26 April 2024

Facilities by ADF plc

("Facilities by ADF", “ADF”, the "Company" or the “Group”)

Full year results for the year ended 31 December 2023

Facilities by ADF, the leading provider of premium serviced production facilities to the UK film and high-end television industry (“HETV”) announces its audited final results for the year ended 31 December 2023 (“FY23”).

Financial highlights

£M	31 Dec 2023	31 Dec 2022	31 Dec 2021
Group revenue	34.8	31.4	27.8
***Adjusted EBITDA**	7.3	8.0	7.7
***Adjusted EBITDA %**	21.0%	25%	28%
Profit/(loss) before tax	0.6	4.6	2.8
Earnings per share	0.99p	6.1p	3.2p

Operational highlights

- Robust financial performance with revenue of £34.8m and adjusted EBITDA of £7.3m, reflecting a record first half of the year, working on larger and longer productions.
- In the second half of FY23, several large productions that ADF was working on stopped filming due to the Hollywood writers and actors strike (the “Strikes”), immediately impacting revenue levels for the remainder of the year.
- The Group took several mitigating actions in response to the Strikes to maximise profitability in H2-FY23, including securing shorter duration domestic productions, and cutting the use of more expensive agency drivers.
- ADF supported 84 high-profile productions in FY23 with an average revenue per production of £385k.
- Notable productions worked on include The Crown season 6, Slow Horses, Star Wars Andor, The Gentleman, Rivals and The Diplomat.
- Officially opened ADF’s new flagship central hub at Longcross, Surrey, highlighting the Company’s commitment to its growth strategy.
- Added 108 units to the fleet in H1-FY23, bringing the total to 700 units, fully leveraging the current enhanced super-deduction capital allowance regime.
- Location One, acquired in November 2022, opened new branches at Longcross, Bridgend, and Glasgow, alongside ADF.

Outlook

- Following the end of the Strikes in November 2023, and the continued growth in demand for ADF's services as evidenced by the current order book, the Company expects the financial performance of H1-FY24 to be significantly ahead of the H2-FY23.
- Although the impact of the Strikes on the film and HETV industry has carried on into the first few months of 2024 with producers having to reorganise the schedules of all relevant parties, ADF expects the situation will continue to normalise as the first half of the year progresses before returning to a full second half, more in line with pre-Strike levels.
- Underlying market drivers still provide high confidence that the demand for ADF’s services will continue to expand over the medium to long term.

- The Group remains committed to growth and will continue to review acquisition opportunities in line with its strategy.

Commenting, Marsden Proctor, CEO, said:

"Our FY23 performance showcased the Group's resilience, marked by a robust first half tempered by the unprecedented joint Strike by Hollywood actors and writers, the first of its kind in over six decades. As previously announced, the impact of these Strikes has carried into the first half of the year, however, we are committed to prudently managing our cost structure during this period. Despite these challenges, the long-term market outlook remains highly favourable for ADF, buoyed by sustained high levels of investment in the UK HETV industry. The Board maintains confidence in the long-term prospects of the Group as market conditions stabilise."

**Adjusted EBITDA is the adjusted profit before tax, prior to the addition of finance income and deduction of depreciation, amortisation, and finance expenses. The adjusted EBITDA measurement removes non-recurring, irregular and one-time items that may distort EBITDA. Adjusted EBITDA provides a more normalised metric to make comparisons more meaningful across the Group and other companies in the same industry.*

This announcement contains inside information for the purposes of the UK Market Abuse Regulation and the Directors of the Company take responsibility for this announcement.

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OVERVIEW OF FACILITIES BY ADF PLC

Facilities by ADF plc is the leading provider of premium serviced production facilities to the UK film and high-end television industry ("HETV"). Its production fleet is made up of 700 premium mobile make-up, costume and artiste trailers, production offices, mobile bathrooms, diners, school rooms and technical vehicles.

In November 2022, ADF acquired Location One Ltd, the UK's largest integrated TV and film location service and equipment hire company, bringing highly complementary services and providing cross selling opportunities to the enlarged Group, as well as delivering efficiencies through central services.

The Group serves customers in an industry that has experienced significant growth in recent years, with additional demand driven by a material rise in the consumption of film and HETV content via streaming platforms such as Netflix, Disney+, Apple TV+ and Amazon Prime. The UK film and TV industry has directly benefited during this growth due to the quality of its production facilities and studios, highly skilled domestic workforce, geography, accessibility to Europe, English language environment and strong governmental support. Major US streaming companies have now set up permanent bases in the UK, with the UK now the film and TV industry's second largest operation after North America.

Chairman's statement

Overview

Facilities by ADF PLC (''ADF'') delivered a robust financial performance in FY23, despite the challenging operating environment across the film and TV industry starting in the second half of the year. These results demonstrate the Group's resilience and strong position in a market that was overshadowed, during the period, by the first joint Strike of Hollywood actors and writers in over 60 years.

The Group delivered a record first half, working on larger, longer productions compared to the prior year, following strong demand for its services from global streaming providers. The Group had the full financial benefit in H1-FY23 of Location One, acquired in November 2022, alongside a significant increase in sales withing the core ADF business. However, with the onset of the Strikes in May 2023, several large productions that ADF was working on stopped filming immediately impacting revenue levels in H2-FY23, as documented in the Group's interim results.

In response to the Strikes, the Group took several mitigating actions to maximise profitability in H2-FY23, including securing shorter duration domestic productions, and also cutting the use of more expensive agency drivers which enabled the Group to respond quickly to more price sensitive market conditions and win a larger share of available business.

As a result, revenue and margins were lower in H2-FY23 than the first half. However, the Group delivered revenue of £34.8m and adjusted EBITDA of £7.3m for FY23.

Despite the significant period of market disruption, experienced during the year, we did experience continued demand for our services from global streaming brands including Netflix, Amazon, Apple and Disney and supported 84 high-profile productions across FY23, reinforcing the Group's position as the UK's leading facilities provider.

Whilst the Strikes ended after six months in November 2023, the impact on the film and high end TV (''HETV'') industry has continued and carried on into H1-FY24. Actor availability and the securing of studio space have created scheduling difficulty for film and TV producers, who are seeking to both complete pre-Strike productions as well as start new productions. Presently, we anticipate the financial performance in H1-FY24 to be significantly ahead of the second half of FY23 based on the Group order book, with the market situation continuing to normalise in the first half of the year. The cost and cash management measures implemented in H2-FY23 have remained in place into the new financial year.

Despite the Strikes impact, momentum remains strong, and the underlying market drivers alongside the Group's leading industry position, continue to provide the Board with confidence that demand for ADF's services will accelerate as production levels normalise.

Impact of the Strikes

The Strikes, from May to November 2023, impacted productions around the globe and several large productions that ADF was working on stopped filming immediately. Furthermore, all the 'US' led productions that ADF had in the pipeline for the second half of the financial year were also suspended, creating capacity for the Group to win alternative business. ADF also implemented cost saving measures to ensure the business was well positioned for when market conditions returned to normal. Mitigating actions included working with clients and partners to understand the available pipeline and opportunities for ADF for the remainder of the year and, implement appropriate measures including a reduction in headcount, predominantly across the Group's base production teams, and the introduction on a freeze on all non-essential consultant services in H2-FY23.

Strategy

The Group remains committed to growth with an ambition to increase our revenue to over £100 million and intends do this through organic means by both investing in revenue generating fleet equipment, as well as through appropriate acquisitions.

In FY23, ADF officially opened its flagship central hub at Longcross, Surrey, highlighting the Group's commitment to its growth strategy and added 133 units to its fleet, predominantly in the first half of the year, bringing the total to 703 units by the end of the financial year.

Location One, acquired by ADF in November 2022, opened new branches at Longcross, Bridgend, and Glasgow during the year. The enlarged Group is now cross-selling to an increasing number of HETV and film companies in the UK, delivering services in a more efficient way, and moving the Group closer to its goal of becoming a one stop shop for film and HETV production. The success of this acquisition indicates that we have the right set of parameters when seeking to invest and confirms the benefits we can bring to businesses looking to scale in the industry. We will continue to review opportunities for complementary additions as they arise and are in discussion with several parties presently.

People

We have continued to invest in the expansion of our senior leadership team, including the appointment of a Chief Operating Officer, to ensure we have the depth and breadth of management to deliver our growth strategy and have been encouraged by the immediate positive contribution that the new team members have made.

In November 2023, Jo Goodson was appointed as an independent Non-Executive Director to the Company, bringing over 25 years' experience working with high growth businesses across both the public and private sectors. She has held several senior roles across the entertainment and technology industries and is already proving to be a valuable additional voice to the Board as we work together to deliver on our growth ambitions and capitalise on our strong market position.

ESG

As a Board and a business, ADF is committed to high standards within all areas of ESG. In FY23 we launched our ESG strategy, focusing on sustainability, innovation, knowledge and being a 'great place to work'.

This includes developing initiatives that have a positive impact on society and our employees, as well as supporting our staff with accessibility, inclusion, and diversity, and reducing our environmental impact through collaborating with stakeholders towards a low carbon production industry.

In support of this strategy, we commissioned a third-party specialist agency (Creative Zero) to carry out an operational and supply chain emissions audit for ADF for 2022. The output of this audit identified the total operational carbon footprint for the business, with the majority of emissions generated coming from the use of the vehicles we hire out, followed by staff commuting. We aim to decarbonise our operation by tackling our emissions at source and only offset what we are not able to remove. We intend to do this by transitioning to green energy, focusing on energy reduction and increasing efficiency and positive behavioural change These opportunities will be maximised moving forward and the carbon footprint and carbon reduction plan exercise that is underway will provide the data required for the SECR submission to be prepared in respect of the 2024 financial year.

As an example of these initiatives to transition towards greener and more efficient energy usage, last year ADF launched its new EcoBase offering in conjunction with Location One. This innovative solution is set to redefine unit base operations by offering a sustainable infrastructure that minimises environmental impact, maximises production efficiency, and sets a new standard for eco-friendly practices. EcoBase is designed to provide production teams with an eco-friendly unit base that embraces resource conservation, waste reduction, renewable power integration, and sustainable water supply and wastewater treatments. A key feature of the EcoBase is its site wide power monitoring and hybrid power solution, combining battery and HVO fuel generated power to lower production emissions. Results from one of our production case studies in 2023 have shown that this innovative power solution was able to silent-run for as much as 70% of the time, reduce overall fuel usage by 30%, and the use of HVO fuel instead of diesel enabled the reduction in overall fuel emissions by as much as 90%. By prioritising sustainability, we aim to reduce the industry's environmental footprint and spark positive change.

In terms of our people practices, due to the challenges caused by the Strikes, in H2-FY23 we focused on protecting the employment status of our teams as best as possible during this turbulent period.

We also continued to move forward with low-cost initiatives that promoted a greater awareness of the key company objectives to the wider business as this was an area that was highlighted in the 2023 Employee Survey results. We launched the quarterly Company Update Call in December 2023 where all the teams were invited, and we gave an overall update along with a "spotlight" focus on a specific department. These calls will continue in 2024 to further strengthen the internal communications processes.

We delivered "Displaying Positive Behaviours" training to the management team and have started cascading those messages to the other teams to ensure that we promote a positive working environment and company culture.

Post-period end, our second Employee Satisfaction survey launched in February 2024 to measure the results against the previous year and identify where we should focus our next areas. Highlights were an improved focus on management training and coaching, more positive feedback on line management and team-working and increased scores relating to understanding goals and objectives. Areas to focus on included opportunities for development and pay, and benefits was once more highlighted as a key issue.

In addition to wellbeing, the health & safety (H&S) of our staff as well as our customers and contractors, is a key focus for ADF. We have an established H&S framework and resources in place to ensure that the conduct of the business ensures the lowest level of risk, supported by an external specialist, Safety Forward. The Group has a full-time H&S Coordinator, reporting to the CFO, who in turn reports H&S matters to the Board. Detailed accident reporting is maintained, all incidents are investigated, and procedures changed where necessary. Training continued across the year for managers and supervisors in accident reporting and accident management, and a hazard spotting campaign began in Q4 FY23.

As a Board, we are dedicated to maintaining our strong corporate governance framework. Following our IPO, we have chosen to adopt the QCA Corporate Governance Code, which will help to inform the evolution of our governance approach in future. The appointments we have made to the Board to date are a clear demonstration of this commitment and we will continue to ensure this remains as we grow as a listed business.

Outlook

While market challenges stemming from the Strikes impacted our performance in H2-FY23 and have continued to impact the first few months of FY24, we remain poised to capitalise on the significant opportunities awaiting us as the Film and HETV industry returns to its regular trajectory.

Our financial results and operational advancements throughout FY23 underscore our resilience and capability. The underlying market dynamics, coupled with our expanding partner network and proven offerings, including the successful integration of Location One, reinforce the Board's confidence in our ability to achieve sustainable growth over the medium to long term.

The Group expects that the market situation will continue to normalise as the first half of the year progresses, and order visibility for H2-FY24 and beyond is expected to be in line with pre-Strike levels.

John Richards
Chairman of the Board

CEO review

Overview

Our performance in FY23 demonstrates the resilience and commitment of the ADF team and I am incredibly proud of how each employee operated against a backdrop of the Strike. I would like to thank all ADF employees for their commitment and hard work that has enabled the Group to strengthen its position and to capitalise on the opportunities in the market as previous productions level return.

Financial performance

The Group delivered an outstanding first half, with high levels of fleet utilisation. We achieved revenue growth of 73% and adjusted EBITDA growth of 117% compared to H1-FY22, evidencing the ongoing high level of demand for our products and services, before the Strikes ensued. The growth in the first half was the result of the a combination of the inclusion of Location One performance within the Group, and also significant organic growth achieved within the core business. ADF worked on larger, longer productions in H1-FY23 compared to H1-FY22, which were more geographically centred around the main London studios making them more efficient from a transport and mobilisation perspective. A sustained effort was also made in H1-FY23 to increase the number of 'employed' HGV drivers, as opposed to relying on more costly agency HGV drivers. Consequently, overall gross margins rose from 33.0% in H1-FY22 to 38.8% in H1-FY23. In H2-FY23, the reduced levels of revenue due to the Strike led to lower margins which averaged 29.7%. Whilst margins were lower in H2-FY23, the Group delivered revenue of £34.8m and adjusted EBITDA of £7.3m for FY23, in line with revised market expectations.

Notwithstanding the Strikes, the Group supported 84 high-profile productions across FY23 (FY22: 76) with an average revenue per production for FY23 of £385K (FY22: £388K).

The market opportunity

The UK's film and HETV production spend reached £4.23bn in 2023, 32% down on a record breaking 2022, with UK production heavily impacted by the Strike. This was still the third highest annual spend since the tax reliefs were introduced in 2013, reflecting the varying dynamics at play across our sector and whilst a level of disruption occurred, the industry continues to contribute billions and support a high number of jobs across the UK.

Demand for film and TV studio space remains very strong. A CBRE survey in May 2023 across 450 major business involved in the industry, reported a 30% increased in the requirement for studio space to meet demand. This is backed up by the many large scale studio developments in progress across 2023 including:

- Shinfield Studio, Reading- 13 stages built with a further 5 planned in 2024 making it one of the largest studios in the UK once complete with a total of 1 million square feet.
- Pinewood - the iconic West London studio, announced plans for a £800 million development of 21 stages, making it, once complete, the largest studio in the world.
- Crown Works Studio, Sunderland – announced a £450 million development.

In February 2024, FilmLA issued its sixth Sound Stage Study, updating its ongoing survey of Los Angeles area studio developments, and releasing new stage occupancy and use data for calendar year 2022. Since FilmLA's last sound stage update in March 2023, both the UK and Georgia State, USA have added more than one million square feet of stage inventory to their existing supply. Now comparable to Los Angeles, the UK currently has around 6.6 million square feet of stage space, with plans to add dozens of new facilities.

We are confident that as production returns to previous levels to meet the pent-up demand for film and HETV productions, ADF is well placed to benefit given its market leading position.

Competitive strength

We remain the provider of choice for many in the UK for large scale and quality productions. This has allowed us to benefit from high valued productions and customers, which was particularly crucial during the Strike. This market position has taken many years to establish, enabling high barriers to entry, and we have the right infrastructure in place to support continued successful customer delivery and further expansion.

To deliver such a high quality of service to our customers and successfully compete at this level, the quality, and more importantly compliance of a supplier's vehicle fleet needs to be incredibly high. ADF prides itself upon the strength of its vehicle fleet and excellent customer service, which allows ADF to have positive and pro-active dialogue with its customers which include some of the world's largest traditional and on-demand production companies and positions us well to capture a growing proportion of the expanding market.

We supported 84 high-profile productions across FY23 including The Crown season 6, Slow Horses, Star Wars Andor, The Gentleman, Rivals, The Diplomat, Industry, Paris Has Fallen, The Famous Five, Back to Black and Sex Education. The strength of our reputation and the professional integrity we exhibit in all we do was particularly important during the Strikes as we worked with our customers and suppliers to review our remaining available pipeline and how to protect the business until normal production levels resumed.

We report our Net Promotor Score (''NPS''), an internationally recognised customer service measurement, throughout the year which did not drop below 82, a figure which Bain & Company, the creators for NPS, has described as 'world class'. We continue to perform extremely well, reflecting the skills, knowledge and expertise of our staff that enables us to remain the market leader.

Delivering against growth strategy

The Group has ambitions to grow organically through further investment into its revenue-generating vehicle fleet, and also through appropriate acquisitions.

During FY23, the Group successfully executed on our organic growth strategy, adding 133 units to the fleet, predominantly in the first half, bringing the total to 703 units at the end of the year. We also officially opened our new flagship central hub at Longcross, Surrey. A key focus in FY23 was to ensure we improved our planning, sales and financial systems. This included developing a bespoke planning system (BMS) with our external IT partner ITCS, streamlining our booking system, and helping to ensure we can provide our customers with the very best level of customer service.

At IPO, we emphasised our intention to also grow through acquisitions which we approach with a robust set of criteria. The acquisition of Location One met all the criteria such as having an experienced, well regarded management team, leaders in their sector, excellent record regarding health and safety and employee practises and common customers to ADF. The Location One team is now fully integrated into the Group. During FY23, Location One opened branches at the Group's new operational base in Longcross, Surrey, and also depots in Bridgend, South Wales and Pioneer Studios, Glasgow. The enlarged Group is now cross-selling to an increasing number of HETV companies in the UK, delivering services in a more efficient way, strengthening the enlarged Group's position across the UK, moving the Group closer to becoming a one stop shop for film and HETV production.

People

We will always maintain that our employees are the most essential asset of ADF and are key to the Group’s long-term success. In August 2023, we welcomed James Long to the business as Chief Operating Officer, to strengthen the Executive team. James has over 20 years’ leadership experience in senior commercial roles, including Managing Director at Radio Times, and Commercial Director at Bounty. The Group is already benefiting from his operational expertise and highly collaborative approach.

In November 2023, Jo Goodson joined the Board as an independent Non-Executive Director, bringing over 25 years’ experience working with high growth businesses across both the public and private sectors. She has held several senior roles across the entertainment and technology industries we look forward to her guidance as we continue on our journey as a listed business.

Outlook

I am incredibly proud of what the ADF team has achieved against the challenging market backdrop in FY23. The effects of the Strike will continue to be felt through the first half of the current year, but we will carefully manage our cost base during this time and the long-term market dynamics remain very much in ADF’s favour with continued high levels of investment in the UK HETV industry and continued, and recently enhanced government support in terms of grants and tax credits. The Board is confident that we will return to pre-Strike order levels and beyond as market conditions normalise.

Marsden Proctor
Chief Executive Officer

CFO Review

Summary

The financial results for the 12 months ended 31 December 2023 reflect a challenging year for the business, and the film and HETV industry in general with the onset of the Strike in May 23, which continued until November 23. This had the effect of arresting the great start the business had in the first 6 months of the year as outlined below.

Group P&L	H1-FY23	H2-FY23	FY23	H1-FY22	H2-FY22*	FY22
CAD Services	£16.6	£9.8	**£26.4**	£12.6	£18.1	**£30.7**
Location One	£5.2	£3.2	**£8.4**	£0.0	£0.7	**£0.7**
Total Sales	**£21.8**	**£13.0**	**£34.8**	**£12.6**	**£18.8**	**£31.4**
Cost of Sales	£13.4	£9.1	**£22.5**	£8.4	£11.3	**£19.7**
Gross Margin	**£8.4**	**£3.9**	**£12.3**	**£4.2**	**£7.5**	**£11.7**
%	***39%***	***30%***	***35%***	***33%***	***40%***	***37%***
Overheads	£2.6	£2.3	**£4.9**	£1.5	£2.2	**£3.7**
Adjusted EBITDA	**£5.8**	**£1.6**	**£7.4**	**£2.7**	**£5.3**	**£8.0**
%	***27%***	***12%***	***21%***	***21%***	***28%***	***25%***
Non recurring expenses	£0.0	£0.3	£0.3	£0.0	£0.1	£0.1
Share based payments	£0.0	£0.1	£0.1	£0.0	£0.1	£0.1
EBITDA	**£5.8**	**£1.2**	**£7.0**	**£2.7**	**£5.1**	**£7.8**
Depreciation & amortisation	£2.4	£2.6	£5.0	£1.1	£1.4	£2.5
EBIT	**£3.4**	**(£1.4)**	**£2.0**	**£1.6**	**£3.7**	**£5.3**
Finance expenses	£0.6	£0.8	£1.4	£0.3	£0.4	£0.7
Profit before tax	**£2.8**	**(£2.2)**	**£0.6**	**£1.3**	**£3.3**	**£4.6**
Taxation charge / (credit)	£0.2	(£0.4)	(£0.2)	£0.1	(£0.1)	£0.0
Profit after tax	**£2.6**	**(£1.8)**	**£0.8**	**£1.2**	**£3.4**	**£4.6**
Dividends - £000's			**£1,130,004**			**£349,600**
Undiluted EPS - pence			**£1.40**			**£0.44**

*NB Location One acquired Dec-22

H1- FY23

The first half of FY23 shows record levels of revenue at £21.8 million, which was 73% ahead of the same period in FY22 (£12.6 million), and ahead of the Board's expectations. The increase in sales is partly due to the addition of Location One to the Group (+41%) and also to organic growth in the core business (+32%).

Profit margins also improved in H1-FY23. The productions ADF worked on in the period were more geographically centred around the main London studios and other studios close to our operational hubs in Wales, Manchester and Glasgow which therefore made them more efficient from a transport and mobilisation perspective.

Furthermore, a sustained effort was made over H1-FY23 to increase the number of employed HGV drivers as opposed to relying on agency HGV drivers. This is reflected in agency driver costs reducing to 9.6% of revenue in H1-FY23 compared to 16.0% in H1-FY22.

There was some upwards pressure on pay rates at the start of the 2023, and some (below inflation) pay awards were made at that time for a number of employee groups including HGV drivers, mechanics and trailer manufacturing staff.

H2-FY23

Prior to the onset of the Strike, the order book for H2 FY23 was very strong, however the Strikes significantly reduced the Groups existing work programme and pipeline for the remainder of the year, with the majority of the larger productions planned for H2 being put on hold, or in some cases cancelled.

With the immediate and ongoing reduction in film and TV productions, the focus for the business was therefore to:

- establish which of the active and planned productions were being effected by the Strikes;
- secure as much of the work available in the market – this meant some discounting and undertaking work on smaller & shorter productions;
- reduce operating costs and overheads;
- defer any major capital spend until the Strikes were resolved to preserve cash and working capital;
- all non-essential costs such as training, travel, overtime, weekend working etc was put on hold. It also meant many of the production base staff, that are predominantly on flexible working contracts, had larger breaks between productions; and
- suspended the block-hiring of agency HGV drivers.

EBITDA

The Group measures performance based on EBITDA and Adjusted EBITDA. EBITDA is a common measure used by investors and analysts to evaluate the operating financial performance of companies. We consider EBITDA and Adjusted EBITDA to be useful measures of operating performance, EBITDA approximates the underlying operating cash flow by eliminating depreciation and amortisation. Adjusted EBITDA adds back any non-recurring or exceptional costs.

EBITDA and Adjusted EBITDA are not direct measures of our liquidity, which is shown by our cash flow statement, and need to be considered in the context of our financial commitments. Adjusted EBITDA for FY23 was £7.3M (21.0%) compared to FY22 at £8.0M (25.4%)

A reconciliation of Adjusted EBITDA is shown below:

Adjusted EBITDA £000's	**FY23**	**FY22**
Revenue	**34,796**	**31,414**
Profit before tax	615	4,615
Add back:		

Finance expenses	1,396	702
Depreciation	4,978	2,510
Amortisation	18	3
Non-recurring expenses	258	78
Share based payments	59	59
Adjusted EBITDA	**7,324**	**7,967**
Adjusted EBITDA %	***21.0%***	***25.4%***

The tax charge/(credit) for FY23 is £(179,000), and is deferred tax only as the group currently has excess capital allowances and tax losses to cover its taxable profits, hence profit after tax was £0.8M (FY22: £4.6M).

ADF greatly accelerated its capex plans during H1-FY23 to take advantage of the final months of the Capital Allowance Super-Deduction regime (''CASD'') which was due to end in March 2023 but was extended by Jermey Hunt, in a new format, in the Spring Budget. Overall, the CASD programme has led to a very large tax loss carried forward which will mitigate ADF's tax charges for a number of years.

Revenue

The table below shows the revenue between the two main facilities hire categories, being main packages (pre-agreed before filming) and additional sales (during the course of filming), plus other miscellaneous sales. Revenue for Location One is shown separately.

Turnover £M's	**H1-FY23**	**H2-FY23**	**FY23**	**FY22**
Facilities - Main packages	£10.1	£6.4	**£16.5**	£18.5
Facilities - Additional sales	£6.4	£3.3	**£9.7**	£11.9
Facilities - Other income	£0.1	£0.1	**£0.2**	£0.3
Facilities - Total	**£16.6**	**£9.8**	**£26.4**	**£30.7**
Location Equipment hire (Location One)	£5.2	£3.2	**£8.4**	£0.7
Total Revenue	**£21.8**	**£13.0**	**£34.8**	**£31.4**
Uplift on main packages %	***64%***	***54%***	***60%***	***66%***

Uplift is an important metric being the increase in total facilities sales from the initial main packages. This reduced in H2-FY23 due to the Strike and smaller scale productions ADF was working on.

Revenue Mix

ADF worked on 46 productions in H1-FY23, the same number as in H1-FY22. In the second half of FY23, ADF worked on a further 38 productions (H2-FY22: 30) taking the total for the year to 84 (FY22: 76). However, there was a small reduction in the average revenue per production from £388K in FY22 to £385K in FY23. This was due to the impact of the Strikes and having to take production with less equipment and of shorter duration than normal. Netflix remained the Group's single largest customer in

FY23, however the level of diversification across broadcasters increased during the year, with ITV and Disney in particular significantly increasing their share of the Group's overall revenue.

	FY-23		FY-22	
Broadcaster	**Total £M's**	**%**	**Total £M's**	**%**
Amazon	£1.22	*3.5%*	£2.93	*9.3%*
Apple	£2.70	*7.8%*	£2.20	*7.0%*
BBC	£5.93	*17.0%*	£4.67	*14.9%*
C4	£0.73	*2.1%*	£0.00	*0.0%*
Disney	£4.55	*13.1%*	£2.36	*7.5%*
HBO	£0.78	*2.2%*	£0.00	*0.0%*
Hulu	£0.39	*1.1%*	£0.87	*2.8%*
ITV	£4.92	*14.1%*	£3.00	*9.5%*
NBC Universal	£0.23	*0.7%*	£1.45	*4.6%*
Netflix	£5.27	*15.2%*	£7.34	*23.4%*
Paramount	£1.45	*4.2%*	£2.37	*7.6%*
Sky	£1.95	*5.6%*	£2.31	*7.4%*
Independent	£1.01	*2.9%*	£0.00	*0.0%*
Studiocanal	£1.26	*3.6%*	£0.00	*0.0%*
Other / Cross Hire / Misc	£2.41	*6.9%*	£1.91	*6.1%*
	£34.80	***100.0%***	**£31.41**	***100.0%***
Split				
ADF	£26.42	*75.9%*	£30.70	*97.7%*
Location One	£8.37	*24.1%*	£0.72	*2.3%*
	£34.79	***100.0%***	**£31.41**	***100.0%***
ADF main productions	84		76	
ADF average per production	£385		£388	

The split of productions across the revenue bands is shown below:

Production value	**FY23**	**FY22**
£0 - £500k	72	54
£500k - £1.0m	7	16

£1.0m - £1.5m	3	4
£1.5m - £2.0m	1	1
£2.0m - £2.5m	1	0
£2.5m - £3.0m	0	1
	84	**76**

Share Based Payments & Non-Recurring Expenses

The share-based payments relate to certain options granted to the two current Executive Directors. The non-recurring expenses relate to adjustments to the carrying value of goodwill and provisions for deferred consideration payments relating to the acquisition of Location One.

Dividend & EPS

The Company paid a final dividend of 0.90 pence per share in June 2023 in relation to the year ended 31st December 2022. This took the total dividend for that year to 1.36 pence per share, with the interim dividend of 0.46 pence per share in October 2022. The Company also paid an interim dividend in October 2023 of 0.50 pence per share in relation to the year ended 31st December 2023. The dividend policy is progressive with growth in earnings.

Basic earnings per share for FY23 was 0.99 pence per share, (FY22: 6.1 pence per share).

Capex

During FY23, ADF acquired new equipment with a cost of £11.9 million (£4.4 million included as property, plant, and equipment, and the remaining relating to leased assets of £7.5m). The majority of this spend (£9.0 million) occurred in H1-FY23 to ensure maximum claims under the super-deduction capital allowance regime. 133 assets were added across the year (FY22: 106 units) taking the total to 703 units at the end of the year. The average cost of assets purchased in FY23 was £72K (FY22: £67K).

Group Capex - £000's	Units	Capex	Per Unit
2 way trailer	28	£2,298	£82
3 way trailer	22	£2,005	£91
Costume	5	£268	£54
Diners	8	£262	£33
Generator	4	£337	£84
Honey wagon	7	£183	£26
Make up	4	£418	£104
Production office	9	£1,084	£120
School room	3	£54	£18

Single artist trailer	11	£973	£88
Tech truck	6	£548	£91
Tractor unit	25	£1,139	£46
Van	1	£43	£43
	133	**£9,611**	**£72**
Movement in assets under construction		(£315)	
Other - P&M, software etc		£709	
		£10,005	
Location One Capex		£1,889	
Total Capex		**£11,894**	

Cash Flow, Funding & Net Debt

During FY23, ADF financed capex of £7.3 million by hire purchase, and the balance of £4.6 million was paid for out of cash. The majority of the funding was with 2 providers, PACCAR Finance, the in-house finance company for DAF vehicles, and HSBC.

Interest rates have increased in line with the Bank of England base rate and averaged 7.5% across FY23 (FY22: 5.0%). Total hire purchase repayments including interest were £4.8 million. In addition, new property leases with an inception value of £1.1 million were capitalised under IFRS 16, being the renewal of the lease at the factory unit in Brynmenyn, Wales, additional space at the corporate Head Office in Bridgend, and additional capacity at Location One's main operational base in Barking.

Net debt, excluding IFRS 16 leases, at the end of FY23 was £12.8 million (FY22: £3.4 million) with hire purchase liabilities increasing from £12.9 million at the end of FY22 to £16.3 million at the end of FY23, and cash reducing from £9.5 million to £3.5 million.

During the year a dividend of £1.1 million was paid, being the only other significant cash flow item.

Financial Reporting Council (FRC) Review

The FRC raised a number of queries in November 2023 in relation to the accounting of the acquisition of Location One in the FY22 accounts. We acknowledge that the review was conducted by staff of the FRC who have an understanding of the relevant legal and accounting framework based on our annual report and accounts but not with detailed knowledge of our business or an understanding of the underlying transactions entered into. However, we worked closely with the FRC so that their queries were satisfactorily addressed, and their findings are reported on the FRC website. We appreciate the very thorough review of our financial statements, and the observations and recommendations provided.

Neil Evans FCA

Chief Financial Officer

Consolidated statement of comprehensive income

	Note	*Year ended 31 December 2023 £'000*	*Year ended 31 December 2022 £'000*
Revenue	3	34,796	31,414
Cost of sales		(22,399)	(19,742)
Gross profit		12,397	11,672
Administrative expenses		(10,069)	(6,218)
Non-recurring expenses	5	(258)	(78)
Share based payment expense	23	(59)	(59)
Operating profit		2,011	5,317
Finance expense	9	(1,396)	(702)
Profit before taxation		615	4,615
Taxation	10	179	(3)
Profit for the year		794	4,612
Other comprehensive income			
Other comprehensive income for the year		-	-
Total other comprehensive income		794	4,612
Earnings per share for profit attributable to the owners			
Basic earnings per share (Pence)	12	0.99	6.1
Diluted earnings per share (Pence)	12	0.93	5.4

All amounts relate to continuing operations.

Consolidated statement of financial position

	Note	*As at 31 December 2023 £'000*	*As at 31 December 2022 £'000*
Assets			
Current assets			
Inventories	13	576	417
Trade and other receivables	18	1,710	3,045
Cash and cash equivalents	19	3,533	9,518
Total current assets		5,819	12,980
Non-current assets			
Property, plant and equipment	15	12,638	10,680
Right-of-use assets	16	31,527	25,901
Intangible assets	14	6,262	7,289
Total non-current assets		50,427	43,870
Total assets		56,246	56,850
Liabilities			
Current liabilities			
Trade and other payables	20	2,941	6,322
Lease liabilities	16	5,624	3,705
Total current liabilities		8,565	10,027
Non-current liabilities			
Other provisions	17	40	38
Lease liabilities	16	19,584	17,524
Contingent consideration	21	60	878
Deferred tax liabilities	10	3,030	2,966
Total non-current liabilities		22,714	21,406
Total liabilities		31,279	31,433
Net Assets		24,967	25,417
Equity			
Called up share capital	23	809	794
Share premium	24	15,547	15,492
Share based payment reserve	24	1,459	1,652
Merger reserve	24	(400)	(400)
Retained earnings	24	7,552	7,879
Total equity		24,967	25,417

The financial statements were approved and authorised for issue by the Board on 25 April 2024 and signed on its behalf by:

Neil Evans

Director

Company statement of financial position

	Note	As at 31 December 2023 £'000	As at 31 December 2022 £'000
Assets			
Current assets			
Trade and other receivables	18	307	307
Amounts due from subsidiaries	18	11,588	12,959
Total current assets		11,895	13,266
Non-current assets			
Investment in subsidiary	22	14,799	15,534
Deferred tax assets	10	861	752
Total non-current assets		15,660	16,286
Total assets		27,555	29,552
Liabilities			
Current liabilities			
Trade and other payables	20	65	1,161
Total current liabilities		65	1,161
Non-current liabilities			
Contingent consideration	21	60	878
Total non-current liabilities		60	878
Total liabilities		125	2,039
Net Assets		27,430	27,513
Equity			
Called up share capital	23	809	794
Share premium	24	15,547	15,492
Share based payment reserve	24	1,459	1,652
Merger relief reserve	24	7,947	7,947

	Note	As at 31 December 2023 £'000	As at 31 December 2022 £'000
Retained earnings		1,668	1,628
Total equity		27,430	27,513

The Company has elected to take exemption under section 408 of the Companies Act 2006 from presenting the Company statement of comprehensive income. The profit for the Company for the year ended 31 December 2023 was £1,161,162.

The financial statements were approved and authorised for issue by the Board on 25 April 2024 and signed on its behalf by:

Neil Evans

Director

Consolidated statement of changes in equity

	Note	*Share Capital* *£'000*	*Share Premium* *£'000*	*Share Based Payment Reserve* *£'000*	*Merger Reserve* *£'000*	*Retained Earnings* *£'000*	*Total Equity* *£'000*
Balance at 01 January 2022		455	787	1,332	(400)	3,322	5,496
Comprehensive Income							
Profit for the year		-	-	-	-	4,612	4,612
Transactions with owners							
Issue of shares on AIM listing	23	300	14,700	-	-	-	15,000
Costs of issue of shares on AIM listing		-	(1,457)	-	-	-	(1,457)
Exercise of options	23	5	-	-	-	-	5
Share based payment charge on AIM listing		-	(261)	261	-	-	-

Share based payment charge on long term incentive program		-	-	59	-	-	59
Deferred tax adjustment	10	-	-	-	-	295	295
Business acquisition		34	1,846	-	-	-	1,880
Costs of issue of shares		-	(123)	-	-	-	(123)
Dividends	23	-	-	-	-	(350)	(350)
Balance at 31 December 2022		794	15,492	1,652	(400)	7,879	25,417
Balance at 01 January 2023		794	15,492	1,652	(400)	7,879	25,417
Comprehensive Income							
Profit for the year		-	-	-	-	794	794
Transactions with owners							
Exercise of options	23	15	55	(252)	-	252	70
Share based payment charge on long term incentive program		-	-	59	-	-	59
Deferred tax on share options	10	-	-	-	-	(243)	(243)
Dividends	23	-	-	-	-	(1,130)	(1,130)
Balance at 31 December 2023		809	15,547	1,459	(400)	7,552	24,967

Company statement of changes in equity

		Share Capital	*Share Premium*	*Share Based Payment Reserve*	*Merger Relief Reserve*	*Retained Earnings*	*Total Equity*
	Note	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
Balance at 01 January 2022		455	787	1,332	7,947	(2,655)	7,866
Comprehensive Income							

Profit for the year		-	-	-	-	4,338	4,338
Transactions with owners							
Issue of shares on AIM listing	23	300	14,700	-	-	-	15,000
Costs of issue of shares on AIM listing		-	(1,457)	-	-	-	(1,457)
Exercise of options	23	5	-	-	-	-	5
Share based payment charge on AIM listing		-	(261)	261	-	-	-
Share based payment charge on long term incentive program		-	-	59	-	-	59
Deferred tax adjustment	10	-	-	-	-	295	295
Business acquisition		34	1,846	-	-	-	1,880
Costs of issue of shares		-	(123)	-	-	-	(123)
Dividends	11	-	-	-	-	(350)	(350)
Balance at 31 December 2022		794	15,492	1,652	7,947	1,628	27,513
Balance at 01 January 2023		794	15,492	1,652	7,947	1,628	27,513
Comprehensive Income							
Profit for the year		-	-	-	-	1,161	1,161
Transactions with owners							
Exercise of options	23	15	55	(252)	-	252	70
Share based payment charge on long term incentive program		-	-	59	-	-	59
Deferred tax on share options	10	-	-	-	-	(243)	(243)
Dividends	11	-	-	-	-	(1,130)	(1,130)
Balance at 31 December 2023		809	15,547	1,459	7,947	1,668	27,430

Consolidated statement of cashflows

	Note	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Cash flows from operating activities			
Profit before taxation from continuing activities		615	4,615
Adjustments for non-cash/non-operating items:			
Depreciation of property, plant and equipment	15	1,751	611
Amortisation of right-of-use assets	16	3,227	1,899
Amortisation of intangible assets	14	18	3
Impairment of goodwill	14	1,019	-
(Profit)/ loss on disposal of property, plant and equipment	15	(84)	52
Loss on disposal of right of use assets	16	75	-
Share based payment charge	23	59	59
Fair value gain on deferred consideration	21	(818)	-
Finance expense	9	1,396	702
		7,258	7,941
Increase in inventories	13	(159)	(417)
Decrease in trade and other receivables		1,335	259
Decrease in trade and other payables		(3,381)	(3,517)
Net cash generated from operating activities		5,053	4,266
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(4,437)	(4,056)
Purchase of intangible assets	14	(10)	(81)
Purchase of right-of-use assets[1]		(90)	(964)
Proceeds from sale of property, plant and equipment		434	-
Increase in amounts due from directors		-	(180)
Cost of business acquisition		-	(3,595)
Net cash used in investing activities		(4,103)	(8,876)
Cash flows from financing activities			
Proceeds from ordinary share issue	23	70	15,005
Cost of share issue		-	(1,580)
Repayment of borrowings	29	-	(342)
Payments on lease liabilities	16	(4,479)	(2,890)
Interest paid on lease liabilities	9, 16	(1,335)	(695)
Interest on deferred consideration	9	(57)	-
Other interest paid	9	(4)	(7)
Dividends paid	11	(1,130)	(350)
Net cash used in financing activities		(6,935)	9,141
Net (decrease)/ increase in cash and cash equivalents	19	(5,985)	4,531
Cash and cash equivalents at beginning of year	19	9,518	4,987
Cash and cash equivalents at end of year	19	3,533	9,518

1The purchase of right-of-use assets relates to cash additions made to improve assets held on hire purchase, included in right -of-use assets as detailed in note 16.

Company statement of cashflows

	Note	*Year ended 31 December 2023 £'000*	*Year ended 31 December 2022 £'000*
Cash flows from operating activities			
Profit before taxation from continuing activities		808	3,881
Adjustments for non-cash/non-operating items:			
Impairment of investment		735	-
Fair value gain on deferred consideration	21	(818)	-
Share based payment charge	23	59	59
		784	3,940
Decrease in trade and other receivables	18	-	508
(Decrease)/ increase in trade and other payables	20	(1,096)	998
Cash from operations		(312)	5,446
Net cash generated from operating activities		(312)	5,446
Cash flows from investing activities			
Acquisition of investment in subsidiary		-	(4,430)
Receipts from/ (funds advanced to) subsidiary	18	1,372	(13,911)
Increase in amounts due from directors		-	(180)
Net cash used in investing activities		1,372	(18,521)
Cash flows from financing activities			
Proceeds from ordinary share issue	23	70	15,005
Cost of share issue		-	(1,580)
Dividends paid	11	(1,130)	(350)
Net cash used in financing activities		(1,060)	13,075
Net movement in cash and cash equivalents		-	-
Cash and cash equivalents at incorporation		-	-
Cash and cash equivalents at end of period		-	-

Facilities by ADF Plc does not hold its own bank account, the cash flow has been presented as if the Group bank account had a protected Company cell in order to present meaningful cash flow information.

Notes to the financial statements

1 Accounting policies

1.1 Basis of preparation

Facilities by ADF PLC (the “Company’’) and its subsidiaries (together, the “Group’’) is a public company limited by shares, incorporated, domiciled and registered in England and Wales in the UK. The registered number is 13761460 and the registered address is Ground Floor 31 Oldfield Road, Bocam Park, Pencoed, Bridgend, United Kingdom, CF35 5LJ.

The consolidated and Company financial statements are for the year ended 31 December 2023. They have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the UK Companies Act 2006.

The financial statements have been prepared in accordance with International Financial Reporting Standards (‘’IFRS’’) under the historical cost convention, as modified by the use of fair value for financial instruments measured at fair value. The financial statements are presented in thousands of pounds sterling (“£’000”) except where otherwise indicated.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to both the Company and the Group where applicable. The policies have been consistently applied to all the periods presented, unless otherwise stated.

For the year ending 31 December 2023 the following subsidiaries of the parent company are entitled to take exemptions from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies.

Subsidiary	*Company registered number*
CAD Services Limited	04533535
Location 1 Group Limited	11786214
Location One Limited	05949293

The Company has provided a guarantee for all outstanding debts and liabilities to which the subsidiary companies listed above are subject at the end of the financial year, in accordance with Section 479C of the Companies Act 2006.

1.2 Going concern

The Group has continued to invest in growth throughout the financial year, with the Group continuing to trade throughout in a net asset position.

The Directors are pleased with the progress of trading to date, and in particular, the progress made relative to the challenges of the film and television industry, whereby the USA Writers (Writers Guild of America (WGA)) and Actors (Screen Actors Guild - American Federation of Television and Radio Artists (SAG-AFTRA)) Strikes impacted productions around the globe, from July 2023 through to late Autumn 2023. The Strikes caused film and TV productions in the UK, on which ADF were engaged, to stop or delay productions that were scheduled to start filming in autumn 2023 and pushing these to early 2024. The Directors note that the Strikes were a short-term impact on the business and are confident the Group is in a robust position to capitalise on the opportunity ahead once previous production levels resume, underpinning confidence in the long-term success of the Group.

The Directors are continuing to identify acquisitions as well as focussing on the continuation of the organic growth experienced in recent years. The Company acquired a new a business in the previous financial period and significant synergies are expected to continue to be achieved over the coming 12 months from this.

The financial statements have been prepared on the going concern basis which the Directors believe to be appropriate for the following reasons. The Directors have prepared cash flow forecasts for a 12-month period from

the date of approval of these financial statements. They have applied a range of sensitivities to these forecasts and such forecasts and analysis have indicated that sufficient funds should be available to enable the Group to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

1.3 New standards, amendments, and interpretations

The following amendments to standards have become effective for the first time for annual reporting periods commencing on 1 January 2023 and have been adopted in preparing these financial statements:

- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies;
- Amendments to IAS 8 – Definition of Accounting Estimates; and
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

The adoption of these amendments had no material impact on the financial statements.

At the date of approval of these financial statements, the following amendments to IFRS which have not been applied in these financial statements were in issue, but not yet effective, until annual periods beginning on 1 January 2024:

- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7);
- Non-current Liabilities with Covenants (Amendments to IAS 1);
- Amendments to IFSR 16 – Lease liability in sale and leaseback;
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current; and
- Amendments to IAS 21 Lack of Exchangeability*.

*Subject to endorsement by the UK

The adoption of these amendments is not expected to have a material impact on the consolidated and Company financial statements.

1.4 Basis of consolidation

The consolidated financial statements incorporate the results of the Company and all of its subsidiary undertakings. The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred, and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair value.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the Group.

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances, and any gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the financial information. Losses are eliminated in the same way as gains, but only to the extent that there is no evidence of impairment.

1.5 Revenue recognition

IFRS 15 “Revenue from Contracts with Customers” is a principle-based model of recognising revenue from contracts with customers. It has a five-step model that requires revenue to be recognised when control over goods and services are transferred to the customer.

Revenue includes facilities rental incomes, fees from the provision of services incidental to facilities and fuel. Revenue is measured at the fair value of consideration received or receivable, net of discounts, VAT, and sales taxes.

Revenue from all other services rendered is recognised proportionally over the period in which the facilities are rented out based on the terms of the contract. The stage of completion is assessed on the basis of the actual service provided (number of days of rental in the accounting period).

Fuel income was recognised at the point of time of delivery. Revenue from sale of fuel cards ceased in the period ending 31 December 2022.

1.6 Employee benefits: Pension obligations

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

1.7 Net finance costs

Finance expense

Finance expense comprises of interest payable and lease interest which are expensed in the period in which they are incurred and reported in finance costs. Debt issue costs are capitalised and amortised over the life of the associated facility.

Finance income

Finance income relates to interest on bank deposits.

1.8 Foreign currency translation

Transactions in foreign currencies are translated to Sterling (the currency of the primary economic environment in which the Group operates) at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income, within interest receivable and interest payable.

The consolidated and Company financial statements are presented in GBP, which is the Group's and Company's presentational currency. The functional currency of the Company is GBP.

1.9 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the UK where the Group and Company operates and generate taxable income.

Deferred tax balances are recognised in respect of all temporary differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and

- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the Group and Company can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.10 Property plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the reducing balance and straight-line methods.

Depreciation is provided on the following basis:

Plant and machinery	25% reducing balance and 1 – 10 years straight-line
Motor vehicles	10% reducing balance and 5 years straight-line
Computer equipment	25% reducing balance
Hire fleet	10% reducing balance
Leasehold improvements	25% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

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

Assets under construction are those that are being built or developed with the intention of being used in the business operations of the Group. These assets are not depreciated until they are completed and ready to be used. Once an asset is completed, it is transferred to a separate class of asset in property, plant and equipment or right-of-use assets and is then subject to depreciation. This transfer is made at the point of time the asset is completed and is ready for use.

The cost of the asset under construction includes all costs directly attributable to bringing the asset to the condition necessary for it to be used for its intended purpose. These costs may include direct labour, direct materials, and other expenses incurred during the construction period.

1.11 Impairment of assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

1.12 Leased assets

The Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration at inception of a contract.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: an identified physically distinct asset can be identified; and the Group has the right to obtain substantially all of the economic benefits from the asset throughout the period of use and has the ability to direct the use of the asset over the lease term being able to restrict the usage of third parties as applicable.

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

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

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group’s incremental borrowing rate on commencement of the lease is used.

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

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

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

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

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

1.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term highly liquid deposits which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.14 Financial Instruments

Financial instruments are all financial assets and financial liabilities that comprise a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity and are detailed in notes to the accounts.

Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable (other than financial assets or liabilities at fair value through profit or loss) are added to or deducted from the fair value as appropriate, on initial recognition.

Financial assets and financial liabilities are offset, and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Financial assets

The Group and Company's financial assets held at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g., trade receivables), but also incorporate other types of financial assets where the objective is to hold their assets in order to collect contractual cash flows and the contractual cash flows are solely payments of the principal and interest.

They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment of financial assets

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables.

Impairment provisions for other receivables are recognised based on the general impairment model within IFRS 9. In doing so, the Group follows the 3-stage approach to expected credit losses. Step 1 is to estimate the probability that the debtor will default over the next 12 months. Step 2 considers if the credit risk has increased significantly since initial recognition of the debtor. Finally, Step 3 considers if the debtor is credit impaired, following the criteria under IFRS 9.

The Group's financial liabilities held at amortised cost comprise trade payables and other short-dated monetary liabilities, and other borrowings in the consolidated statement of financial position.

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

Other borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective

interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position.

For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Unless otherwise indicated, the carrying values of the Group's and Company financial liabilities measured at amortised cost represents a reasonable approximation of their fair values.

Financial liabilities

The Group and Company measures its financial liabilities at amortised cost. All financial liabilities are recognised in the statement of financial position when the Group and Company becomes a party to the contractual provision of the instrument.

1.15 Share based payments

The Group issues equity-settled share-based incentives to certain employees in the form of share options. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date is expensed in the Group's financial statements on a straight-line basis over the estimated vesting period, based on the estimate of shares that will eventually vest.

Employee share scheme

Share options that have been issued by the Group have been reviewed under the Black Scholes model to evaluate any provision that may be required to set against the reserves of the Group. The share-based payment expense has been calculated and detailed per the notes to the financial statements.

Equity-settled share-based payments to employees are measured at the fair value of the equity instrument at the grant date. The fair value determined at grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Long-term incentive plan

The Group has a long-term incentive plan.

Long term incentive options that have been issued by the Group have been reviewed under the Monte Carlo model to evaluate any provision that may be required to set against the reserves of the Group. The share-based payment expense has been calculated and detailed per the notes to the financial statements. There are conditions associated with the long-term incentive options issued which requires the fair value charge associated with the options to be allocated over the minimum vesting period.

1.16 Provision

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Group becomes aware of the obligation and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

1.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

1.18 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (‘CODM’). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Group. The Group had two reporting segments, being the hire of facilities, and Location One (which represents all revenues and cost of sales generated from Location 1 Group Limited and Location One Limited) during the year ending 31 December 2023. The Group previously report fuel cards by ADF as a separate operating segment, during the prior year ending 31 December 2022 the Group ceased trading of fuel cards.

1.19 Investments

Investments are stated at their cost less impairment losses.

1.20 Inventories

Inventories are stated at the lower of cost or net realisable value. Net realisable value is the amount that can be realised from the sale of the inventory in the normal course of business after allowing for the costs of realisation. An allowance is recorded for obsolescence and slow-moving items.

Inventories held consist of stored goods to be used in the support of production vehicles and maintenance.

1.21 Intangible assets

Goodwill is recorded as an intangible asset and is the surplus of the cost of acquisition over the fair value of identifiable net assets acquired. Goodwill is reviewed annually for impairment. Any impairment identified as a result of the review is charged in the statement of profit or loss and other comprehensive income.

Intangible assets, including software, acquired separately from a business are capitalised at cost. They are subsequently accounted for at cost less depreciation and impairment. The useful life of software is estimated to be 10 years.

Intangible assets acquired on business combinations are capitalised separately from goodwill at fair value on initial recognition. Intangible assets are amortised on a straight-line basis over their useful lives.

The estimated useful lives, residual values, and depreciation method are reviewed at the end of each period.

2 Critical accounting judgements and estimates

The preparation of the financial information in compliance with IFRS requires the use of certain critical accounting estimates. It also requires the Group management to exercise judgement and use assumptions in applying the Group's accounting policies. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events. Management believe that the estimates utilised in preparing the financial information are reasonable and prudent critical accounting judgements and estimates.

Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial information is discussed below:

Key accounting estimates and judgements

The following are the areas requiring the use of estimates and judgements that may significantly impact the financial information.

Judgements

Hire of equipment revenues constitute leases

Any arrangement that is dependent on the use of a specific asset or assets should be accounted for as a lease under IFRS 16. The Directors have concluded that none of the Group contracts with customers include the use of an asset as substantive substitution rights exist throughout the period of use, whereby substitution would be economically beneficial to the Group. All revenues therefore are classified within the scope of IFRS 15.

Estimates

Discount rates

IFRS 16 states that the lease payments shall be discounted using the lessee's incremental borrowing rate where the rate implicit in the lease cannot be readily determined. Accordingly, all lease payments have been discounted using the incremental borrowing rate (IBR). The IBR has been determined by management using a range of data including current economic and market conditions, review of current debt and capital within the Group, lease length and comparisons against seasoned corporate bond rates and other relevant data points. Significant changes in IBR would cause changes to both the value of the right-of-use assets and corresponding lease liabilities. Sensitivity analysis has been performed on IBR rates in note 16 of these financial statements.

Impairment of intangible assets

Following the assessment of the recoverable amount of goodwill allocated to Location 1 Group Limited to which goodwill of £7,211,397 was allocated on completion of the acquisition in the year ended 31 December 2022, the Directors consider the recoverable amount of goodwill allocated Location 1 Group Limited to be most sensitive to the achievement of the Group's long-term budget and projected forecasts. Budgets comprise forecasts of costs, and capital expenditure based on current and anticipated market conditions that have been considered and approved by the Board. Approved budgets cover the next thirty-six months, whilst the forecasted period extends to five years. The recoverable amount of the Location 1 Group Limited (a singular cash-generating unit) is determined based on a value in use calculation which uses cash flow projections based on the financial budgets and forecasted five-year period, using a pre-tax discount rate of 18 per cent per annum.

Whilst the Group is able to manage most of the costs, the revenue projections are uncertain, in the short term, due to the current challenges which the film and television industry in the year ended 31 December 2023. The WGA and SAG-AFTRA Strikes impacted productions around the globe, from July 2023 through to late Autumn 2023. The Strikes caused film and TV productions in the UK, on which ADF were engaged, to stop or delay productions that were scheduled to start filming in autumn 2023 and pushing these to early 2024. The Directors note that the Strikes were a short-term impact on the business and are confident the Group is in a robust position to capitalise on the opportunity ahead once previous production levels resume, underpinning confidence in the long-term success of the Group. Due to the timing of any rescheduled productions, it is possible that further differences between forecast and actual results may differ into early 2024.

The sensitivity analysis in respect of the recoverable amount of Location 1 Group Limited goodwill is presented in note 14. The Group recorded an impairment charge of £1,019,080 recorded in the current year ended 31 December 2023.

Deferred consideration

On completion of the acquisition of 100% of the share capital of Location 1 Group Ltd the payment of contingent consideration was valued at £60,474 (2022: £877,892). The contingent consideration value was estimated by management using a range of probabilities to determine the potential payment of earn out over the consideration period and the expected results of Location 1 Group Limited. The maximum value of contingent consideration payable, based on meeting all the earn out criteria, would be a liability due of £2,657,788 (2022: £4,059,788). Further if none of the criteria is met then no payment of consideration would be due, giving no liability to the Company. No payments were made in respect of deferred consideration in the year (2022: £Nil). The reduction in valuation in the year resulted as the deferred consideration is based on a cumulative earn out target, whereby due to the WGA and SAG-AFTRA strikes impacting productions, from July 2023 through to late Autumn 2023, management have estimated it is unlikely that the earn out will be met.

3 Revenue from contracts with customers

All of the Group's revenue was generated from the provision of services in the UK, apart from Hire of Facilities revenues totalling £314,323 (2022: £557,911) which were generated in the European Union. 4 platform customers make up 10% or more of revenue in the year ending 31 December 2023 (2022: 2). During the year management considered revenue derived from one business stream (2022: Two), being the ‘hire of facilities’. As at 31 December 2022 the Group had ceased trading of fuel cards. Fuel cards by ADF was still identified as a separate reporting segment up until this date.

Revenue from customers[1]

	Year ended 31 December 2023 £’000	*Year ended 31 December 2022 £’000*
Hire of facilities		
Customer 1	5,929	7,338
Customer 2	5,273	-
Customer 3	2,704	4,674
Customer 4	4,917	-
Customer 5	4,547	-
All other customers	11,426	19,224
Fuel by ADF	-	178
	34,796	31,414

Timing of transfer of goods or services

	Year ended 31 December 2023 £’000	*Year ended 31 December 2022 £’000*
Services transferred over time	34,796	31,236
At a point in time	-	178
	34,796	31,414

The following table provides information about contract liabilities with customers, there were no contract assets as at 31 December 2023 (2022: None):

	Year ended 31 December 2023 £’000	*Year ended 31 December 2022 £’000*
Deferred income	33	576

Revenue recognised in the year that was deferred from the previous year was £575,697 (2022: £518,555). The contract liabilities relate to the deferred income in respect of facilities rented. Revenue is being recognised across the actual service provided (number of days of rental in the accounting period).

(1) Revenue has been disaggregated by platform commissioned productions, rather than at a invoiced special purpose vehicle company level, for the purpose of alignment with the Director's reporting in the Strategic Report.

4 Segmental reporting

The Group has two reporting segments, being the hire of facilities and Location One (which represents all revenues and cost of sales generated from Location 1 Group Limited and Location One Limited). No non-GAAP reporting measures are monitored. Total assets and liabilities are not provided to the CODM in the Group's internal management reporting by segment and therefore are not presented below, information on segments is reported at a gross profit level only. Information about geographical revenue is disclosed in note 3. All non-current assets are located in the UK.

As at 31 December 2022 the Group had ceased trading of fuel cards. Fuel cards by ADF was still identified as a separate reporting segment up until this date, as fuel cards were sold in the year to 31 December 2022.

	Year ended 31 December 2023 £'000	*Year ended 31 December 2022 £'000*
Revenue		
Hire of facilities	26,425	30,518
Location One	8,371	718
Fuel by ADF	-	178
	34,796	31,414
Cost of sales profit		
Hire of facilities	17,146	19,144
Location One	5,253	433
Fuel by ADF	-	165
	22,399	19,742
Gross Profit	12,397	11,672

5 Expenses by nature

Operating profit is stated after charging:

	Year ended 31 December 2023 £'000	*Year ended 31 December 2022 £'000*
Depreciation of property, plant and equipment	1,751	611

(Profit)/ loss on disposal of property, plant and equipment	(84)	52
Amortisation of right-of-use assets	3,227	1,899
Loss on disposal of right-of-use assets	75	-
Non-recurring expenses:		
Impairment of goodwill	1,019	-
Gain on deferred consideration	(818)	-
Social security costs in respect of options exercised	57	-
Expenses in respect of acquisitions	-	78

Non-recurring expenses relate to one off fee expenses charged to the statement of comprehensive income.

6 Auditor remuneration

	Year ended 31 December 2023	*Year ended 31 December 2022*
	£'000	*£'000*
Fee payable for the audit of the Group's financial statements	68	71
Fees relating to tax services	3	-
Fees relating to other services	11	57
	82	109

£11,000 of other services relating to auditor remuneration has been recognised in the year ended 31 December 2023, in respect of due diligence fees. Fees incurred in the year ended 31 December 2022 of £57,000, were in respect of business acquisition due diligence.

7 Employee benefit expenses

For the Group employee benefit expenses (including directors) comprise:

	Year ended 31 December 2023	*Year ended 31 December 2022*
	£'000	*£'000*
Wages and salaries	12,730	9,591
Social security contributions and similar taxes	1,222	1,118
Share based payment expense	59	59
Pension costs	235	170
	14,246	10,938

Average number of people (including directors) employed by activity for the Group are:

	Year ended 31 December 2023	*Year ended 31 December 2022*
Drivers and transport	107	35
Head office and senior management	46	40
Workshop, yard, and base staff	172	128
	325	203

The Group's subsidiary CAD Services Limited bears all the employee benefit expenses on behalf of Facilities by ADF PLC, apart from the share-based payment charges which are born by Facilities by ADF PLC. There were 6 (2022: 5) Directors employed by the Company as at 31 December 2023.

8 Director emoluments

Director emoluments comprise:

	Year ended 31 December 2023 £'000	*Year ended 31 December 2022 £'000*
Remuneration for qualifying services	619	858
Share based payment expense	59	59
Pension costs	3	3
	681	920

Directors participating in money purchase pension schemes as at the period end 2023 was 2 (2022: 2).

Key management personnel include all Directors of the Company and the Directors of CAD Services Limited, the Group's principal trading subsidiary, who together have authority and responsibility for planning, directing, and controlling the activities of the Group's business. There are no key management personnel other than the Directors.

Remuneration disclosed above include the following amounts paid to the highest paid Director:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Wages and salaries	250	379
Share based payment expense	33	33
Pension costs	1	1
	284	413

9 Finance expense

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Interest on bank loans & overdrafts	4	7
Interest on lease liabilities	1,335	695
Interest on deferred consideration	57	-
	1,396	702

10 Taxation

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Analysis of expense in year		
Current tax on profits for the year	-	-
Adjustments in respect of previous years	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of temporary differences	(62)	683
Adjustments in respect of change in deferred tax rate	(117)	(680)
Total deferred tax	(179)	3
Tax expense per statement of comprehensive income	(179)	3

The tax credits for the periods presented differ from the standard rate of corporate tax in the UK. The differences are explained below:

	Year ended 31 December 2023	*Year ended 31 December 2022*
	£'000	*£'000*
Profit on ordinary activities before tax	615	4,612
Tax using the Group's domestic tax rates	145	876
Effects of:		
Expenses not deductible for tax purposes	29	34
Deductions in respect of share options	(157)	-
Changes in contingent consideration not taxable	(205)	-
Effect of changes in tax rates	(4)	165
Adjustments in respect of change in deferred tax rate	(117)	(680)
Additional deductions for capital allowances	189	(392)
Share based payment adjustment	(59)	-
Total tax charge	(179)	3

Corporation tax for the year ended 31 December 2023 was calculated using a marginal tax rate of 23.5 per cent. (2022: 19%). The UK corporation tax was set at the main rate of 25% from 1 April 2023.

Current tax assets and liabilities

	As at 31 December 2023	*As at 31 December 2022*
	£'000	*£'000*
Income tax payable	-	-
	-	-

The following is the analysis of the deferred tax balances for financial reporting purposes:

Group	*As at 31 December 2023*	*As at 31 December 2022*
	£'000	*£'000*
Accelerated capital allowances and other temporary differences	2,966	5,222
Losses	(179)	(1,659)
Share based payments	243	(597)

Deferred tax liability	3,030	2,966

Deferred tax liabilities of £3,029,677 consists of losses totalling £3,384,284 and share based payments totalling £(354,607).

Company	*As at 31 December 2023 £'000*	*As at 31 December 2022 £'000*
Accelerated capital allowances and other temporary differences	(752)	(155)
Losses	(352)	-
Share based payments	243	(597)
Deferred tax asset	(861)	(752)

Movement in the year

Group	£'000
Liability at 1 January 2022	2,714
Charge to profit and loss	683
Charge to equity	(295)
Arising on business acquisitions	544
Adjustments in respect of change in deferred tax rate	(680)
Liability at 31 December 2022	2,966
Liability at 1 January 2023	2,966
Charge to profit and loss	(62)
Charge to equity	243
Adjustments in respect of change in deferred tax rate	(117)
Liability at 31 December 2023	3,030

Company	£'000
Asset at 1 January 2022	-
Charge to profit and loss	(124)
Charge to equity	(295)
Adjustments in respect of prior years	(333)
Asset at 31 December 2022	(752)
Liability at 1 January 2023	(752)
Charge to profit and loss	(352)
Charge to equity	243
Asset at 31 December 2023	(861)

11 Dividends

	Year ended 31 December 2023	*Year ended 31 December 2022*
	£'000	*£'000*
Dividends paid on ordinary shares	1,130	350
	1,130	350

The Company declared a final dividend of 0.90 pence per share in June 2023 in relation to the year ended 31st December 2022. This took the total dividend for that year to 1.36 pence per share, with the interim dividend of 0.46 pence per share in October 2022.

It was decided that an interim dividend of 0.50 pence per ordinary share was to be paid to shareholders for the year ended 31 December 2023.

During the year the Company discovered that the interim dividends paid during the year ended 31 December 2022 were made otherwise than in accordance with the Companies Act 2006. This occurred as the Company's latest set of filed accounts, at the time of the dividend payment, did not show relevant distributable reserves to make such payment. This principally resulted from the failure to identify the requirement to post interim financial statements of the Company showing the required distributable reserves prior to such payment. Prior to payment of the dividend the Company did have distributable reserves of £1.5m available to pay the dividend of £0.35m. Prior to payment of the dividend, additional dividends were paid by the subsidiaries totalling £4.5m to the parent Company.

As a result, the Company could have had claims against shareholders who received the relevant dividends and the Directors of the Company. The Company did not purse any such claim. Instead, the Company proposed certain resolutions to shareholders at its AGM held on 26 June 2023 to rectify the technical breaches of the Companies Act 2006 in this regard through the entry of deeds of release in favour of all shareholders who received such dividends for any and all claims the Company may have in respect of the payment of the relevant dividend (the "Shareholders' Deed of Release") and a dead of release in favour of persons who were Directors of the Company at the time of the relevant dividend pursuant to which the Company waived any rights to make claims against such Directors (the "Directors' Deed of Release and together with the "Shareholders' Deed of Release" the "Deeds of Release"). The Company also released interim financial statements as at 30 September 2022 showing distributable reserves prior to payment.

As set out in the notice convening the Company's AGM posted to shareholders on 16 May 2023, the entry by the Company into the Deeds of Release following approval by the Company's shareholders at the 26 June 2023 AGM constituted related party transactions (as defined in the AIM Rules for Companies). Accordingly, and as all of the Company's Directors were beneficiaries of the Directors' Deed of Release and/or the Shareholders' Deed of Release, Cenkos Securities plc, then the Company's nominated adviser and acting in that capacity, confirmed that it considered the terms of such related party transactions are fair and reasonable insofar as the Shareholders are concerned.

12 Earnings per share

The calculation of the basic earnings per share (EPS) is based on the results attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year. Diluted EPS includes the impact of outstanding share options.

	Year ended 31 December 2023	*Year ended 31 December 2022*
Basic		
Profit attributable to owners of the parent (£)	793,528	4,611,797
Weighted average shares in issue	80,228,514	75,714,054
Basic profit per ordinary share (pence)	0.99	6.1
Diluted		
Profit attributable to owners of the parent (£)	793,528	4,611,797
Shares in issue	80,907,418	79,407,418
Shares options outstanding	4,590,000	6,090,000
Value of number of shares that could be repurchased (£)	238,774	344,440
Diluted weighted average number of shares	85,258,644	85,152,978
Diluted profit per ordinary share (pence)	0.93	5.4

13 Inventories

	Year ended 31 December 2023 £'000	*Year ended 31 December 2022 £'000*
Stored goods held	576	417
	576	417

Inventories held consist of stored goods to be used in the support of production vehicles and maintenance.

14 Intangible assets

Group

	Software £'000	*Goodwill £'000*	*Total £'000*
Cost			
At 1 January 2022	-	-	-
Additions through business acquisitions	-	7,211	7,211
Additions	81	-	81
At 31 December 2022	81	7,211	7,292
Amortisation			
At 1 January 2022	-	-	-
Charge for the year	3	-	3
At 31 December 2022	3	-	3
Cost			
At 1 January 2023	81	7,211	7,292
Additions	10	-	10
At 31 December 2023	91	7,211	7,302

Amortisation			
At 1 January 2023	3	-	3
Charge for the year	18	-	18
Impairment	-	1,019	1,019
At 31 December 2023	21	1,019	1,040
Net book amount			
At 31 December 2023	70	6,192	6,262
At 31 December 2022	78	7,211	7,289

Software incorporates the cost and build of the Group's timesheet system. The initial cost of the system plus any additional capital expenditure is to be amortised over a ten-year period.

On 30 November 2022, the Group completed the acquisition of 100% of the share capital of Location 1 Group Limited, creating £7,211,397 of Goodwill.

In accordance with the Group's accounting policies, an annual impairment test is applied to the carrying value of other intangible assets with indefinite useful economic life. Impairment recognised for the year totalled £1,019,080 (2022: £Nil). The impairment loss has been included in the Statement of Comprehensive Income within non-recurring expenses.

Location 1 Group Limited is considered a separate operating segment as per note 4 (Location One), as it generates cash inflows (revenues and cost of sales) that are largely independent of the cash inflows from Facilities by ADF's Hire of Facilities, and as such has been measured as its own individual cash generating unit (''CGU'') by management, being the Location One CGU.

The recoverable amount of the Location One CGU is determined based on a value in use calculation which uses cash flow projections based on Group's long-term budget and projected forecasts covering a five-year period, and a pre-tax discount rate of 18 per cent per annum. The key assumptions used by management in setting the financial budgets for the initial five-year period were as follows:

Revenue growth rates

Revenue growth rates are based on past experience adjusted for changes in the Company's long term order book, and industry wide implications such as the WGA and SA-AFTR Strikes, and its future impact on revenue. These rates do not exceed the long-term average growth rate of the Group's industry, for year's four and five of the cash flow model which are projected beyond the Group's long-term budget. A growth rate of 2% has been used for these periods. Years one to three growth rates (16.1%, 17.7%, and 17.7%, respectively) are taken from management reviewed budgets, based on known order book data and estimates, along with short term expectation changes in the industry, Group strategy, and comparisons to prior year budgets and analysis. Prior year budgets and assessment of change year on year were reviewed based on adjusted outcomes due to the FY23 Strikes.

Capital expenditure

Capital expenditure projections are based on expected estimated requirements and readily available assets for investment. Capital expenditure projections are extrapolated based on expected demand and turnover of historic assets, increasing at a steady rate year on year. Years one to three of the cash flow forecast, conclude capital expenditure rates based on management budgets (16%, 16%, and 13% of sales revenue, respectively) which are based on known contract expenditure, and estimates, along with short term expectation changes in the industry, Group strategy, and comparisons to prior year budgets and analysis. Years four and five are forecast at capital expenditure of 13% of revenue year on year. Prior year budget and assessment of change has been adjusted for the FY23 Strikes.

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount of the CGU to which goodwill is allocated. As part of the review, management conducted different sensitivity analysis to stress test the impairment review. The assumed sensitivities included decreasing the revenue growth by 7% after year 3 and increasing the capital expenditures growth by an average of 31% from year 3. The Directors believe that any reasonable possible change in the key assumptions of the sensitivity analysis, on which the recoverable amount could be calculated, would have a material impact on the balance of Goodwill.

Therefore, whilst the Group is still able to manage most of the costs, the revenue projections are uncertain, in the short term. The WGA and SAG-AFTRA Strikes impacted productions around the globe, from July 2023 through to late Autumn 2023. The Strikes caused film and TV productions in the UK, on which ADF were engaged, to stop or delay productions that were scheduled to start filming in autumn 2023 and pushing these to early 2024. The Directors note that the Strikes were a short-term impact on the business and are confident the Group is in a robust position to capitalise on the opportunity ahead once previous production levels resume, underpinning confidence in the long-term success of the Group. Due to the timing of any rescheduled productions, it is possible that further differences between forecast and actual results may differ into early 2024.

15 Property, plant and equipment

Depreciation is charged to administrative expenses within the statement of comprehensive income.

	Plant and machinery	*Hire Fleet*	*Motor vehicles*	*Computer equipment*	*Leasehold improvement*	*Assets under construction*	*Total*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
Cost							
At 1 January 2022	126	5,569	492	11	-	-	6,198

Additions	33	1,984	221	-	-	1,818	4,056
Additions on acquisition	-	2,524	560	-	-	69	3,153
Transfers	-	677	401	-	-	(1,078)	-
Disposals	-	(91)	(58)	-	-	-	(149)
At 31 December 2022	159	10,663	1,616	11	-	809	13,258
Depreciation							
At 1 January 2022	58	1,951	48	4	-	-	2,061
Charge for the year	19	516	74	2	-	-	611
Disposals	-	(63)	(31)	-	-	-	(94)
At 31 December 2022	77	2,404	91	6	-	-	2,578
Cost							
At 1 January 2023	159	10,663	1,616	11	-	809	13,258
Additions	75	875	419	223	509	2,336	4,437
Transfers[1]	-	2,293	124	-	-	(2,796)	(379)
Disposals	-	(858)	(452)	-	-	-	(1,310)
At 31 December 2023	234	12,973	1,707	234	509	349	16,006
Depreciation							
At 1 January 2023	77	2,404	91	6	-	-	2,578
Charge for the year	33	1,370	274	11	63	-	1,751
Disposals	-	(670)	(291)	-	-	-	(961)
At 31 December 2023	110	3,104	74	17	63	-	3,368
Net book amount							
At 31 December 2023	124	9,869	1,633	217	446	349	12,638
At 31 December 2022	82	8,259	1,525	5	-	809	10,680

[2] Transfers are made between Property, Plant, and Equipment, and Right-of-Use-Assets whereby the amounts transferred between asset type are identical.

Leasehold improvements in the year to 31 December 2023, are in respect of improvements made to Kitsmead, Kitsmead Lane, Longcross KT16 0EF.

16 Leases

The Group leases a number of assets, all assets are leased from the UK, which is the main jurisdiction the Group operates in. All lease payments, in-substance, are fixed over the lease term. All expected future cash out flows are reflected within the measurement of the lease liabilities at each year end.

Nature of leasing activities

	As at 31 December 2023	*As at 31 December 2022*
Number of active leases	132	115

The Group leases include leasehold properties for commercial and head office use, motor vehicles and equipment. The leases range in length from 4 to 15 years and vary in length depending on lease type. Leasehold properties holding the longest-term length of up to 15 years, motor leases up to 4 years, hire fleet up to 7 years, and equipment of up to 5 years. All leases are held with the Group's subsidiaries.

Extension, termination, and break options

The Group sometimes negotiates extension, termination, or break clauses in its leases. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

On a case-by-case basis, the Group will consider whether the absence of a break clause would expose the Group to excessive risk. Typically, factors considered in deciding to negotiate a break clause include:

- The length of the lease term;
- The economic stability of the environment in which the property is located; and
- Whether the location represents a new area of operations for the Group.

Incremental borrowing rate

The Group has adopted a rate with a range of 3.1% - 4.65% as its incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. This rate is used to reflect the risk premium over the borrowing cost of the Group measured by reference to the Group's facilities.

The Group performed a sensitivity analysis where incremental borrowing rates have been used and identified if the incremental borrowing rate was 5% for all assets there would be a decrease in the carrying amount of the right-of-use asset at 31 December 2023 of £199,977 (2022: Decrease £88,483); there would be a subsequent decrease in the lease liability of £30,022 (2022: Decrease £62,047). If the incremental borrowing rate decreased to 1% for all assets there would be an increase in the carrying amount of the right-of-use asset at 31 December 2023 of £2,229,752 (2022: £203,628) and there would be a consequent increase in the lease liability of 2,382,156 (2022: £276,897).

Sensitivity analysis is not performed on hire purchase leases as interest is inherent within these lease agreements.

Right-of-use assets

	Leasehold Property £'000	Motor Leasehold £'000	Hire Fleet and Motor Vehicles £'000	Equipment £'000	Assets under constructio n £'000	Total £'000
Cost						
At 1 January 2022	1,397	137	16,313	22	-	17,869
Additions	6,863	-	3,108	-	1,812	11,783
Business acquisitions	808	24	-	87	-	919
Transfers	-	-	1,085	-	(1,082)	3
At 31 December 2022	9,068	161	20,506	109	730	30,574
Depreciation						
At 1 January 2022	840	57	1,871	6	-	2,774
Charge for the period	251	38	1,602	8	-	1,899
At 1 January 2022	1,091	95	3,473	14	-	4,673
Cost						
At 1 January 2023	9,068	161	20,506	109	730	30,574
Additions	1,081	-	1,572	118	5,778	8,549
Transfers	-	-	6,012	-	(5,633)	379
Disposals	(17)	-	(24)	(80)	-	(121)

At 31 December 2023	10,132	161	28,066	147	875	39,381
Depreciation						
At 1 January 2023	1,091	95	3,473	14	-	4,673
Charge for the period	896	53	2,237	41	-	3,227
Disposals	(17)	-	(3)	(26)	-	(46)
At 31 December 2023	1,970	148	5,707	29	-	7,854
Net book amount						
At 31 December 2023	8,162	13	22,359	118	875	31,527
At 31 December 2022	7,977	66	17,033	95	730	25,901

Lease liabilities

	Leasehold Property £'000	Motor Leasehold £'000	Hire Fleet and Motor Vehicles £'000	Equipment £'000	Total £'000
At 1 January 2022	583	91	11,574	17	12,265
Additions	6,770	-	4,165	-	10,935
Business acquisitions	808	24	-	87	919
Interest expense	106	3	585	1	695
Lease payments (including interest)	(172)	(28)	(3,376)	(9)	(3,585)
At 31 December 2022	8,095	90	12,948	96	21,229
At 1 January 2023	8,095	90	12,948	96	21,229
Additions	1,080	-	7,312	66	8,458
Interest expense	458	2	872	3	1,335
Lease payments (including interest)	(896)	(62)	(4,807)	(49)	(5,814)
At 31 December 2023	8,737	30	16,325	116	25,208

Reconciliation of minimum lease payments and present value

	As at 31 December 2023 £'000	*As at 31 December 2022 £'000*
Within 1 year	6,453	4,542
Later than 1 year and less than 5 years	16,473	12,506
After 5 years	7,393	8,759
Total including interest cash flows	30,319	25,807
Less: interest cash flows	(5,111)	(4,578)
Total principal cash flows	25,208	21,229

Reconciliation of current and non-current lease liabilities

	As at 31 December 2023	*As at 31 December 2022*
	£'000	*£'000*
Current	5,624	3,705
Non-current	19,584	17,524
Total	25,208	21,229

Short term or low value lease expense

	As at 31 December 2023	*As at 31 December 2022*
	£'000	*£'000*
Total short term or low value lease expense	137	28
	137	28

17 Other provisions

	As at 31 December 2023	*As at 31 December 2022*
	£'000	*£'000*
Amounts falling after one year:		
Lease dilapidations liability	40	38
	40	38

Lease dilapidations liability	Leasehold Property
	£'000
At 1 January 2022	37

Interest expense	1
At 31 December 2022	38
At 1 January 2023	38
Interest expense	2
At 31 December 2023	40

As part of the Group's property leasing arrangements there is an obligation to repair damage which occurs during the life of the lease, such as wear and tear. These costs have been shown separately to the lease obligation liability. The provisions are expected to be utilised by 2029 as the leases terminate. The dilapidations provision is considered a source of estimation. The provision has been calculated using historical experience of actual expenditure incurred on dilapidations and estimated lease termination dates.

18 Trade and other receivables

Group	*As at 31 December 2023 £'000*	*As at 31 December 2022 £'000*
Amounts falling due within one year:		
Trade receivables	895	1,761
Director's loan accounts	307	307
Other receivables and prepayments	508	977
	1,710	3,045

Company	*As at 31 December 2023 £'000*	*As at 31 December 2022 £'000*
Amounts falling due within one year:		
Director's loan accounts	307	307
Amounts due from subsidiaries	11,588	12,959
	11,895	13,266

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are non-interest bearing. The carrying amount of trade and other receivables approximates fair value.

Analysis of trade receivables based on age of invoices:

	< 30	*31 – 60*	*61 -90*	*> 90*	*Total Gross*	*ECL*	*Total Net*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
31 December 2022	1,724	12	(1)	26	1,761	-	1,761
31 December 2023	583	169	93	50	895	-	895

The Group applies the IFRS 9 general approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. Historically there have been no material default levels giving rise to a specific provision. In determining the recoverability of accounts receivable, the Group considers any changes in the credit quality of the accounts receivable from the date credit was initially granted up to the reporting date. The accounts receivables that are neither past due nor impaired relate to customers that the Group has assessed to be creditworthy based on the credit evaluation process performed by management, which considers both customers' overall credit profile and its payment history with the Group. Having considered the impact of IFRS 9 the Directors concluded that the ECL balance has been determined as £7,201 (2022: £Nil) based on historical data available to management in addition to forward looking information utilising management knowledge. The aging of trade receivables over 30 days as at 31 December related to 35% (2022: 2%) of the total trade debtor balance, the nature in change from 31 December 2022 is due to the impact of the Strikes.

The Company makes assumptions when implementing the forward-looking ECL model. This model is used to assess intercompany loans for impairment. As at the 31 December 2023 the Company is due £11,586,833 (2022: £12,958,823) from subsidiaries.

Estimates are made regarding the credit risk and the underlying probability of default in credit loss scenarios. The Directors make judgements on the expected likelihood and outcome of scenarios, and these expected values are applied to the loan balances. Receivables due from Group undertakings are net of cumulative ECLs of £Nil (2022: £Nil).

19 Cash and cash equivalents

	As at 31 December 2023	*As at 31 December 2022*
	£'000	*£'000*
Cash at bank available on demand	3,533	9,518
	3,533	9,518

20 Trade and other payables

Group	*As at 31 December 2023 £'000*	*As at 31 December 2022 £'000*
Amounts falling due within one year:		
Trade payables	877	1,932
Other payables	18	1,055
Taxation and social security	1,127	1,298
Accrued expenses	886	1,461
Deferred income	33	576
	2,941	6,322

Company	*As at 31 December 2023 £'000*	*As at 31 December 2022 £'000*
Amounts falling due within one year:		
Other payables	-	849
Taxation and social security	-	33
Accrued expenses	65	279
	65	1,161

The Directors consider that the carrying value of trade and other payables approximates to their fair value. Trade payables are non-interest bearing and are normally settled monthly.

Revenue recognised in the year that was deferred from the previous year was £575,697 (2022: £518,555).

Included in other payables in the Company and Group as at 31 December 2023 is amounts payable of £Nil (2022: £848,582) in respect of employer social security costs due on M Proctor share options exercised in 2021 and additionally in respect of the Group, alone, a pension payable liability of £Nil (2022: £202,699).

21 Contingent Consideration

Group	*As at*	*As at*
	31 December 2023	*31 December 2022*
	£'000	*£'000*
Contingent Consideration	60	878

Company	*As at*	*As at*
	31 December 2023	*31 December 2022*
	£'000	*£'000*
Contingent Consideration	60	878

Contingent consideration is payable up to maximum value of £2,657,788 (2022: £4,059,788) payable in cash, over a two-year period (2022: three), based on set performance criteria. Performance criteria is set against adjusted EBITDA targets of Location 1 Group Limited, each period. The contingent consideration is payable on a scaling basis based on the level of Adjusted EBITDA gained. The minimum payment of contingent consideration is £Nil. The fair value of the contingent consideration has been discounted to present value and adjusted based on management expectation of probability of outcome of reaching Adjusted EBITDA targets.

The payment of contingent consideration was valued at £60,474 (2022: £877,892) as at 31 December 2023. The reduction in valuation in the year resulted as the deferred consideration is based on a cumulative earn out target, whereby due to the WGA and SAG-AFTRA Strikes impacting productions, from July 2023 through to late Autumn 2023, management have estimated it is unlikely that the probability of an earn out payment will be met.

22 Investments

Subsidiary undertakings

The Company owns directly or indirectly the whole of the issued and fully paid ordinary share capital of its subsidiary undertakings.

Subsidiaries	**Principal activity**	**Country of incorporation**	**Registered address**	**Ordinary shares held**
CAD Services Limited	Supply of mobile facilities for television and film productions	UK	Ground Floor 31 Oldfield Road, Bocam Park,	100% (2022: 100%)

			Pencoed, Wales, CF35 5LJ	
Location 1 Group Limited	Intermediate holding company.	UK	Ground Floor 31 Oldfield Road, Bocam Park, Pencoed, Wales, CF35 5LJ	100% (2022: 100% from 30 November 2022)
Location One Limited	Supply of key location facilities for television and film productions	UK	Ground Floor 31 Oldfield Road, Bocam Park, Pencoed, Wales, CF35 5LJ	100% (2022: 100% from 30 November 2022)

The subsidiary undertakings of the Company are presented below:

	Shares in group undertakings
	£'000
Cost	
At 01 January 2022	8,347
Additions through business combinations	7,187
At 31 December 2022	15,534
At 01 January 2023	15,534
Impairment	(735)
At 31 December 2023	14,799

CAD Services Limited and Location 1 Group Limited are direct investments of the Company. Location One Limited is held indirectly.

Location 1 Group Limited and its 100% owned subsidiary Location One Limited were acquired by the Company on 30 November 2022.

In accordance with the Company's accounting policies, an annual impairment test is applied to the carrying value of investments. Impairment recognised for the year totalled £734,935 (2022: £Nil). The impairment loss has been included in the Statement of Comprehensive Income within non-recurring expenses, and details of this impairment are detailed in note 14.

23 Share capital

Ordinary Shares of 1p each	*£'000*
Allotted, called up and fully paid	
At 01 January 2022	455
30 million issued Ordinary Shares of 1p in respect of AIM listing	300
0.5 million issued Ordinary Shares of 1p in respect of exercised options	5
3.407 million issued Ordinary Shares of 1p in respect of business acquisition	34
At 31 December 2022	794
At 01 January 2023	794
1.5 million issued Ordinary Shares of 1p in respect of exercised options	15
At 31 December 2023	809

All classes of shares have full voting, dividends and capital distribution rights.

On 5 January 2022 the shares of the Company were admitted to the London Stock Exchange trading on the UK AIM market. Admission and dealings of the ordinary shares of Facilities by ADF PLC became effective on this date. As part of the listing, and on this date, 30,000,000 new ordinary shares were placed at a price of 50p.

On 30 November 2022, the Group completed the acquisition of 100% of the share capital of Location 1 Group Ltd for consideration of an initial cash payment of £4,429,646 and £1,879,575 consideration paid in shares, through Facilities by ADF PLC. The shares were issued at the share price on the day of the transaction being £0.55p, resulting in an issue of 3,407,400 Ordinary Shares of 1p.

On 9 June 2023, 1,200,000 new ordinary shares were issued in respect of options exercised. The options exercised were outstanding prior to the Company's January 2022 initial public offering ("IPO"), as detailed in the Company's Admission Document, with the majority having been issued in 2020 as part of the Company's Enterprise Management Incentive ("EMI") scheme.

On 5 July 2023, 300,000 new ordinary shares were issued in respect of options exercised. The options exercised were outstanding prior to the Company's January 2022 IPO, as detailed in the Company's

Admission Document, with the majority having been issued in 2020 as part of the Company's EMI scheme.

Share options

The Group has two separate share option schemes in place, those being the Long-Term Incentive Plan ("LTIP"), and an Enterprise Management Incentive Share Scheme.

CAD Services Ltd operated two equity-settled share-based remuneration schemes for employees, under Enterprise Management Incentive Share Schemes. These options were to lapse if the individual leaves within 10 years from the date of grant if all vesting conditions had not been met earlier. These options were superseded, and all options were rolled over into new options held by Facilities by ADF PLC as part of the acquisition transaction that took place 3 December 2021. The exercisable options held were rolled over to equivalent options.

The Group has additionally put in place a LTIP, to ensure alignment between Shareholders, and those responsible for delivering the Group's strategy and attract and retain the best executive management talent. The LTIP will only reward the participants if shareholder value is created. This ensures alignment of the interests of management

directly with those of Shareholders. On 5 January 2022, the Company issued 500,000 and 390,000 new ordinary share options to M Proctor and N Evans, respectively. The options hold an exercise price of 1p and will vest after 3 years subject to specific performance measurement criteria.

The Group has put in place a Long-Term Incentive Plan ("LTIP"), to ensure alignment between Shareholders, and those responsible for delivering the Group's strategy and attract and retain the best executive management talent. The LTIP will only reward the participants if shareholder value is created. This ensures alignment of the interests of management directly with those of Shareholders. On 5 January 2022, the Company issued 500,000 and 390,000 new ordinary share options to M Proctor and N Evans, respectively. The options hold an exercise price of 1p and will vest after 3 years subject to specific performance measurement criteria.

The terms and conditions of the grants outstanding as at the 31 December 2023 are detailed below:

Date of grant	No. of options	Exercise price £	Vesting conditions	Contractual life of options
3 December 2021	500,000	0.01	Immediately	10 years (Rollover)
3 December 2021	2,000,000	0.06	Immediately	10 years (Rollover)
5 January 2022	1,200,000	0.50	Immediately	3 years
5 January 2022	890,000	0.01	LTIP	10 years
	4,590,000			

Details of the number of share options granted, exercised, lapsed and outstanding at the end of each period as well as the weighted average exercise prices in £ (“WAEP”) are as follows:

	As at 31 December 2022	WAEP	As at 31 December 2023	WAEP
Outstanding at beginning of period	4,500,000	0.05	6,090,000	0.14
Granted during the period	2,090,000	0.29	-	-
Forfeited/lapsed during the period	-	-	-	-
Exercised during the period	(500,000)	(0.01)	(1,500,000)	(0.05)
Outstanding at year end	6,090,000	0.14	4,590,000	0.16

Employee schemes

As of December 31, 2020, all options with the same exercise conditions based on an exit criterion were considered valid. No expenses were recorded in the statement of comprehensive income for outstanding options because the Directors of the Group believed it was not highly probable that the exit criteria for the share option awards would be met in the foreseeable future. However, following the share for share exchange and the crystallisation of the rollover shares, new vesting conditions meant that the options could vest immediately. Consequently, the Directors believed that the exercise of options was highly probable, leading to the recognition of a charge for share-based payments in the statement of comprehensive income for options outstanding as of December 31, 2021.

The fair value of options granted was determined using the Black-Scholes option pricing model, deemed appropriate due to the short contractual lives of the options and the requirement to exercise them shortly after the employee becomes entitled to the shares. Management adjusted the expected life used in the model for non-transferability, exercise restrictions, and behavioural considerations. The fair value of the option at the grant date

also took into account non-vesting conditions and market conditions, with adjustments made for service conditions and non-market performance conditions at each reporting date. No additional employee options have been granted since this date.

LTIP

Grant date

The grant date of the Options is the date of issue.

Exercise

Unless otherwise determined and subject to the redemption conditions having been met, the Company and the holders of the Options have the right to exchange each Option for Ordinary Shares in the Company, which will be dilutive to the interests of the holders of Ordinary Shares. It is currently expected that in the ordinary course options will be exchanged for Ordinary Shares.

Vesting Conditions and Vesting Period

The Options will vest and become exercisable following the end of the Performance Period, being the 1 January 2022 and ending on 31 December 2024.

The Options are subject to certain vesting Performance Conditions, the conditions are as follows:

i. 50% of the Options will be subject to EBITDA target over the Performance Period; and

ii. 50% of the Options will be subject to an absolute total shareholder return performance condition over the Performance Period.

If the Performance Conditions (or any element of it) is not satisfied in full at the end of the Performance Period any part of the Option that has not Vested as a consequence of the Performance Condition (or any element of it) not being satisfied in full shall lapse immediately on the Board's determination that the Performance Condition (or the applicable element of it) has not been satisfied in full.

Holding of Options

M Proctor and N Evans hold Options.

The following shares were in issue on 31 December 2023:

Issue date	Name	Share designation at balance sheet date	Nominal Price	Issue price per share £'s	Number of Ordinary shares	IFRS 2 Fair value £'s
5 January 2022	M Proctor	Ordinary Shares	£0.01	0.55	500,000	98,917
5 January 2022	N Evans	Ordinary Shares	£0.01	0.55	390,000	77,156

Valuation of Options

Valuations were performed by Pegasus Capital using a Monte Carlo model to ascertain the fair value at grant date. Details of the valuation methodology and estimates and judgements used in determining the fair value are noted herewith and were in accordance with IFRS 2 at grant date.

There are significant estimates and assumptions used in the valuation of the Options. Management has considered at the grant date, the potential range of value for the Options, based on the circumstances on the grant date.

The fair value of the Options granted under the scheme was calculated using a Monte Carlo model with the following material inputs:

Issue date	Name	Share designation at balance sheet date	Volatility	EBITDA target return probability	Total shareholder return target probability	Risk-free rate	Expected term (years)
5 January 2022	M Proctor	Ordinary Shares	50%	40.19%	33.73%	1.0175%	3
5 January 2022	N Evans	Ordinary Shares	50%	40.19%	33.73%	1.0175%	3

The Options are subject to the Performance Conditions being achieved, which are market and non-market performance conditions, and as such has been taken into consideration in determining their fair value. The model incorporates a range of probabilities for the likelihood of EBITDA and total shareholder return.

Expense related to Options

An expense of £58,691 (2022: £58,691) has been recognised in the Statement of Comprehensive Income in respect of the Options issued during the year. There is a condition associated with the Options issued which requires the fair value charge associated with the Options to be allocated over the minimum vesting period. This vesting period is estimated to be 3 years from the date of grant.

24 Reserves

Called up share capital

Called up share capital represents the nominal value of shares that have been issued.

Share Premium

The premium on issue of equity shares, net of any issue costs.

Share based payment reserve

The cumulative amount recognised in relation to the equity-settled share-based payment schemes in place.

Merger reserve

The difference between the nominal value of shares issued in the share exchange and the book value of the shares obtained, in line with merger accounting principles.

Retained earnings

Retained earnings relate to cumulative net gains and losses less distributions made.

Merger relief reserve

Merger relief reserve represents the difference between the nominal value of the shares issued as part of the share exchange and the net assets acquired.

25 Retirement benefit scheme

	As at 31 December 2023 £'000	*As at 31 December 2022 £'000*
Defined contribution schemes:		
Charge to income statement	235	170

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Group in independently administered funds.

Outstanding pension contributions at the year ended 31 December 2023, included within other creditors of the Group amounted to £50,448 (2022: £53,799).

26 Capital and financial commitments

The Group commits to lease agreements in respect of hire facilities over 6 months in advance, this is due to the nature of the facilities leased.

The Group has committed to new fleet capital expenditure orders of approximately £5,683,935 for 2024.

The Group held no other additional capital, financial and or other commitments at 31 December 2023.

27 Financial Instruments

Financial assets

Financial assets are not measured at fair value and due to their short-term nature, the carrying value approximates their fair value. They comprise trade receivables, other receivables, and cash. It does not include prepayments.

Group	*As at 31 December 2023*	*As at 31 December 2022*
	£'000	*£'000*
Trade receivables	895	1,761
Other receivables	333	909
Cash at bank	3,533	9,518
	4,761	12,188

Company	*As at 31 December 2023*	*As at 31 December 2022*
	£'000	*£'000*
Other receivables	308	307
Amounts due from subsidiaries	11,587	12,959
	11,895	13,266

Financial liabilities

Financial liabilities measured at amortised cost comprise trade payables, lease liabilities and accruals. It does not include other taxation and social security and deferred income.

Group	*As at 31 December 2023*	*As at 31 December 2022*
	£'000	*£'000*
Trade payables	877	1,932
Other payables	18	1,055
Accrued expenses	886	1,461
	1,781	4,448

Company	*As at 31 December 2023*	*As at 31 December 2022*
	£'000	*£'000*
Other payables	-	849
Accrued expenses	65	279
	65	1,128

Financial risk management

The Group is exposed through its operation to the following financial risks: credit risk, interest rate risk, foreign exchange risk and liquidity risk. Risk management is carried out by the Directors of the Group. The Group uses financial instruments to provide flexibility regarding its working capital requirements and to enable it to manage specific financial risks to which it is exposed.

The Group finances its operations through a mixture of debt finance, cash and liquid resources and various items such as trade debtors and trade payables which arise directly from the Group's operations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. In order to minimise the risk, the Group endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored. The maximum exposure to credit risk is the carrying value of its financial receivables, trade and other receivables and cash and cash equivalents as disclosed in the notes to the financial information.

The receivables' age analysis is evaluated on a regular basis for potential doubtful debts, considering historic, current and forward-looking information. No material impairments to trade receivables, have been made to date. Further disclosures regarding trade and other receivables are provided within the notes to financial information.
Credit risk also arises on cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "AA-" are

accepted. Currently all financial institutions whereby the Group holds significant levels of cash are rated from AA- to A+.

Interest rate risk

As at 31 December 2023, the Group had no current borrowings and used no finance facilities or debt structures to coordinate business. Therefore, interest rate risk exposure for the Group is minimal. The Group's policy aims to manage the interest cost of the Group within the constraints of its financial borrowings.

The Group have entered into significant leases for various assets, namely hire facilities, under fixed interest rate terms. This means that the interest rate charged on these leases is fixed for the entire term of the lease, regardless of changes in market interest rates.

If market interest rates rise, the Group's fixed-rate leases will become less attractive to potential lessors, as they would be able to obtain better rates elsewhere. On renewal of these leases this could result in the Group having to renew or renegotiate these leases at higher rates, which would increase its operating costs and potentially reduce its profitability.

The Group look to mitigate this risk by committing to lease agreements in respect of hire facilities over 6 months in advance, ensuring management can manage and plan for interest rate change.

Foreign exchange risk

Foreign exchange risk arises when the Group enters into transactions in a currency other than their functional currency. The Group's policy is, where possible, to settle liabilities denominated in a currency other than its functional currency with cash already denominated in that currency.

The Group operates primarily in the UK and as such transactions are substantially denominated in Sterling (GBP). As such the Group is exposed to minimal transaction foreign exchange risk. The mix of currencies and terms of trade with its suppliers are such that the Directors believe that the Group's exposure is minimal and consequently they have not, to date, specifically sought to materially hedge that exposure. Most of the Group's funds are in GBP with only sufficient funds held in foreign currencies to meet local costs.

Liquidity risk

The Group seeks to maintain sufficient cash balances. Management reviews cash flow forecasts on a regular basis to determine whether the Group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.

A maturity analysis of the Group's trade and other payables is shown below:

	As at	*As at*
	31 December 2023	*31 December 2022*
	£'000	*£'000*
Less than 1 year:		
Lease liabilities	6,453	4,542
Trade and other payables	897	2,987
Accrued expenses	886	1,461
	8,236	8,990
Between 1-5 years:		
Lease liabilities	16,473	12,506
	16,473	12,506
More than 5 years:		
Lease liabilities	7,393	8,759
	7,393	8,759
Total including interest cash flows	32,102	30,255
Less interest cash flow:		
Lease liabilities	(5,111)	(4,578)
Total principal cash flows	26,991	25,677

Capital Disclosures

The capital structure of the business consists of debt and equity. Equity comprises share capital, share premium, share based payment reserve, and accumulated reserves and is equal to the amount shown as 'Equity' in the balance sheet. Debt comprises various items which are set out in further detail above and in the notes to the accounts.

The Group's current objectives when maintaining capital are to:

- Safeguard the Group's ability as a going concern so that it can continue to pursue its growth plans;
- Provide a reasonable expectation of future returns to shareholders; and
- Maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt. During the period covered the Group's business strategy remained unchanged.

28 Related party transactions

The CAD Services Pension Scheme owns properties leased by CAD Services Ltd. In total CAD Services Ltd paid the CAD Services Pension Scheme as at 31 December 2023 £30,000 (2022: £30,000) in lease payments.

Dividends were paid to M Proctor, a director of the Company, during the year ended 31 December 2023 of £19,600 (2022: £6,440). Dividends were paid to J Richards, a director of the Company, during the year ended 31 December 2023 of £33,600 (2022: £11,040). Dividends were paid to K James, a director of the Company, during the year ended 31 December 2023 of £3,500 (2022: £1,380).

Included in other payables as at 31 December 2023 is amounts payable of £Nil (2022: £848,582) in respect of employer social security costs due on M Proctor share options exercised in 2021.

On 3 December 2021 J Richards was granted 2,000,000 Ordinary Shares. An amount payable was due to the Company in respect of this transaction of £20,000 (2022: £20,000), residing in other receivables as at the 31 December 2023. Additionally, a further amount was payable by J Richards in respect of the PAYE balance due on the Ordinary Shares granted, paid by the Company, amounts due at 31 December 2023 were £286,684 (2022: £286,684). The amounts due from J Richards are interest free and repayable on the earliest of 5 years or the sale of their shares owned in Facilities by ADF PLC.

29 Changes in liabilities from financing activities

	At 1 January 2022	*Financing cash flows*	*Interest*	*New borrowings non - cash*	*New borrowings business acquisition*	*At 31 December 2022*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
Lease liabilities	12,265	(3,585)	695	10,935	919	21,229
Other financing activities and borrowings	342	(349)	7	-	-	-
Total liabilities from financing activities	12,607	(3,934)	702	10,935	919	21,229

	At 1 January 2023	*Financing cash flows*	*Interest*	*New borrowings non - cash*	*New borrowings business acquisition*	*At 31 December 2023*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*

Lease liabilities	21,229	(5,814)	1,335	8,458	-	25,208
Total liabilities from financing activities	21,229	(5,814)	1,335	8,458	-	25,208

30 Ultimate controlling party

The Directors do not consider there to be one ultimate controlling party.

31 Post balance sheet events

On 4 March 2024, the Company awarded 1,001,225 options under its LTIP Awards to Directors M Proctor (571,429 options) and N Evans (429,796 options). The awards are over ordinary shares of £0.01 in the form of options to acquire ordinary shares at nominal value.

The LTIP Awards will vest not earlier than the third anniversary of grant subject to meeting the performance conditions applied to the awards measured over the three-year period ending 31 December 2026. 50% of the award is subject to an EBITDA growth performance target and 50% is subject to a total shareholder return growth target with vesting commencing at 6% CAGR rising on a straight line to full vesting at 10% CAGR. The LTIP Awards are subject to a two-year post-vesting holding period.

Awards of a further 566,329 options were made to other senior employees on similar terms.

There are no other post balance sheet events to disclose.