of 2025 compared to £2.06m for the same period in 2024. The segmental result, presented as EBITDA, was £417,000 in H1 2025 compared to £450,000 in the same period in the previous year.

Revenue from Signature Fabrics was £3.07m in H1 2025 compared to £3.46m in H1 2024. Consequently, EBITDA was down from £479,000 in H1 2024 to £137,000 in H1 2025. Ultimately, performance hinges on sales and every effort is being made to correct this.

ICA Group's revenue in H1 2025 increased to £11.53m from £10.37m in the same period of 2024. The CEPS Board is very pleased with the continued progress at ICA. The associated EBITDA has increased from £1.33m in the first six months of 2024 to £1.47m in H1 of 2025.

The operating profit for CEPS Group reduced by 14.3% from £1.58m in H1 2024 to £1.35m in H1 2025.

Net finance costs have increased period-on-period from £354,000 in H1 2024 to £403,000 in H1 2025. This increase relates to the additional debt taken on by ICA to acquire Align and to accelerate the repayment of some of the ICA outstanding loan stock. All the debt in CEPS is on fixed rate terms and, as cash generation increases, overall debt is expected to decline and, consequently, the finance charge will reduce.

In the period, the £2m unsecured loan from a third party was renewed for a further 12 months. The previous interest rate had been fixed at 7% and the loan was renewed with a 9% coupon. CEPS did explore the market for a replacement loan. However, it was determined that, as this loan is expected to be repaid from cash reserves when it falls due in the future, it would be both more cost effective and simpler to "rollover".

The corporation tax charge of £276,000 (H1 2024: £274,000) is primarily a provisional charge on the profit generated by the ICA Group.

Profit after tax for the period was £675,000 compared to £952,000 for the first six months of 2024, driven by the reduction in profits in Signature Fabrics as a result of lower turnover. This has resulted in reduced earnings per share attributable to owners of the parent of 1.55p (H1 2024: 2.29p).

The Group saw another year of strong net cash generated from operating activities. This amounted to £1.61m in H1 2025 against £1.98m in H1 2024. Net debt has risen from £4.89m as at 30 June 2024 to £6.31m as at 30 June 2025. Whilst the debt in CEPS on its own has not changed and remains at £4.95m before cash reserves, the overall debt includes the new Santander Bank loan of £2.5m to ICA which was used to finance the Align acquisition and the accelerated repayment of loan stock. There is no right of redress to CEPS in respect of this loan. This explains the increase in gearing from 75% as at 30 June 2024 to 120% as at 30 June 2025 (see note 5).

Dividend

The Board remains keen to recommence the payment of dividends after a very long period of non-payment. As a first step towards achieving this, the balance sheet reconstruction was completed on 15 May 2024. The corporate entity of CEPS PLC now needs to build its revenue reserves to enable the Board to consider either buying back shares and cancelling them or, alternatively, paying dividends. Currently the favoured option, when we are able to do so, is to buy back shares and to cancel them for the benefit of all shareholders.

Share capital

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

Employee Share Option Trust

It is the Board's intention to establish an Employee Share Option Trust ("ESOT") which will, from time to time and within prescribed price levels, buy ordinary shares in the market. These shares will be available to match against future share options as they vest. CEPS will lend the ESOT the funds to finance these expected to be modest purchases.

Reporting on the progress of the six business drivers

1. **Profits of the three subsidiaries**

   ICA has increased its profits, Aford Awards has produced a small reduction after six months and Signature Fabrics is down. Earnings per share are down 32.3% on H1 2024.

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

   As reported above, ICA acquired 100% of Align Building Control Limited and Align Group (UK) Limited ("Align"). The team at ICA are very pleased with the progress made to date at Align.

As mentioned above, Aford Awards is reviewing several opportunities which may or may not lead to a purchase.

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

The transaction by ICA was financed by Santander Bank and one of the terms of the loan was that further loan stock repayments from ICA would be suspended for 12 months after an accelerated payment made in March. The loan stocks in ICA total £2.43m at 30 June 2025, down from £3.93m 12 months ago, with £1.25m of the loan stock due to CEPS.

Signature Fabrics has commenced repayment of the loans outstanding to CEPS.

4. **Increase in CEPS' shareholdings in its subsidiary companies**

CEPS now holds 1.7% more of the shares in ICA (excluding new equity shares that only participate in a distribution if the ICA Group value increases) following a purchase by ICA of some minority-held shares.

5. **Share buy backs and cancellation**

CEPS is not yet in a position where this programme can be commenced.

6. **Offer to buy a subsidiary**

At this time no offers have been made for any subsidiary.

In 2025 we are focused on the recovery in the profits of Signature Fabrics and the continued growth in the profits of the other two subsidiaries, and the subsequent repayment of the loan stock due to CEPS.

Prospects

In a tough macro environment, the Board is pleased to see the progress made in H1 by ICA which, of course, is a valuable company and represents some two thirds of the CEPS Group by revenue and EBITDA. We expect this performance to continue in the second half.

Aford Awards has produced a resilient performance with strong cash generation and this is expected to be enhanced in the second half.

Whilst Signature Fabrics has struggled in this first six months, the seasonally better second half at Milano and the changes made at both Friedman's and Milano are hoped to lead to improved performance.

Market commentators anticipate that inflation will begin to decline in the fourth quarter of 2025 from its current level, and once this trend is evident, the Bank of England is expected to resume reducing the bank interest rate.

As the commercial world awaits the forthcoming autumn budget, the broader macroeconomic outlook should improve with the acceptance of U.S. imposed tariffs, the return to growth in the European trading bloc, and the gradual impact of the government's elevated spending. This will be positive for CEPS.

The CEPS Group of companies have clear objectives and are set up to continue to improve and evidence the value in the ordinary shares.

David Horner
Chairman
11 September 2025

The information contained within this announcement is deemed to constitute inside information as stipulated under the retained EU law version of the Market Abuse Regulation (EU) No. 596/2014 (the "UK MAR") which is part of UK *the retained EU law version of the Market Abuse Regulation (EU) No. 596/2014 (the "UK MAR") which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. The information is disclosed in accordance with the Company's obligations under Article 17 of the UK MAR. Upon the publication of this announcement, this inside information is now considered to be in the public domain.*

The directors of the Company accept responsibility for the content of this announcement.

Enquiries

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Caution Regarding Forward Looking Statements

Certain statements in this announcement, are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "should" "envisage", "estimate", "intend", "may", "plan", "potentially", "expect", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These forward-looking statements are not based on historical facts but rather on the directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the directors' current beliefs and assumptions and are based on information currently available to the directors.

CEPS PLC

Consolidated Statement of Comprehensive Income

Six months ended 30 June 2025

	Note	**Unaudited 6 months to 30 June**	**Unaudited 6 months to 30 June**	**Audited 12 months to 31 December**
		2025	**2024**	**2024**
		£'000	**£'000**	**£'000**
Revenue	3	**16,817**	**15,892**	**31,558**
Cost of sales		(9,638)	(9,041)	(18,268)
Gross profit		**7,179**	**6,851**	**13,290**
Administration expenses		(5,825)	(5,271)	(10,874)
Operating profit	3	**1,354**	**1,580**	**2,416**
Analysis of operating profit				
Trading		1,611	1,838	2,871
Exceptional items	2	(45)	(37)	(37)
Group net costs		(212)	(221)	(418)
		1,354	**1,580**	**2,416**
Net finance costs		(403)	(354)	(685)
Profit before tax		**951**	**1,226**	**1,731**
Taxation		(276)	(274)	(433)
Profit and total comprehensive income for the period		**675**	**952**	**1,298**
Income and total comprehensive income attributable to:				
Owners of the parent		326	481	580
Non-controlling interest		349	471	718
		675	**952**	**1,298**
Earnings per share attributable to owners of the parent during the period basic and diluted	4	**1.55p**	**2.29p**	**2.76p**

CEPS PLC

Consolidated Statement of Financial Position

As at 30 June 2025

	Note	Unaudited as at 30 June 2025 £'000	Unaudited as at 30 June 2024 £'000	Audited as at 31 December 2024 £'000
Assets				
Non-current assets				
Property, plant and equipment		926	1,031	931
Right-of-use assets		1,849	1,794	1,760
Intangible assets		13,085	11,513	11,603
		15,860	14,338	14,294
Current assets				
Inventories		2,068	2,406	2,346
Trade and other receivables		5,396	5,244	4,484
Cash and cash equivalents		1,552	1,713	677
		9,016	9,363	7,507
Total assets	3	**24,876**	**23,701**	**21,801**
Equity				
Capital and reserves attributable to owners of the parent				
Called up share capital	6	63	63	63
Retained earnings		2,788	2,604	2,754
		2,851	2,667	2,817
Non-controlling interest in equity		2,416	3,878	2,149
Total equity	3	**5,267**	**6,545**	**4,966**
Liabilities				
Non-current liabilities				
Borrowings		6,983	4,484	5,278
Lease liabilities		1,446	1,514	1,436
Trade and other payables		215	-	68
Provisions		412	395	412
Deferred tax liability		325	357	312
		9,381	6,750	7,506
Current liabilities				
Borrowings		3,218	4,120	3,432
Lease liabilities		564	449	505
Trade and other payables		4,704	4,242	3,789
Current tax liabilities		1,742	1,595	1,603
		10,228	10,406	9,329
Total liabilities	3	**19,609**	**17,156**	**16,835**
Total equity and liabilities		**24,876**	**23,701**	**21,801**

CEPS PLC

Consolidated Statement of Cash Flows

Six months ended 30 June 2025

	Unaudited 6 months to 30 June 2025 £'000	Unaudited 6 months to 30 June 2024 £'000	Audited 12 months to 31 December 2024 £'000
Cash flows from operating activities			
Profit for the financial period	675	952	1,298
Adjustments for:			
Depreciation and amortisation	463	425	902
Loss/(profit) on disposal of fixed assets	1	4	(4)
Net finance costs	403	354	685
Taxation charge	276	274	433
Changes in working capital			
Movement in inventories	278	(18)	42
Movement in trade and other receivables	(758)	(407)	353
Movement in trade and other payables	552	519	312
Movement in provisions	-	(5)	12
Cash generated from operations	1,890	2,098	4,033
Corporation tax paid	(283)	(122)	(488)
Net cash generated from operating activities	1,607	1,976	3,545

Cash flows from investing activities			
Interest received	1	-	5
Acquisition of businesses and subsidiaries net of cash acquired (note 8)	(767)	-	(35)
Deferred consideration paid in respect of the acquisition of subsidiaries and businesses in prior periods	(66)	(64)	(137)
Purchase of property, plant and equipment	(83)	(145)	(142)
Proceeds from sale of assets	-	-	51
Purchase of intangible fixed assets	(115)	(8)	(32)
Net cash used in investing activities	(1,030)	(217)	(290)
Cash flows from financing activities			
Purchase of subsidiary shares from minority holders	(374)	-	(790)
Proceeds from borrowings	2,585	127	-
Loan issue costs paid	(62)	-	-
Repayment of borrowings	(1,179)	(590)	(1,425)
Dividends paid to non-controlling interests	-	-	(67)
Interest paid	(400)	(282)	(690)
Lease liability payments	(272)	(217)	(522)
Net cash flow from/(used in) financing activities	298	(962)	(3,494)
Net increase/(decrease) in cash and cash equivalents	**875**	**797**	**(239)**
Cash and cash equivalents at the beginning of the period	677	916	916
Cash and cash equivalents at the end of the period	**1,552**	**1,713**	**677**
Cash and cash equivalents			
Cash at bank and in hand	**1,552**	**1,713**	**677**

CEPS PLC

Consolidated Statement of Changes in Equity

Six months ended 30 June 2025

	Share capital	Share premium	Retained earnings	Attributable to owners of the parent	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2024 (audited)	**2,100**	**7,017**	**(6,931)**	**2,186**	**3,407**	**5,593**
Profit and total comprehensive income for the financial period	-	-	481	481	471	952
Capital reduction (note 6)	(2,037)	(7,017)	9,054	-	-	-
At 30 June 2024 (unaudited)	**63**	**-**	**2,604**	**2,667**	**3,878**	**6,545**
Profit for the year	-	-	99	99	247	346
Total comprehensive income for the financial year	-	-	99	99	247	346
Changes in ownership in interest in subsidiaries	-	-	51	51	(1,909)	(1,858)
Dividends paid in respect of non-controlling interests	-	-	-	-	(67)	(67)
At 31 December 2024 (audited)	**63**	**-**	**2,754**	**2,817**	**2,149**	**4,966**
Profit and total comprehensive income for the financial period	-	-	326	326	349	675
Changes in ownership in interest in subsidiaries (note 7)	-	-	(292)	(292)	(82)	(374)
At 30 June 2025 (unaudited)	**63**	**-**	**2,788**	**2,851**	**2,416**	**5,267**

Notes to the financial information

1. General information

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

The registered number of the Company is 00507461.

This condensed consolidated half-yearly financial information was approved by the directors for issue on 11 September 2025.

This condensed consolidated half-yearly financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2024 were approved by the Board of directors on 28 May 2025 and delivered to the Registrar of Companies. The report of the auditor on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

This condensed consolidated half-yearly financial information has not been reviewed or audited.

Basis of preparation

The condensed financial statements have been prepared using accounting policies consistent with international accounting standards in conformity with the Companies Act 2006. The same accounting policies, presentation and methods of computation are followed in the condensed financial statements as were applied in the Group's latest annual audited financial statements. While the financial figures included in this half-yearly report have been computed in accordance with international accounting standards applicable to interim periods, this half-yearly report does not contain sufficient information to constitute an interim financial report as that term is defined in IAS 34.

Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2024 and with those to be applied for the year ending 31 December 2025, as described in the 2024 annual financial statements. There are no new standards or interpretations expected to be adopted in 2025 that would have a significant impact on the financial statements.

2. Exceptional items

Acquisition expenses of £45,000 were incurred in respect of the business combination in the six months ended 30 June 2025 and, as non-trading costs, have been presented as exceptional costs.

The expected surplus from the wind-up of a defined benefit pension scheme was included as a credit in exceptional items in the year ended 31 December 2023 together with a related tax charge of £134,000. After the final professional fees, the surplus was £37,000 lower and £28,000 less after tax. This was presented as an exceptional cost of £37,000 and tax credit of £9,000 in the six months ended 30 June 2024 and year ended 31 December 2024.

3. Segmental analysis

The chief operating decision maker of the Group is its Board. Each operating segment regularly reports its performance to the Board which, based on those reports, allocates resources to and assesses the performance of those operating segments.

Operating segments and their principal activities are as follows:

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

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

ICA Group, comprising Hickton Quality Control, Cook Brown Building Control, Cook Brown Energy, Align Building Control, Morgan Lambert and Qualitas Compliance, providers of services in the construction industry; and

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

The United Kingdom is the main country of operation from which the Group derives its revenue and operating profit and is the principal location of the assets of the Group. The Group information provided below, therefore, also represents the geographical segmental analysis. Of the £16,817,000
(2024: £15,892,000) of revenue, £16,113,000 (2023: £15,089,000) is derived from UK customers.

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

i) **Results by segment**

Unaudited 6 months to 30 June 2025

	Aford Awards £'000	Signature Fabrics £'000	ICA Group £'000	Total Group £'000
Revenue	2,217	3,070	11,530	16,817
Segmental result (EBITDA)	417	137	1,468	2,022
Right-of-use depreciation charge	(44)	(84)	(68)	(196)
Depreciation and amortisation charge	(95)	(98)	(67)	(260)
Group costs				(212)
Net finance costs (including IFRS 16)				(403)
Profit before taxation				951
Taxation				(276)
Profit for the period				675

Unaudited 6 months to 30 June 2024

	Aford Awards £'000	Signature Fabrics £'000	ICA Group £'000	Total Group £'000
Revenue	2,057	3,461	10,374	15,892
Segmental result (EBITDA)	450	479	1,332	2,261
Right-of-use depreciation charge	(38)	(84)	(66)	(188)
Depreciation and amortisation charge	(74)	(100)	(61)	(235)
Group costs				(258)
Net finance costs (including IFRS16)				(354)
Profit before taxation				1,226
Taxation				(274)
Profit for the period				952

Audited 12 months to 31 December 2024

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

ii) Assets and liabilities by segment

Unaudited as at 30 June	Segment assets		Segment liabilities		Segment net (liabilities)/assets	
	2025	2024	2025	2024	2025	2024
	£'000	£'000	£'000	£'000	£'000	£'000
Continuing operations:						
CEPS Group	843	458	(5,475)	(5,526)	(4,632)	(5,068)
Aford Awards	4,300	4,117	(1,857)	(1,806)	2,443	2,311
Signature Fabrics	6,874	8,201	(3,628)	(2,911)	3,246	5,290
ICA Group	12,859	10,925	(8,649)	(6,913)	4,210	4,012
Total - Group	24,876	23,701	(19,609)	(17,156)	5,267	6,545

Audited as at 31 December 2024	Segment assets	Segment liabilities	Segment net (liabilities)/assets
	£'000	£'000	£'000
Continuing operations:			
CEPS Group	265	(5,436)	(5,171)
Aford Awards	4,087	(1,858)	2,229

Signature Fabrics	7,016	(3,472)	3,544
ICA Group	10,322	(5,958)	4,364
Total - Group	21,690	(16,724)	4,966

4. Earnings per share

Basic earnings per share is calculated on the profit after taxation for the period attributable to owners of the Company of £326,000 (2024: £481,000) and on 21,000,000 (2024: 21,000,000) ordinary shares, being the weighted number in issue during the period.

5. Net debt and gearing

Gearing ratios at 30 June 2025, 30 June 2024 and 31 December 2024 are as follows:

	Group unaudited 30 June 2025 £'000	Group unaudited 30 June 2024 £'000	Group audited 31 December 2024 £'000
Total borrowings	10,201	8,604	8,710
Less: acquisition loan notes	(2,340)	(1,997)	(2,611)
Less: cash and cash equivalents	(1,552)	(1,713)	(677)
Net debt	6,309	4,894	5,422
Total equity	5,267	6,545	4,966
Gearing ratio	120%	75%	109%

In order to provide a more meaningful gearing ratio, total borrowings are the sum of bank borrowings and third-party debt, excluding loan notes used to finance the Group's acquisitions.

6. Share capital and premium

	Number of shares	Share capital £'000	Share premium £'000	Total £'000
At 1 January 2024	21,000,000	2,100	7,017	9,117
Capital reduction	-	(2,037)	(7,017)	(9,054)
At 30 June 2024 and 30 June 2025	21,000,000	63	-	63

A General Meeting was held on 20 March 2024 regarding a proposed share capital reduction in the Company and the cancellation of the share premium account which was approved by special resolution. On 30 April 2024, an order of the High Court of Justice, Chancery Division confirmed the reduction of the share capital in the Company and the cancellation of its share premium account. As a result, the nominal amount of each ordinary share in issue in the Company of £0.10 was reduced by £0.097 to £0.003, with an amount of £2,037,000 transferred to the profit and loss reserve together with £7,017,000 from the cancellation of the share premium account.

7. Equity reserve movements

On 1 April 2025, the Company's subsidiary, ICA Group Limited, purchased and cancelled 3,500 of its minority held ordinary shares, for £374,000, which was considered to be the market value of the shares at that date. There was a £82,000 release from non-controlling interests in respect of the corresponding proportion of net assets in the subsidiary, resulting in a £292,000 debit to Group shareholders' equity.

8. Business combinations

On 1 April 2025, the Company's subsidiary, ICA Group Ltd, acquired Align Building Control Limited and Align Building (UK) Limited which provide a range of building inspector services in the construction sector. The acquisition had the following provisional effect on the Group's assets and liabilities.

	Book value £'000	Fair value adjustments £'000	Fair value £'000
Intangible assets – customer assets		[illegible]	[illegible]

Intangible assets - customer assets	-	133	133
Property, plant and equipment	3	-	3
Cash and cash equivalents	154	-	154
Receivables	154	-	154
Payables	(271)	-	(271)
Borrowings	(25)	-	(25)
Corporation tax	7	-	7
Deferred tax	-	(33)	(33)
			122
Goodwill			**1,355**
Consideration payable			**1,477**

The cash outflow, net of cash acquired, at the date of acquisition was £745,000. £118,000 of consideration was settled by the issue of loan notes and £460,000 of deferred consideration is payable over a period of three years, with £22,000 paid in the period to 30 June 2025. The deferred consideration has not been discounted on the basis of materiality.

9. Related-party transactions

During the period the Company entered into the following transactions with its subsidiary groups:

	Aford Awards Group Holdings Limited £'000	Signature Fabrics Holdings Limited £'000	ICA Group Limited £'000
Loan note interest receivable			
- 6 months to 30 June 2025	**37**	**107**	**62**
- 6 months to 30 June 2024	38	24	97
- For the year to 31 December 2024 (audited)	76	85	184
Management charge income receivable			
- 6 months to 30 June 2025	**10**	**18**	**12**
- 6 months to 30 June 2024	10	18	12
- For the year to 31 December 2024 (audited)	20	35	25
Amount owed to the Company			
- 30 June 2025	**1,235**	**3,354**	**1,255**
- 30 June 2024	1,235	789	2,248
- For the year to 31 December 2024 (audited)	1,235	3,384	1,864

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