kinovo

Investing in people, powering success

Kinovo plc
Annual Report and Accounts 2024

A leading UK provider of specialist property services

Purpose

We raise living standards for people, families and communities, keeping them safe and making the possibilities of tomorrow a reality today.

Vision

We work together to lead in the provision of safe and sustainable property solutions and services that protect our customers, benefit the environment and enhance communities and the lives of our employees.

Financial highlights

Revenue (£m)

£64.1m

+2%

24	64.1
23	62.7
22	53.3
21	39.4

Adjusted EBITDA[1] (£m)

£6.7m

+23%

24	6.7
23	5.5
22	4.2
21	2.1

Adjusted cash conversion from adjusted net cash generated from operating activities[2] (£m)

£5.9m

88%

24	5.9
23	5.9
22	9.4
21	4.5

Net cash/(debt)[3] (£m)

£0.4m

24	0.4
23	1.1
22	(0.3)
21	(2.7)

Profit before tax (£m)

£6.0m

+37%

24	6.0
23	4.4
22	2.8
21	(0.4)

Basic earnings per share (pence)

8.20p

+37%

24	8.20
23	5.97
22	3.66
21	(0.42)

Three-year visible revenues[4] (£m)

£162.6m

+11%

24	162.6
23	146.4
22	140.4
21	105.0

Carbon intensity (tCO_2e/FTE)

2.25

-4.18%

24	2.25
23	2.35
22	2.42
21	3.03

Operating highlights

- Continued execution of the growth strategy focusing on our three pillars of Regulation, Regeneration and Renewables
- Mix of works, operational efficiencies and cost management drive profitability increases:
  - Gross margins increased 3.1% from 26.3% to 29.4%
  - EBITDA margins have strengthened by 1.8% from 8.7% to 10.5%
- Strong visibility of future revenues demonstrates the business' quality of earnings:
  - 99% of the three-year visible revenues are recurring[5]
  - £69 million of our three-year visible revenues are anticipated to be realised in FY25
- Focus on diversification generates an 11% net increase in our overall client base
- Strategic investments to drive implementation and capitalise on market opportunities, including:
  - Strengthened efficiency within our collaborative support functions, contributing to overall margin improvements
  - Established a retrofit team to focus on works relating to the Government's Decarbonisation objectives and related awards through the Social Housing Decarbonisation Fund
  - Geographic expansion with a new office in East Anglia which creates significant business development opportunities initiating with short-term awards which we are confident will be converted into longer term contracts
- Continued Business Development success leading to longer-term contracts at higher values, including:
  - An Electrical contract with The Hyde Group to deliver up to £40 million over the next 8 years
  - A two-year contract extension for the Mechanical Division with Haringey Council, with a historical value of approximately £3 million per annum
- Framework agreements also represent a significant growth driver, with awards during the year including:
  - The Greener Future Partnership's ("GFP") Decarbonisation Framework, leading to a direct award with an anticipated value of £4.8 million over 19 months
  - The Eastern Procurement Limited's Asset Improvement and Sustainability Framework, with a maximum estimated aggregate value of £156 million across five contractors over 4 years

Discontinued operations: DCB Kent

- Post-period end, have agreed, in principle, resolution of the final of the nine projects in relation to DCB Kent ("DCB"), the former construction subsidiary
- Full and final settlement agreed in principle at £2.2 million payable over an 18 month period
- At the date of signing the financial statements, only one project remains in progress on site, which will be completed in July 2024, which, combined with the above, will finally conclude the DCB legacy projects
- Total cumulative net pre-tax cost to complete all the DCB projects is expected to be £12.9 million of which the pre-tax costs charged in FY24 was £7.6 million (FY23: £5.3 million)
  - Total costs to complete includes provision for the £2.2 million settlement in principle of the ninth project and excludes anticipated final account recoveries, contract variations and claims of up to £2.6 million, which would benefit the Group as and when they are realised
- At 31 March 2024 the outstanding balance of the £12.9 million total estimated cost to complete on the balance sheet payables was represented by £3.2 million provisions and £0.7 million trade creditors:
  - At 31 March 2024, cumulative cash of £9.0 million cash had been paid on the DCB projects, of which £7.4 million was paid in FY24
  - At end of Q1 FY25, a further £1.7 million cash had been paid, accumulating to £10.7 million
  - Net cash remaining to be paid after Q1 FY25, excluding the benefit of potential anticipated recoveries, is expected to be £2.2 million, representing the expected settlement of the final project set out above, payable over an 18-month period
- The remaining DCB commitments are expected to be funded from the strong cash generation of the continuing operations and existing finance facilities

Outlook

- Having delivered another year of profitable growth, ahead of expectations, the Company remains steadfast in its strategy and commitment to maximise value for shareholders
- The Company has made a positive start to FY25, underpinned by the momentum of FY24 and the market's continued legislative, regulatory and decarbonisation drivers
- The anticipated end to the DCB legacy projects, provides the opportunity to fully focus on our continuing operations and the Company is confident of delivering another strong performance in the year ahead, in line with the Board's expectations

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1 Adjusted EBITDA excludes non-underlying items (customer relationship amortisation, share based payment charge and exceptional items) and is stated after the effect of a charge for lease payments as set out in note 8 of the financial statements.

2 Adjusted net cash (being net cash generated from continuing operations before non-underlying items and tax and after lease payments, adjusted to reflect the payment of deferred HMRC payments to normal terms) divided by Adjusted EBITDA. Further analysis is set out in the Financial Review.

3 The Group's balance at the reporting date of bank loans and other loans and overdraft less cash and cash equivalents, and excluding lease obligations.

4 Three-year visible revenues represents the minimum identifiable revenues over the following three-year period, being contracted or anticipated spend as well as historical run rates. Visible revenues does not include potential income from framework agreements but does include £6.0 million revenues awarded since 31 March 2024.

5 Revenues arising from term contracts currently secured or anticipated to be renewed with an initial period spanning more than twelve months.

Making the possibilities of tomorrow a reality today

Kinovo plc is a leading UK provider of specialist property services centred on safety and regulatory compliance, home and community regeneration and sustainable living by installing efficient and greener energy alternatives.

What we do

Kinovo delivers mechanical, electrical and building services through three long-established and complementary subsidiaries. Through collaboration and shared central functions, we offer clients a range of end-to-end specialist services, working in partnership with them to meet their compliance and sustainability goals.

£162.6m
visible revenues

99%
of visible revenues are recurring

3+ years
typical length of service contracts

£1.4m
average annual revenue spend per contract

Our subsidiaries

Dunhams

Dunhams offers a complete range of electrical, mechanical, general building and renewable energy services for local authorities, social housing, educational and private sectors. The continued success of Dunhams' work has enabled it to become a principal contractor for one of the largest social housing suppliers in the UK.

Read more on page 16

Purdy

Purdy is a well-established mechanical, electrical, building services, and renewable energy contractor based in North East London. The business works closely with many local authorities, housing associations, registered providers, and large commercial organisations.

Read more on page 18

Spokemead

For some 25 years, Spokemead has acted as the principal contractor for electrical installation, repairs, and maintenance, as well as fire safety, voids, kitchens, and bathrooms, in London's largest borough.

Read more on page 20

DUNHAMS PURDY SPOKEMEAD

KINOVO

Providing vital support with

HR • Business development • Compliance and health and safety • Fleet management
IT and system support services • Finance • Marketing • Social value • Sustainability

Read more on page 14

We are a people business

600,000
properties and schools supported, spanning a third of all London Boroughs

255
employees who are committed to making our sustainability goals a reality

3
mental health workplace responders

28%
female staff

31
apprentices

Visible revenues by sector

●	Local Councils	£69.0m (42%)
●	Housing Associations	£93.6m (58%)

Locations

Key

Chingford – **Kinovo Head Office and Purdy Head Office**
Erith – Purdy office serving South East London Boroughs
Hackney – Purdy office serving the Hackney Borough
Romford – Purdy Customer Service Centre and R Dunham Head Office
Southwark – Spokemead Head Office
Dereham – Purdy office serving Norfolk and Suffolk

- New office in FY24
- Existing offices

Our services

Regulation

Assuring safety and regulatory compliance standards in homes and places of work

We conduct all necessary compliance tests required by law to ensure properties are kept safe and secure, including:

- Electric
- Gas
- Access control systems
- Ventilation systems
- Fire systems
- Water hygiene

Regeneration

Creating and enhancing dwellings and workplaces to support sustainable and resilient communities

Our skilled teams perform both planned and reactive maintenance works, which include:

- Void works
- Legal disrepairs
- Vacant building conversions
- Reutilising unused space
- Improving communal spaces
- Greener buildings
- Disabled adaptation works
- Kitchens and bathrooms
- Smoke alarm installation
- Smart metering
- Data installation
- CCTV

Renewables

Providing energy-efficient solutions that reduce carbon footprint

We support clients in reaching their net zero goals through a fabric-first approach, focusing on reducing heat loss and enhancing the energy efficiency of homes and buildings. We supply and install certified sustainable solutions, including:

- Loft, floor, external, internal and cavity wall insulation
- Draught proofing
- Energy-efficient glazing to windows and doors
- Mechanical ventilation and heat recovery
- Energy-efficient boilers
- Energy-efficient lighting systems and controls
- Water efficient taps and showers
- Solar photovoltaic
- Ground and air source heat pumps
- Electric vehicle charging

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A year of solid organic growth

> I am excited and optimistic about the prospects for the business."
>
> Sangita Shah
> Non-Executive Chair

Overview

This has been a very pleasing year of solid organic growth, with underlying EBITDA year on year having increased by 23%. I am particularly delighted that we will shortly draw a line under the legacy project issues associated with the disposal of our construction business, DCB, with the completion of the eight projects and an agreed in principle settlement of the final project.

The Company, unfettered by the uncertainties relating to these legacy projects will now be well positioned to forge forwards in terms of further growth in revenues, cash generation and shareholder value. To that end, our three-year visible revenues have increased by 11% to £162.6m.

This excellent performance is entirely attributable to the execution and commitment of all within the Company to focus on our strategic pillars of Regulation, Regeneration and Renewables.

Market

Kinovo has been a clear beneficiary of the political and legislative landscape with increasingly stringent building and housing regulations resulting in us winning more work consisting of longer and more valuable contracts. This trend is set to continue and is unlikely to be diminished with a new Labour government.

In terms of the capital markets, the London Stock Exchange reforms will assuredly provide a boost for liquidity and investment in small caps and small cap equity funds, allowing better access to capital for retail investors. It is pleasing to note that the UK is leading Europe in equity fundraising in terms of volume of equity placed. A resurgent stock market, coupled with excellent financial performance of the Company, will unquestionably benefit Kinovo and shareholders.

ESG

ESG remains a fundamental part of what drives Kinovo both in terms of day-to-day operations and in our values and commitments. We are moving to Scope 3 reporting and action and provide a detailed assessment of this in our section on Sustainability.

Our people

Unquestionably, our people are at the very heart of our business and it is due to their sustained commitment and efforts throughout the organisation that we have had such a successful year. These efforts were spearheaded by the Executive management team who have shown resilience in overcoming the recent challenges relating to DCB, our former construction business, and to whom I especially express my gratitude.

Outlook

This was a significant year, and I am excited and optimistic about the prospects for the business. As we drive organic growth, we may, alongside this, consider opportunistic bolt-on acquisitions. In time we hope to reinstate our dividend. Our focus now firmly remains on driving long-term shareholder value.

Sangita Shah
Non-Executive Chair
9 July 2024

A powerful blend of regulatory and ESG-driven organic growth potential

Substantial visible recurring revenues based on long-term service contracts

Kinovo won, renewed, or extended 13 contracts and framework agreements during the year. The three-year visible revenues at the year end stood at £162.6 million, excluding framework agreements. We have an increasingly diverse client base in terms of services provided and location, following our expansion into the East of England through our "land and expand" strategy.

Our essential specialist services benefit from long-term market fundamentals, with contracts typically over three years.

£162.6m

of visible revenues for the next three years

Read more on page 6

Foundation of non-discretionary services meeting compliance and regulatory requirements

The core of our business has highly defensive characteristics through safety and regulatory compliance services for local authority and social housing clients. These services are mandatory in nature and specialist in their requirements.

The regulatory environment is becoming more stringent and complex, requiring considerable investment in training, skills and qualifications, leading to ever higher barriers to entry.

The transition towards green technologies is leading to the introduction of additional regulatory and compliance requirements, providing further opportunities for growth.

60%

of our business is regulatory driven

Read more on page 22

Holistic ESG approach, meeting client requirements to achieve social value and net zero targets

Our business model regularly generates opportunities to keep people safe and warm through a "fabric-first" approach. This focuses on reducing heat loss and improving energy efficiency in homes to achieve low-carbon, sustainable properties that are affordable to heat. Local authority and housing association clients are under pressure to improve the quality of their stock to raise safety standards, reduce carbon emissions, and lower energy costs for themselves and their residents. This provides building and community regeneration opportunities, vacant conversions and disabled adaptations.

As a PAS 2030-accredited installer, Kinovo carries out a range of works under Government-supported decarbonisation schemes. With planned investment in renewables only increasing over the coming years, the Group is in a strong position to benefit from the sector's long-term growth prospects.

40%

of revenues from Regeneration and Renewables

Read more on pages 36 to 47

Predictable strong cash generation enabling continued investment

Our ability to secure consistently high levels of cash conversion allows us to invest in our people and business to increase our capabilities, reduce operating costs, win new business and achieve meaningful organic growth. Our balance sheet enables us to invest more in our communities as part of our environmental, social, and governance ("ESG") strategy, delivering greater social value and providing local people with employment opportunities.

88%

cash conversion*

Read more on page 30

Cash flow and finalisation of DCB projects

The net cash position reduced by £0.7 million from £1.1 million to £0.4 million with strong cash generation from the core business offset by DCB cash outflow.

The Group has made significant progress with its former construction subsidiary, DCB Kent, having concluded seven of nine projects, with another due to be completed in July 2024. The final project is subject to a financial settlement with the client, of £2.2 million, payable over 18 months from July 2024. The Board has reassessed and clarified the pre-tax net cost to complete all the DCB projects as £12.9 million. Total costs to complete includes provision for the £2.2 million settlement and excludes anticipated final account recoveries, contract variations and claims of up to £2.6 million, which will be reported when they are received.

At end of Q1 FY25 £10.7 million cash had been paid (at 31 March 2024: £9.0 million) on the projects. Net cash remaining to be paid, excluding the potential recoveries, is expected to be £2.2 million, representing the settlement set out above, payable over an 18 month period.

At 31 March 2024 the outstanding provision required to fulfil the total cost to complete provision of £12.9 million was £3.2 million. £0.7 million costs had been incurred at 31 March 2024 which were paid after the year end. The remaining cost to complete commitments are expected to be funded from the strong cash generation from the underlying operations and existing finance facilities to manage the cash flow dynamics. The Group maintains the support of its banking partner, HSBC UK Bank plc and renewed its facilities after the end of the financial year.

DCB

projects finalised

Read more on page 7

* Adjusted cash generated from continued operating activities divided by Adjusted EBITDA, as set out in the Financial Review.

Strong profit growth

"Our performance is a result of our clearly defined growth strategy."

David Bullen
Chief Executive Officer

Kinovo delivered an excellent performance ahead of previous expectations, achieving very strong profit growth on relatively modest revenue growth. This was achieved through a different mix of works, particularly reflecting the increased proportion of higher margin Electrical services in the year, underpinned by improved operational efficiency and robust cost base management. Furthermore, we have made significant progress as we continue to deliver on our strategic goals.

Revenue from continued operations grew to £64.1 million (FY23: £62.7 million). Revenue growth was held back by a number of planned work delays until FY25 and a year-on-year, £3.6 million reduction in revenue relating to the strategic exit from a private sector mechanical contract.

I am pleased that we delivered strong growth in profitability, with EBITDA rising by 23% to £6.7 million (FY23: 5.5 million), ahead of prior expectations of £6.2 million. Gross margins were 29.4% (FY23: 26.3%) and adjusted profit before tax grew by 25% to £6.1 million (FY23: £4.9 million). At 31 March 2024, cash balances were £0.5 million and our net cash position was £0.4 million (FY23: £1.1 million), which is after the impact of the total cash outflow of £7.4 million from the DCB legacy projects during the year.

This performance is a result of our clearly defined growth strategy, with the team focused on driving our three key pillars of Regulation, Regeneration and Renewables. Each represents a significant opportunity for the Group as we continue to execute our strategy and position Kinovo as a specialist one-stop-shop for all our clients' service needs to meet regulation and compliance requirements as well as national decarbonisation targets.

Revenues of £38.5 million for our Regulation pillar and £19.3 million under Regeneration saw year-on-year growth of 9% and 10% respectively, offset by Renewables reducing by 36% to £6.3 million. This performance in Renewables is predominantly due to the strategic exit from a private sector mechanical contract as mentioned above. An analysis of revenues from the three Rs to our segmental reporting is shown below.

	Build		Electrical		Mechanical		Total	
	FY24 £'m	FY23 £'m	**FY24 £'m**	FY23 £'m	**FY24 £'m**	FY23 £'m	**FY24 £'m**	FY23 £'m
Regulation	**14.1**	14.4	**19.0**	15.3	**5.4**	5.6	**38.5**	35.3
Regeneration	**6.4**	5.3	**11.3**	10.4	**1.6**	2.0	**19.3**	17.6
Renewable	**–**	–	**1.6**	2.3	**4.7**	7.4	**6.3**	9.8
Total	**20.5**	19.7	**31.9**	28.0	**11.7**	15.0	**64.1**	62.7

Kinovo won, renewed, or extended 13 contracts and framework agreements during the year. Three-year visible revenues continue to grow, with an increase of 11% at the year end to £162.6 million (FY23: £146.4 million), which includes £6.0 million awarded since 31 March 2024, as well as a further diversification of our portfolio with a net increase in our overall client base also of 11%. Of the three-year visible revenues 99% are recurring and £69 million of our three-year visible revenues are anticipated to be realised in FY25.

Market

During the year, we managed and mitigated a number of industry-wide macro-economic pressures, delivering a trusted partnership service and strengthening our reputation with our clients.

We continue to benefit from a number of regulatory and legislative drivers, including the Social Housing (Regulation) Act, the Building Safety Act, the Fire Safety Act and Electrical Wiring legislation, which have meaningfully increased demand for, and frequency of, our range of works across our operating areas and three growth pillars.

During the year, we continued to drive the development of our Renewables and Regeneration pillars by establishing a retrofit team, which will focus on works relating to the Government's decarbonisation objectives and related awards through the Social Housing Decarbonisation Fund. There is a clear growth opportunity for Kinovo that our retrofit offering can support local authorities and councils who are under time and administrative pressure to progress their initiatives and activities. The team has had an incredibly encouraging start, already generating a return on investment, and is delivering a number of additional new business development opportunities for the Group. The increased focus on decarbonisation across businesses in general will play to our advantage as a leading specialist operator within our regional markets.

Decarbonisation, along with the other key legislative and regulatory drivers, ensures a greater focus on compliance and raises quality standards for social housing residents and continues to deliver non-discretionary-led revenue opportunities for Kinovo, which our strong reputation will enable us to leverage.

Strategy

Our focus remains on driving shareholder value. We continue to reap the rewards of our strategy to focus on the three key growth pillars of Regulation, Regeneration and Renewables. This continues to deliver results, with each being supported by long-term market drivers as well as the investments in our teams and capabilities to deliver a best-in-class service and capitalise on cross-selling opportunities.

These internal investments include building our business development, procurement and service support teams, as well as strengthening our sales and marketing collateral. This is all underpinned by rigorous and robust cost management. Additionally, we ensure that we continuously develop our offering to enable us to improve the quality of our proposals for new projects, as well as enhancing our offering for existing clients.

The foundation of our business will continue to focus on driving organic growth, with a primary objective to continue to demonstrate the cash generative qualities of the business by building our cash reserves. We will, however, evaluate the market and may consider acquisitions in the future which are the right strategic fit for the Group.

Focusing on consolidating our geographic position, we identified Norfolk as a natural opportunity for organic geographic expansion. We have considered this for a while, believing that there is a rich opportunity for a high-quality specialist building services provider. The Norfolk office is already delivering, and has won several new clients.

Critically, the Norfolk team has generated a number of opportunities for us to demonstrate the quality of our works through initial short-term awards which we are confident will be converted into longer-term contracts as our partnerships develop. Most pleasingly the awareness of our businesses are increasing in Norfolk, which will prove invaluable as we continue to implement our growth plans to capitalise on the identified growth opportunity.

We continue to prioritise the diversification of our contract and client base, which was a key driver in our strong bottom-line performance this year. There have been a number of meaningful new contract wins, contract extensions and positions on framework agreements which saw us deliver a net increase of 11% to our overall client base.

Examples of these include:

- an electrical contract with The Hyde Group to deliver up to £40 million over the next eight years;
- a two-year contract extension for the Mechanical Division with Haringey Council, with a historical value of approximately £3 million per annum;
- a place on The Greener Future Partnership's ("GFP") Decarbonisation Framework which led to a direct award to Kinovo for the Building Services Division with an anticipated value of £4.8 million over 19 months to retrofit approximately 200 properties. The framework comprises five housing associations and over 300,000 homes, representing 9% of the total UK social housing market;
- a place on the Eastern Procurement Limited's Asset Improvement and Sustainability Framework, with a maximum estimated aggregate value of £156 million across a total of five contractors over a term of four years; and
- winning a place on three lots of The Hyde Group's Alternative Heating Servicing and Maintenance Services and Metering and Billing Services Framework with an estimated aggregate value of £132 million across a total of five contractors over a term of four years.

We anticipate a continued uplift in the value we are able to derive from our framework placings, and look forward to updating the market on these in the months ahead.

Our people are our greatest asset. During the year, we engaged our staff with 3,983 hours of learning, with 20% of our employees attending management training, and over 8% of our staff progressing into more senior roles as we build out our team to leverage the opportunities ahead.

The sector is recognised as having an ageing skilled workforce and we remain committed to developing the next generation into our trades, ensuring we maintain a pipeline of qualified staff to support our continued growth. Despite a number of apprentices achieving their qualifications and graduating during the year, we are pleased to report that we have maintained our skills pipeline and apprentices account for 12% of our total employees.

We also see ourselves as a partner of our local communities, helping to leave a positive and lasting impact in the areas where we operate. During the year, we undertook a vast amount of initiatives to benefit our communities amounting to 1,066 volunteer hours ranging from clearing rubbish, installing security lighting, prison visits, facilitating mock interviews in local schools, painting and decorating communal areas in a domestic violence shelter, providing high-visibility vests for a primary school through to setting up a food bank with one of the oldest housing associations in the country, which our staff continue to attend on a regular basis.

Discontinued operations

I am pleased to report that we have made significant progress in relation to DCB Kent ("DCB"), our former construction subsidiary. Having agreed in principle the settlement of the final of the nine projects post period end, there is only one project in progress on site which will be completed in July 2024. Formal agreement on the final project and completion of the eighth project will bring an end to this disappointing situation. This has had a massive impact on resources both operationally and financially, significantly hindering our valuation and growth opportunities.

On behalf of the Board, I would like to thank our shareholders for their patience and support as we navigated the challenges it brought to our business. In turn, I also extend our thanks to our team for its resilience, commitment and efforts regarding DCB – we are pleased and motivated to finally be fully focused on our future rather than our past.

Outlook

The new financial year has started positively, in line with the Board's expectations, and our momentum continues with the ongoing facilitation of the market's legislative and decarbonisation drivers. Buoyed by the imminent end of the DCB legacy projects and the opportunity to fully commit to our continuing operations, we are confident of delivering another strong performance in the year ahead and are equally confident that the patience of our shareholders will be rewarded as our cash generative qualities and inherent value become increasingly evident and the final DCB legacy project is concluded.

David Bullen
Chief Executive Officer
9 July 2024

Driven by change

Our business is aligned with the key concerns that drive change in the UK's affordable housing market. With demand for housing outstripping supply, particularly in the South East where Kinovo operates, demand for our services is set for long-term growth.

Trend

Health and safety underpins non-discretionary spending through Regulation

Ongoing regulatory change, improving standards and greater powers by authorities to ensure compliance are leading to increased spending on housing stock. These requirements are non-discretionary and are resilient to economic downturns.

The Grenfell Tower fire tragedy and recent press focus on mould and damp problems in homes have led to greater scrutiny around fire protection, electric and gas compliance, damp monitoring and ventilation.

Spending on health and safety typically comes from capitalised repairs and maintenance budgets, which have been increasing year on year.

The Social Housing Regulation Act 2023, which came into effect on 1 April 2024, gives the Regulator for Social Housing ("RSH") the power to hold landlords to account, impose unlimited fines for breaches, enter properties with only 48 hours' notice, and force emergency repairs. This is meaningfully increasing demand for our services and spending. It also aims to protect tenants and enhance the services they receive. Under the new Act, landlords need to:

- listen to tenants' complaints and respond promptly to put things right;
- be accountable to tenants and treat them with fairness and respect;
- know more about the condition of every home and the needs of the people who live in them; and
- collect and use data effectively across various areas, including repairs.

The right for people to live in a decent home through Regeneration

Expenditure on exiting stock continued to increase last year and is currently at record levels, according to the latest Quarterly Survey from the RSH (January to March 2024). A record £7.9 billion was spent in the 12 months to 31 March 2024 – a 15% increase on the previous year – a further £9.1 billion is forecast over the next year.

The UK's shortage of homes is well documented, particularly in urban areas and the South East, where market rental prices are unaffordable to many. Providers continue to address this gap by acquiring and constructing homes to increase availability. The latest RSH report shows that development expenditure in new housing properties is forecast to be £15.2 billion over the next 12 months.

Decarbonisation of housing stock is leading to significant investment in Renewables

The Government's commitment to reach net zero emissions by 2050 and estimated capital investment of around £26 billion to achieve this is providing the impetus for housing providers to establish their strategies to improve the energy efficiency of homes and invest in green technology. Around £90 billion of private investment is expected to be spent by housing providers over the coming decades, typically using a fabric-first approach and available grant funding.

The Social Housing Decarbonisation Fund is designed to provide funding support to upgrade inefficient social and affordable homes. Since 2019, £1.1 billion has been made available out of a total expected £3.9 billion by 2029.

These commitments are in addition to all new affordable homes needing to be "zero-carbon ready", produce 75% to 80% less carbon dioxide, and no longer connect to the gas grid from 2025.

Kinovo's response

We ensure we have all the correct accreditations and are up to date with the latest best practices to ensure we can be a total service provider to our customers and that residents are safe and secure in their homes.

We also anticipate any upcoming regulation or compliance changes and invest in the required skills to be well prepared to meet customer needs and challenges. Knowing that demand is increasing, we invest in our teams to increase capacity.

From a technology perspective, we have upgraded our job management system to make it more responsive and improve communication with clients and residents. This allows for data-driven decisions and better job management, improving tenant satisfaction. These actions support our clients in meeting standards under The Social Housing Regulation Act 2023.

The critical nature of our services means that customers generally commit to long-term contracts, giving us strong visibility on our forward earnings. However, we do not take this for granted and have an unwavering focus on providing excellent service, meeting or exceeding the KPIs set by our customers to retain existing clients through bid cycles and attract new customers.

Regulatory-led services are the foundation of Kinovo's business. Our long-term contracts with local councils and housing providers give the Group access to regeneration and renewables work with the same customers.

We recognise that providing an excellent service to our clients and residents builds trust and that doing one job well often leads to requests for us to carry out other work. We pre-empt this by investing in skills and building our core competencies across our three businesses into discretionary spending areas, often ahead of receiving requests for specific works and anticipating future trends in our industry. This ensures we are in an "always-ready" position and ready to jump in when opportunities arise. It also puts us in a strong position when submitting tenders since our clients often prefer to engage with a total service provider to benefit from economies of scale. In this way, we can grow the business organically.

For example, Dunhams' growth last year was the direct result of adding a complete range of mechanical, general building and renewable energy services to its core electrical offering.

Kinovo has invested heavily in ensuring the Group has the capabilities and accreditations and its people have the necessary skills to undertake works under the renewables umbrella. Renewable works historically fell under discretionary spending. However, increasing legislation and regulation in this area means that investment by providers is no longer an option.

As a PAS 2030-accredited installer, we carry out a wide range of fabric-first and energy-efficiency projects for our clients that fall under Government-supported decarbonisation schemes. In the last year, we have seen a significant increase in works such as mechanical ventilation and heat recovery, energy-efficient lighting systems and controls, electrical energy-efficient heating, and building insulation. With all homes required to be EPC "C" rated by 2035 under the Government's Clean Growth Strategy, along with a new funding opportunity under the SHDF Wave 3.1, the Group will continue to see investment in this area from its clients.

Our recent appointment of a Retrofit Lead with extensive knowledge of available grant funding and successful bid submissions enhances our ability to advise clients on achieving net zero targets while reducing energy costs. We prioritise a fabric-first approach, focusing on reducing heat loss through better building insulation and improved energy efficiency.

We support our credentials with concrete actions, setting a net zero pathway for the Group and assisting our clients with their Scope 3 carbon data within their supply chains.

Land and expand growth strategy

1

Invest in our people and our communities

2

Expand core competencies

3

Leverage efficiencies through collaborative support functions

ESG at the heart of our strategy

Our environmental and social goals are linked to non-financial KPIs.

Read more on page 36

4

Accelerate organic growth

5

Maximise value per share through effective capital allocation

6

Consolidate our geographic position

1

Invest in our people and our communities

Kinovo is, first and foremost, a people business. We invest in our people through personal and professional development, training, and internal promotion. By upskilling our employees, we can provide a broader service offering, help retain talent, drive improved operational performance and margins, and maintain strong barriers to entry.

We have a strong focus on delivering social value through volunteering and fundraising. We are working closely with our clients to enhance the impact of our social value activities in line with our ESG strategy.

Read more on page 44

Link to KPIs 7 8 10

2

Expand core competencies

We have a clear roadmap of the additional essential, non-discretionary service areas we are developing. These all have higher barriers to entry, are consistent in demand, are immune to economic cycles, and are underpinned by regulation and compliance requirements. We take a fabric-first approach, which focuses on reducing heat loss in homes to achieve low-carbon, sustainable properties that are affordable to heat. In addition, we are investing in renewable and low-carbon technologies in support of our three strategic pillars – regulation, regeneration, and renewables. Our investment in a Retrofit Lead strengthens our trajectory towards becoming a leading social housing decarbonisation provider.

Read more on page 9

Link to KPIs 1 4 9

3

Leverage efficiencies through collaborative support functions

Our collaborative support functions ensure we deliver high and consistent service levels, strong financial controls, and a consistent and efficient approach to managing our people, business development, compliance and health and safety, fleet, IT and system support services, finance, sales, and marketing. We continually seek ways to introduce further efficiencies to improve processes, productivity, and margins.

In FY24, we evolved our business development and marketing function and upgraded our customer-facing IT systems. These actions have resulted in an uptick in client wins, positions on framework agreements, and high levels of customer service.

Read more on page 15

Link to KPIs 2 3 5

4

Accelerate organic growth

Our focus on long-term recurring revenue contracts gives us significant forward-earning visibility. We continue to invest in our business development team, helping us win new business, increase the value of existing contracts, and drive organic growth.

In FY24, the Group won £11.2 million in new direct award contracts, including 6 new clients. Some of these were secured as part of Kinovo's inclusion on large, multi-year procurement frameworks, including the Greener Futures Partnership, Eastern Procurement, NHMF frameworx and The Hyde Group.

Read more on page 4

Link to KPIs 1 4 6

5

Maximise value per share through effective capital allocation

We invest in our people, capabilities, business development and marketing, and social value initiatives. Each year, our business functions are more closely aligned to solving the opportunities and challenges our customers face, enhancing our contract win rate and securing new positions on framework agreements.

The foundation of our business will continue to focus on driving organic growth, with a primary objective to continue to demonstrate the cash generative qualities of the business by building our cash reserves. We will, however, evaluate the market and may consider acquisitions in the future which are the right strategic fit for the Group.

Read more on page 7

Link to KPIs 9 10

6

Consolidate our geographic position

We are consolidating our position in the key markets of London and the South East and have expanded into East England.

In December 2023, we opened a new office in Dereham, Norfolk, as part of our strategic plan to expand services in targeted regions and create sustainable bases where we have already secured new long-term contracts to better look after clients and residents. Our investment in the new Dereham office followed direct contracts awards that we won through the Eastern Procurement's Asset Improvement and Sustainability framework, including Broadlands District Council, Great Yarmouth Borough Council, Saffron Housing and Norwich City Council.

Read more on page 7

Link to KPIs 1 9

Links to KPIs key

1. Revenue
2. Gross margin
3. Adjusted EBITDA
4. Underlying profit/(loss) before tax
5. Adjusted net cash generated from operating activities
6. Basic earnings/(loss) per share
7. Appointments made/kept
8. Resident satisfaction
9. Net client base
10. Social and environmental value

A values-based culture

We believe anyone choosing a career with us has the opportunity to help shape our growing business. In return, we teach the skills and provide the financial support or time needed to help reach individual aspirations and secure the future of our Group.

Our values-based culture is defined by our purpose: we raise living standards for people, families and communities, keeping them safe and making the possibilities a reality today.

What we stand for

Connected by Kinovo	Dare to be different	Make everyday incredible	Care about tomorrow	Smile with success
We recognise our responsibility to develop our team and partners so they can succeed.	We are invested in regenerating spaces for a healthier, cleaner and secure future.	We are committed to providing the most approachable, dependable and highest level of service.	We are trusted to ensure that their project is in safe hands.	We are committed to making a positive difference and are passionate about raising living standards for all.
We promise inclusivity, respect, humility and candour.	We encourage creativity, curiosity, flexibility and consideration.	We embrace ownership, commitment, loyalty and approachability.	We value accountability, authenticity, professionalism and consistency.	We welcome collaboration, determination, passion and confidence.
Integrity	**Innovation**	**Reliable**	**Reputable**	**Successful**

Supported by our mission

1. Unite to make the possibilities of tomorrow a reality today See page 44
2. Support one another to develop, succeed and grow See page 45
3. Ensure that customers' homes and our places of work meet the regulatory compliance standards to keep them safe See page 26
4. Strive to continuously improve our end-to-end specialist services for the housing and property sector See page 7
5. Embrace the power and potential of science and technology to raise people's living standards See page 17
6. Commit to investing in renewable and green energy solutions to provide a sustainable future See page 40
7. Regenerate unused spaces and brownfield sites See page 19
8. Set new benchmarks for performance on investor, charitable organisation and Government goals See page 24
9. Build on our core competencies to expand the breadth and depth of our offering See page 9
10. Broaden and deepen our areas of expertise through continuous research and training See page 44

Investing in our people

We are, first and foremost, a people business, which is why investing in our people is fundamental to our growth.

A centralised HR department supports and manages Kinovo's people across the Group, providing staff with a wide range of opportunities to broaden skills and facilitate career progression. We support our people in meeting their aspirations and encourage everyone at all levels to contribute ideas.

All our job vacancies are advertised on our dedicated website, and we encourage our current employees to apply for new opportunities before they are advertised externally. We are committed to sustainable employment and work with local authorities to fill positions from the communities where we work.

	FY24	FY23
Staff learning	**3,983 hours**	3,676 hours
Staff attending management training	**50**	36
People promoted or offered new roles internally	**21**	22
People promoted or offered new roles as a percentage of total staff	**8.24%**	9.36%
Staff response to engagement survey	**66%**	69%

Training and development

Each year, we undertake a training needs analysis to identify skills gaps and carry out performance reviews and annual appraisals to understand individual training needs. From this, we develop long-term individual plans for training and development to guide and map our employees' career paths and personal development. This way, our staff can add value to clients, elevate their pay and feel more fulfilled professionally.

To encourage young people into our industry, we foster strong relationships with schools and local colleges in and around the communities where we work. In FY24, we offered 44 work experience weeks leavers – a significant increase on the 14 weeks offered the previous year – and attended career fairs for school. We offer sponsorship to staff through higher education and professional qualifications, providing paid time off to attend college or university.

Pay and benefits

The salaries our staff receive provide security and stability. We commit to various minimum wage schemes, such as the Living Wage, and look to pay above these levels. Our pay and benefits packages are designed to be competitive, fair, transparent, and consistent across the Group. We undertake salary benchmarking for each role and ensure the skills matrix and salary banding is referred to before a competitive offer is made. Our values are incorporated in employee appraisals and considered in salary reviews and bonus allocations.

We are aware that many people can struggle with finances. Therefore, we offer all our staff and their families access to HSBC's "Financial Wellbeing" advisers, who can discuss concerns and provide advice.

Equality, diversity, and inclusion

We have an incredibly diverse workforce, which is representative of the customers we serve. We work to ensure this diversity extends to every level and every department across Kinovo. Our Diversity and Inclusion Internal Council acts as the interface between the senior leadership team and our workforce. It ensures that any issues can be raised in good time, with the Board acting on any recommendations.

See page 45 for more information

255 employees

(FY23: 235 employees)

Case study

Promoting talent

Jake joined Purdy in 2020 as an Administration Manager and quickly advanced his career with a can-do attitude and ample support from the HR team.

The business transformation programme was kick-started in the same year that he joined. Jake identified potential efficiency gains and proposed a split of the customer-facing teams to improve service levels. This led to the creation of the Customer Service team, handling inbound calls, and the Support Service team, focusing on planned works and booking management. Jake was soon appointed as Customer Service Team Manager, overseeing a rapidly growing team.

In 2021, Jake leveraged his nine years of IT experience to become more involved with the technology aspects of the business. He played a significant role in launching our intranet, RWorld, and oversaw the integration of Purdy's and Dunhams' job management systems into one web-based platform, MRI Repairs (AccuServ).

In 2022, Jake was appointed Head of Support Services. Since then, he has focused on ensuring that the customer-facing teams have the right structures in place to support business growth.

Jake Clarke
Head of Support Services, Kinovo

disability confident COMMITTED

WISH THE NETWORK FOR WOMEN WORKING IN SOCIAL HOUSING

ARMED FORCES COVENANT

Committed Member of Inclusive Employers

MENTAL HEALTH COMMITTED EMPLOYER

We are a Living Wage Employer

EDAC Member

Our brands: Kinovo

Providing vital support at the heart of the Group

Kinovo plc is a leading UK provider of specialist property services centred on safety and regulatory compliance, home and community regeneration and sustainable living through the installation of efficient and greener energy alternatives.

Lee Venables, Chief Operating Officer, explains Kinovo's role in supporting the wider Group

Our support functions are centralised to ensure we deliver consistent, high-quality services with strong financial controls. We efficiently manage various aspects of our business, including people management, compliance, health and safety, fleet, IT and systems support services, finance, and sales and marketing.

Our centralised services are the beating heart of the business, fostering a cohesive culture and identity across the Group. HR and marketing work together on internal communication to promote and embed our Group purpose, vision, mission and values and ensure they are understood and embraced in our working practices. This begins from the outset of a person's career with us, from our onboarding programme to Kinovo-branded signage at all our sites.

RWorld – Kinovo's intranet – is our primary internal communication tool that is accessible to everyone. It provides news stories, vacancies, business wins and social events and is designed to keep all our staff connected, especially those in the field.

Our team constantly looks for ways to introduce further efficiencies to improve our processes, productivity, and margins. This approach ensures that our subsidiaries can focus on what they do best – serving their customers.

Case study

Transforming our technology

In 2020, we began consolidating the multiple technology platforms. We aimed to build technology platforms that would introduce efficiencies, reduce duplication, offer more cost-effective solutions and encourage greater collaboration and interaction across the Group.

The same year, we engaged with a new IT partner to develop a strategic plan for our technology and IT platforms.

In 2021, we launched RWorld, our intranet system, and selected a scalable cloud-based technology platform. This platform consolidates multiple tenants under one contract, achieving considerable cost savings and improving communication and information sharing.

Regarding our telephony and job management systems, two of our subsidiaries used the same providers but independently. Here, we moved into one account, giving our centralised IT team overarching management and allowing us to negotiate better deals.

Our job management system is MRI Repairs (AccuServ), which both Purdy and Dunhams use. In 2023, it was upgraded to a web-based platform. We are one of the first providers to take advantage of the array of services this provides, giving us greater insight into our performance, allowing us to make data-driven decisions, and offering greater transparency to our clients. The Find my Engineer feature is also extremely successful in keeping residents informed and improving customer satisfaction. Its success is fast becoming a feature in our new business bids.

Our brands: Dunhams

DUNHAMS

Established: 1966

Located: Romford, East London

Specialise in:

- Electrical installations, domestic and commercial
- Compliance and regulatory-led maintenance and testing
- Mechanical, general building and renewable energy services
- Electrical IoT smart system installations
- Communal ventilation and emergency lighting

Expanded capabilities driving growth

We are a principal contractor to one of the largest social housing suppliers in the UK.

Alison Beach, Commercial Director of Dunhams, explains how diversification has led to strong organic growth

In FY24, we saw the full effect of our efforts to diversify our capabilities over the past few years, as we were tasked with taking on a wider range of electrical, mechanical, and general building works for our key customers. As a result, Dunhams experienced a 68% increase in revenues year on year, driven by a broad range of projects. These included our three-year project to install IoT-enabled smoke and mould detection systems and upgrade communal lighting to LED systems throughout the Poplar Harca estate.

In addition, we were pleased to support our sister company, Purdy, in delivering a key project. Leveraging our electrical capabilities, we seconded several skilled technicians to complete EICR testing and remedial work for one of its key clients. This project exemplifies the value of being part of the Kinovo Group and how collaboration between subsidiaries fosters business growth. The ability to flex our resources when needed while building capacity and securing new contracts is central to our business model and growth strategy.

Working once again alongside technology partner, AICO, shortly before the year end we started a pilot project for a new customer, installing smoke and mould detection systems in 40 properties. If successful, this life-saving technology will be rolled out in up to 3,800 homes.

Case study

Apprenticeships at Dunhams

Attracting, developing, and retaining the next generation of skilled workers is crucial for our business and vital for the construction industry as a whole. According to the latest report by the Construction Industry Training Board ("CITB"), 45,000 additional workers per year are required to meet UK construction demand by 2027. At Dunhams, we are proud to play our part in addressing this need. We collaborate with local colleges and are committed to bringing on board a minimum of two new apprentices every year.

We work closely with our apprentices ensuring they receive the necessary training and support to enable their development. This alongside our approach of promoting within is key in attracting and retaining apprentices.

We engage with school and college leavers to highlight our sector's attractive, diverse, and vibrant nature. We focus on the types of opportunities available, the transferable skills offered, the benefits of earning while learning, and the long-term value of having a trade.

Many of our senior management team have come through the apprenticeship route, demonstrating our commitment to coaching and mentoring. We take pride in properly supporting our apprentices. Out of our 19 employees at Dunhams, we currently have five apprentices and one improver, showcasing our dedication to developing the future workforce.

PURDY

Established: 1984

Located: Chingford, North East London

Specialise in:

- Installing turnkey renewable technologies to help reduce energy costs
- Advising clients on how to enhance sustainable credentials and work towards carbon reduction
- Delivering accredited electrical, heating and property maintenance solutions across both commercial and domestic markets

Leading the way in regeneration and renewables

Purdy is committed to clean energy contracting and is investing in developing our knowledge and expertise in renewable energy, regeneration and regulation technologies.

John Lord, Managing Director of Purdy, introduces Retrofit Lead, Lorraine Clayton

Nearly every conversation we had last year involved regeneration or renewables. Many works that were once considered discretionary spending are now a requirement. For this reason, we appointed an individual to strengthen and support Kinovo's upward trajectory to becoming the UK's leading social housing decarbonisation provider.

We were delighted when Lorraine agreed to join us. An accredited Retrofit Assessor and qualified co-ordinator herself, Lorraine has extensive stakeholder knowledge and experience in the energy efficiency and renewables sectors, focusing on Government initiatives and working with local authorities and housing associations on the successful delivery of retrofit programmes.

Having initially joined Purdy, Lorraine is now working across Kinovo, helping us and partnering with our clients to navigate the complex web of acronyms, standards, regulatory updates, funding, and tenders. Her focus is on normalising the conversation around retrofit, turning the current narrative into straightforward language that everyone can understand and aiding decision makers.

Key to this is appreciating retrofit's massive impact on residents when their homes are being upgraded. For this reason, Lorraine is working closely with the Kinovo HR team and Contract Managers to upskill and train our people in the conversation. We have also appointed Retrofit Liaison Officers, a key part of our service, often being the glue that holds a project together. Taking this approach, we are supporting clients in their drive to hit decarbonisation targets while delivering better insulated and heated homes, which will go some way to helping reduce fuel poverty.

Case study

Land and expand in East Anglia

We were pleased to establish a satellite office in Dereham, Norfolk, in FY24. This was initiated by securing work through two framework agreements, Eastern Procurement Limited's Asset Improvement and Sustainability Framework and the National Housing Maintenance Forum Framework. These frameworks are over four and seven years, respectively with additional awards directly from members up to eight years anytime within the framework period.

The new retrofit hub in East England employs eleven retrofit and operations delivery specialists and will grow as we secure more contracts. The office already has two apprentices and offers work experience to young people in the area. This approach enhances Purdy's position in the region and enables us to provide more effective and efficient services to its clients while delivering on its social value commitments.

We focus on giving clients and residents the best service possible and building the Purdy brand as a recognised and trusted partner embedded in our communities. To date, we have been awarded over £4.0 million in works from the framework agreements servicing six new clients. These contracts already give us visible revenues over the next 18 months and provide a solid base to build and develop a successful team in the area. This "land and expand" approach is a prime example of how we plan to grow organically.

Our brands: Spokemead

SPOKEMEAD

Established: 1974

Located: Southwark, South London

Specialise in:

- Domestic and commercial electrical repair, maintenance, installation, upgrades, rewires and testing
- Fire and electrical safety: emergency lighting, fire alarms, smoke detection, lightning protection, PAT testing
- Security systems: CCTV, door entry

Focus on regulation

We were established in 1974 as a family business. Now, in our third generation, we deliver the same drive and enthusiasm our forebears had in those early years.

Nicole Rooney, Commercial Director of Spokemead, describes how new fire and electrical safety regulations are driving business

Spokemead saw an 80% revenue increase in domestic fire safety works last year, installing alarms in our clients' tenanted properties to meet fire safety regulations. We expect these projects to continue at similar levels in the current financial year. We also began a domestic electrical installation testing and remedial works project, accounting for around a third of our revenue. We started working on buildings over 18 metres to ensure our client complies with new legislation under the Building Safety Act. Works include domestic testing, remediation, surge protection, AFDD and smoke and fire detection systems. In FY25, we will be turning our attention to buildings under 18 metres.

The business has recruited extra staff, including an office administrator and contracts manager, to carry out this work. We also promoted one of our team members to project supervisor.

Retaining and gaining our accreditations is critical to our ability to carry out these and other potential works. Last year, we added the MCS Solar PV and PAS 2030 to our skills and accreditation base, allowing us to expand our offering into regeneration and renewables work. We are also expanding our fire detection and fire alarm systems certifications, expanding the scope of work we can carry out on behalf of our clients.

Update on our social value

Having kicked off our social value commitment to Southwark Council the previous year, we continued supporting the local canteen charity Be Enriched, adding meaningful value to the communities we work within.

In FY24, we decided to invest in the social value portal to align with our clients' expectations and to place us ahead of our competitors when bidding for new, or retaining existing, contracts. Clients trust the reports the social value portal provides, as all evidence is checked and validated.

Case study

Managing our supply chain to deliver exceptional service

This year saw a significant change in how we carry out our communal reactive repair works due to fluorescent lamps no longer being produced.

The biggest challenge we faced this year while phasing in LED lighting replacements was the long lead times when ordering the manufacturer-specific products that our client required. This meant we had to forward plan quantities required daily as work orders have time priorities to adhere to, ensuring our performance KPIs were not affected. We needed to ensure that service delivery was still exceptional while considering and upgrading the various types of manufacturers our client already had in situ. We spent many hours recalling previous data to analyse the situation so that we were prepared for when the change took place.

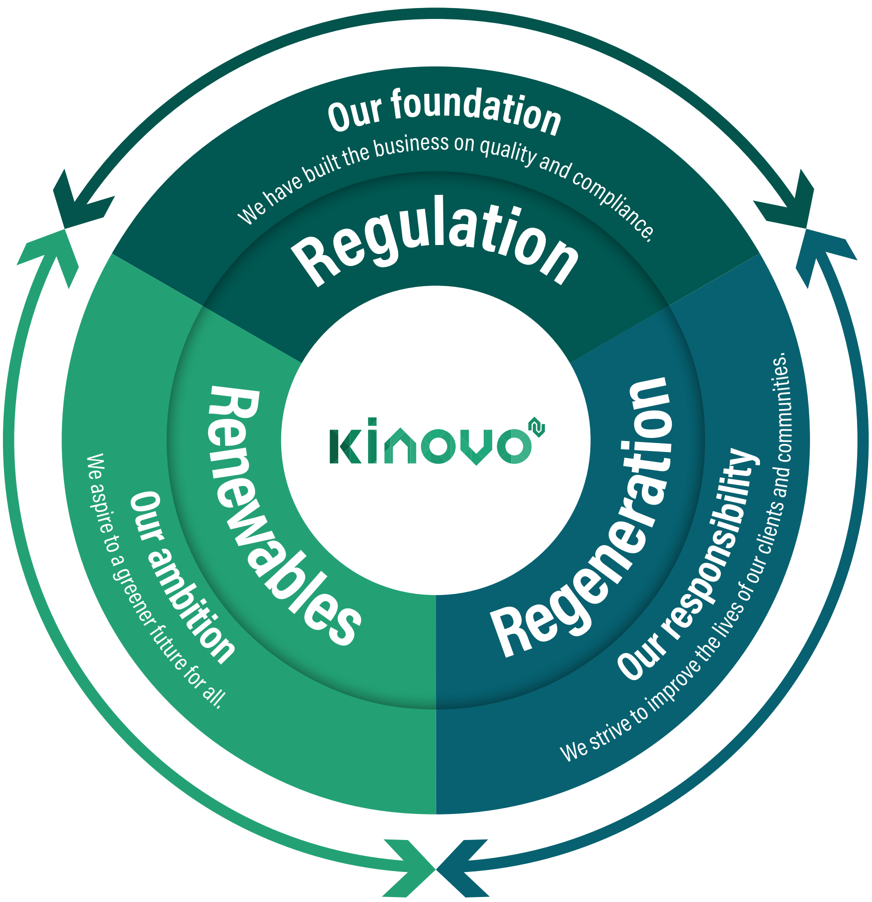
The project has been highly successful, providing a revenue uplift of 27% in the previous year. Due to the challenges we faced, the average individual job price increased by 41%.

A sustainable business with a clear purpose

By investing in our people and competencies and embracing green technologies, we are building a long-term sustainable business grounded in a clear purpose and strong values.

Our business is underpinned by	Our strategic pillars – the 3Rs

1. Skilled, dedicated people with a social purpose
2. Strong market fundamentals
3. Non-discretionary services that are resilient to economic cycles
4. Recurring revenues and substantial forward earnings visibility
5. Increasing barriers to entry
6. Long-term client relationships



Renewables

Providing energy efficient solutions that reduce carbon footprint.

£6.3m

revenues

Regeneration

Creating and enhancing dwellings and workplaces to support sustainable and resilient communities.

£19.3m

revenues

Regulation

Assuring safety and regulatory compliance standards in homes and places of work.

£38.5m

revenues

How we compete

1. Our purpose, vision, mission and Group values define our work.
2. A true partnership between our employees, our Group and clients.
3. A powerful track record of providing high-quality services measured against client-defined performance indicators.
4. Offering end-to-end services through three complementary subsidiaries that help our clients meet their own compliance and sustainability goals.
5. Delivering environmental and social value as part of our contract delivery and a strong client value proposition.
6. We go above and beyond for the communities we work with, providing outstanding customer service, which is evidenced by resident satisfaction surveys.
7. Competitive pricing enabled by an efficient organisation structure.

How we are delivering value to our stakeholders

Client value

We are passionate about continually and proactively improving the quality, speed and creativity of our offering for our clients – especially in the fast-evolving world of ESG. We work hard to ensure clients benefit from our ingenuity and anticipate their current and future needs – offering a fabric-first approach and bringing new technologies to bear, such as IoT-enabled environmental services.

Employee value

The training and development of our people is the future of our Group. We support our employees in achieving their aspirations through a strong culture and support. We welcome the contribution of every employee, whether they are school leavers or senior management. We actively look to recruit from the communities where we work. We offer on-the-job training and formal apprenticeships and support our staff through vocational NVQs and chartered professional qualifications.

Social value

As our focus is on the social and affordable housing sector, our work in the community is not just limited to the remit of the projects that we carry out. Being on the ground on behalf of local authorities and housing associations, we understand the importance of our wider responsibility to support and safeguard the welfare of the residents within the communities and the added value that we can bring.

Investor value

Strong leadership, robust market fundamentals, long-term client relationships and a clear growth strategy have underpinned Kinovo's performance in the year to 31 March 2024.

Measuring our performance

The Group uses both financial and non-financial KPIs to measure and monitor its performance.

Financial KPIs

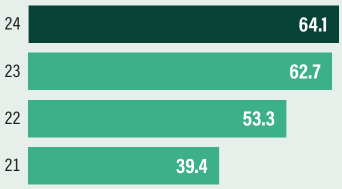
Improved margins drives profit growth from continuing operations

The Group's alternative performance measures ("APMs"), which when "Adjusted", include the effect of lease payments charges. This reflects the basis upon which management information is prepared and is also consistent with reporting under banking facilities.

The information provided below covers only continuing operations on the basis that discontinued and disposed operations will have no impact on future performance.

Revenue (£m)

£64.1m



KPI definition

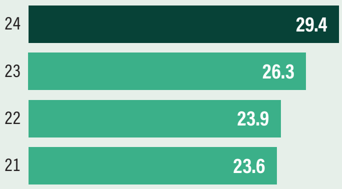
Revenue is based on the total amount received Revenue is based on the total amount received or receivable for services provided by the reportable segment during the year. It is considered a key measure of business performance as it directly reflects the Group's ability to win new contracts and grow existing relationships.

Performance

Revenue was up 2%, reflecting increasing volume and scope of works undertaken with existing and new clients, supporting them to deliver their social and regulatory commitments. This is set off by the strategic exit from a private sector mechanical contract.

Gross margin (%)

29.4%



KPI definition

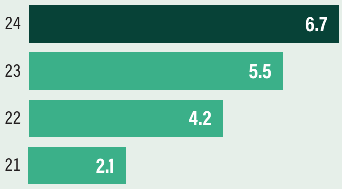
Gross margin is gross profit divided by revenues and is a key indicator of operational efficiency.

Performance

Gross margin increased by 3.1% as a result of a strong work mix and stringent cost control management.

Adjusted EBITDA (£m)

£6.7m



KPI definition

EBITDA is defined as earnings before interest, tax, depreciation and amortisation and excluding non-underlying items as set out in note 8 to the consolidated financial statements. Adjusted EBITDA is stated after the effect of a charge for lease payments. EBITDA excluding the effect of lease payments was £7.3 million in FY24 (FY23: £6.0 million).

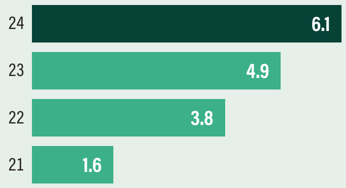
The Board consider Adjusted EBITDA to be a key alternative performance measure ("APM") as it is the basis upon which the underlying management information is prepared and the performance of the business is assessed by the Board. It was also, historically, the measure for the financial covenants under our HSBC Term Loan banking facility.

Performance

Adjusted EBITDA has increased by 23% on FY23, demonstrating the continuing positive effect of the focus of the business on specialist property services.

Underlying profit before tax (£m)

£6.1m

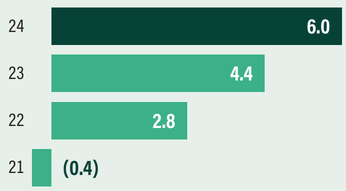


Non-underlying items (£m)

£(0.1)m

Profit/(loss) before tax (£m)

£6.0m



KPI definition

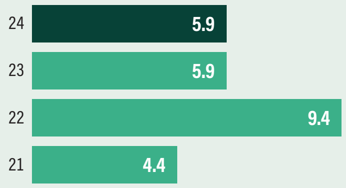
The Group's underlying profit before tax excludes non-underlying items such as amortisation of intangible assets and exceptional items, which are set out in note 9 to the consolidated financial statements.

Performance

The result for the year reflects the growth in the underlying EBITDA performance, coupled with the reduction in amortisation charge of customer relationship intangible asset which was fully amortised at 31 March 2023.

Adjusted net cash generated from operating activities (£m)

£5.9m



KPI definition

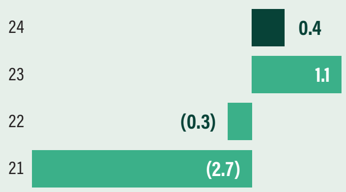
Adjusted net cash generated from operating activities is stated before non-underlying exceptional cash payments and corporation tax receipts/payments and after the effect of a charge for lease payments and adjusted for the effect of deferred HMRC liabilities.

Performance

Net operating cash generation is a key strategic priority for the Group. The adjusted net cash generated from operating activities in FY24 of £5.9 million translates to a cash conversion rate of 88%, compared to 107% in FY23, reflecting a continuing focus on working capital improvements. The Group has been able to fund growth by ensuring that cash collection is as efficient as possible, coupled with improved payment terms utilising the purchasing card facility. Further analysis is included in the Financial Review.

Net cash/(debt) (£m)

£0.4m



KPI definition

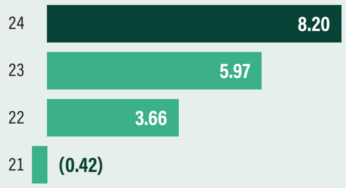
Net cash/(debt) is the Group's balance at the reporting date of bank loans and other loans and overdraft less cash and cash equivalents. It does not include lease obligations of £1.2 million (FY23: £943,000).

Performance

The Group was in a net cash position at 31 March 2023 and 2024 compared to net debt in prior years, resulting from robust cash generation from the continuing operations and repayment of borrowings, mitigated by the impact of the cash outflow from discontinued operations. Additional information on analysis and performance is included in the Financial Review and in note 26.

Basic earnings/(loss) per share (p)*

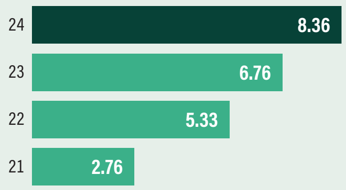
8.20p



* Continuing operations.

Adjusted earnings per share (p)*

8.36p



* Continuing operations.

KPI definition

Basic earnings/(loss) per share is the profit/(loss) after tax divided by the weighted number of ordinary shares. Adjusted earnings/(loss) per share is adjusted profit/(loss) after tax divided by the weighted number of ordinary shares. Additional detail is set out in note 14 to the consolidated financial statements.

Performance

The improvement in earnings per share reflects the recovery of the ongoing strong performance of the continuing business.

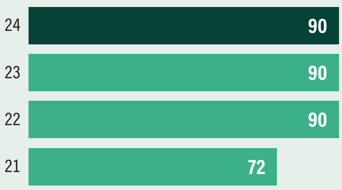
Non-financial KPIs

Our customer and resident service performance has remained at above average levels throughout the year, demonstrating the strategic alignment between operations and financial performance.

For FY24, we added non-financial KPIs aligning with our social and environmental goals.

Appointments made/kept (%)

90%



KPI definition

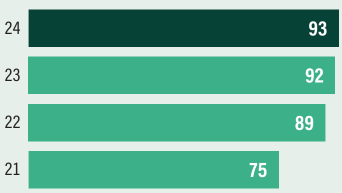
Appointments made/kept is an internal KPI that measures the number of planned appointments scheduled and attended by engineers within a specified timeframe. It is strongly linked to financial performance as it relates to Group revenues.

Performance

The performance has remained constant as we maintained the access levels to properties in partnership with our clients.

Jobs completed on target (%)

93%



KPI definition

Jobs completed on target measures planned or responsive jobs completed within a pre-determined timeframe on the first or subsequent visits. It is a key customer KPI measuring our service delivery performance.

Performance

The continual commitment to improving the operational team's skillset has improved performance and continued to drive our engineers' efficiency.

Repairs (first-time fix) (%)

89%

KPI definition

First-time fix measures the percentage of time an engineer can fix an issue the first time without additional visits, information, or parts. It is directly linked to our engineers' competencies and operational efficiency.

Performance

Performance was maintained at the same level as we continued to ensure that the operational team's skillset was maintained.

Resident satisfaction (%)

99%

KPI definition

Resident satisfaction is measured through resident surveys after each job is completed. It is a core operational KPI for most contracts, and residents can opt out of answering surveys.

Performance

Resident satisfaction results have remained at the high levels set the previous year.

Net client base

39

KPI definition

Net client base reflects the number of new client relationships less any that have exited in the year. We look to grow the number of clients we serve each year as part of our organic growth strategy.

Performance

The client base has increased 11% in the year and in particular reflects the initiatives to develop our presence in the East Anglia region.

Social and environmental value (£)

£12.3m

KPI definition

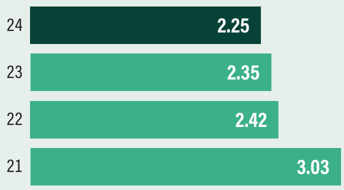
Social value is the value of an action or programme that contributes to the wellbeing of the community, society, and the wider social environment in which it takes place. We calculate social value using Thrive, a leading platform used to measure social value in line with the UK Government's Social Value Model (PPN 06/20) and following guidance from HM Treasury.

Performance

We increased our social value contribution to local communities by 3%. This was partly due to the introduction of paid volunteering days as part of employee contracts, increasing the amount of activity carried out on local projects. Further information can be found on page 44 which also details social value, including supply chain spend.

Carbon intensity (tCO_2e/FTE)

-4.18%



KPI definition

Carbon intensity calculated as total carbon emissions divided by the average number of full-time employees.

Performance

Emissions per full-time employee ("FTE") have decreased overall due to energy-efficiency improvements and FTE growth during the reporting year.

See page [•] for further information

Strong profit growth resulting from increasing regulation and legislation drivers

> "Kinovo delivered a strong trading result and cash generation from its continuing operations."

Trading review

Continuing operations

Kinovo delivered a strong trading result and cash generation from its continuing operations of specialist property services focusing on electrical, build and mechanical.

Adjusted EBITDA (after the effect of a charge for lease payments) increased by 23% to £6.7 million (FY23: £5.5 million) with operating profit from continuing operations delivering £6.4 million (FY23: £4.8 million), an increase of 33%.

Adjusted profit before taxation for continuing operations was £6.1 million (FY23: £4.9 million), an increase of 25% and basic earnings per share were up 37% to 8.20p (FY23: 5.97p).

Revenues increased 2% to £64.1 million (FY23: £62.7 million) with electrical services up 16%, building services up 2% and mechanical services down 22% as a result of the different revenue mix of workstreams and the strategic exit from a private sector contract. As a result of the change in revenue mix, gross margin increased by 3.1% to 29.4% (FY23: 26.3%). Gross profit increased by 15% to £18.9 million (FY23: £16.5 million).

Underlying administrative expenses of £12.4 million increased £1.2 million (11%) compared to £11.2 million in the prior year.

Profit after tax for the continuing businesses was £5.1 million (FY23: £3.7 million), an increase of 38%.

Kinovo has substantially completed the fulfilment of its commitments on the DCB construction projects as set out in the Chief Executive Officer Review and below. Discontinued operations reported a loss after tax of £5.7 million in the period (FY23: loss £4.3 million).

As a result of the discontinued operations result, the Group has reported a total loss for the period of £0.6 million (FY23: loss £0.5 million).

Financial position and key indicators

Net cash (excluding lease liabilities) was £0.4 million at 31 March 2024 compared to net cash (excluding lease liabilities) of £1.1 million in the prior year, reflecting continuing working capital efficiency and robust underlying operational cash generation from the continuing operations of £5.9 million (FY23: £5.9 million), despite the cash absorbed by the discontinued operations during the year of £7.4 million (FY23: £2.8 million).

We focus on a range of financial and non-financial KPIs to assess our performance and ensure that the Group targets its resources around its clients, operations and finance. Collectively, they form an integral part of the way that we manage the business to deliver our strategic goals.

The key financial performance indicators for the year are set out on the following pages.

The Board considers Adjusted EBITDA to be a key alternative performance measure ("APM") as it is the basis upon which the underlying management information is prepared and the performance of the business is assessed by the Board.

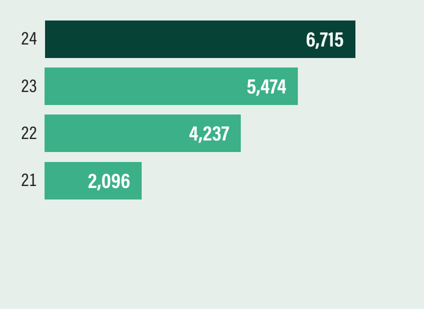
Trading review continued

Financial position and key indicators continued

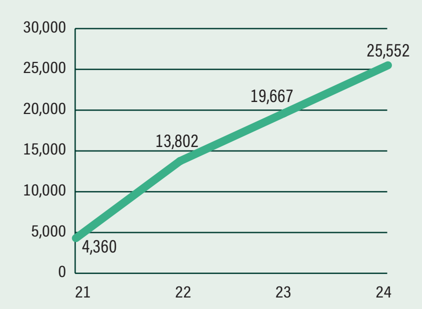
	FY24 £'000	FY23 £'000	FY22 £'000	FY21 £'000
Continuing operations				
Income statement				
Revenue	**64,137**	62,670	53,325	39,369
Gross profit	**18,886**	16,472	12,767	9,291
Gross margin	**29.4%**	26.3%	23.9%	23.6%
EBITDA[1] (excluding effect of lease payments)	**7,331**	6,013	4,600	2,763
Adjusted EBITDA[2] (including effect of lease payments)	**6,715**	5,474	4,237	2,096
Adjusted operating profit[3]	**6,483**	5,297	4,091	2,010
Adjusted profit before taxation[4]	**6,143**	4,896	3,822	1,572
Profit after taxation	**5,128**	3,713	2,262	(252)
Basic earnings per share[5]	**8.20p**	5.97p	3.66p	(0.42p)
Adjusted earnings per share[6]	**8.36p**	6.76p	5.33p	2.76p
Cash flow				
Net cash generated from operating activities	**7,809**	5,488	9,777	5,542
Adjusted net cash generated from operating activities[7]	**5,885**	5,865	9,442	4,360
Adjusted operating cash conversion[8] (%)	**88%**	107%	223%	208%
Financial position				
Cash and cash equivalents	**489**	1,322	2,504	1,293
Term and other loans	**(86)**	(177)	(2,843)	(3,966)
Net cash/(debt)[9]	**403**	1,145	(339)	(2,673)
Trade receivables	**4,866**	3,610	4,977	5,564
Accrued income	**7,677**	7,066	5,247	8,634
Trade payables	**(14,654)**	(13,025)	(12,552)	(11,082)
Net (liabilities)/assets	**(1,081)**	(652)	(143)	10,862
Discontinued operations				
(Loss)/profit after taxation	**–**	–	(549)	409
Loss on disposal after taxation	**(5,737)**	(4,261)	(12,595)	–
Net cash (absorbed)/generated by operating activities	**(7,427)**	(2,750)	(6,117)	272

1 Earnings before interest, taxation, depreciation and amortisation ("EBITDA") and excluding non-underlying items, as set out in note 8 of the financial statements.
2 Adjusted EBITDA excludes non-underlying items and is stated after the effect of a charge for lease payments, as set out below.
3 Adjusted operating profit is stated before charging non-underlying items as set out in note 9 of the financial statements.
4 Adjusted profit before taxation is stated after finance costs and before charging non-underlying items.
5 Basic earnings per share is the profit after tax divided by the weighted average number of ordinary shares.
6 Adjusted earnings per share is the profit before deducting non-underlying items after tax divided by the weighted average number of ordinary shares.
7 Net cash generated from continuing operations before tax and after lease payments in the period ended 31 March 2024. It is also adjusted to reflect the payment of deferred HMRC payments to normal terms.
8 Adjusted net cash generated from operating activities divided by Adjusted EBITDA.
9 Net cash/(debt) includes term and other loans and overdraft net of cash, and excludes lease obligations.

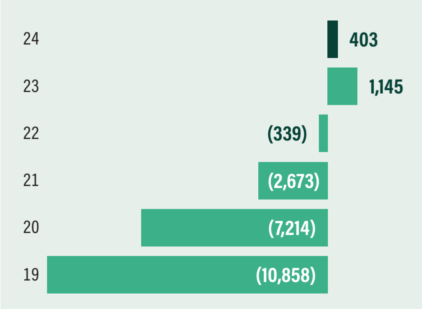
Adjusted EBITDA: FY21–24 (£'000)



Cumulative cash generated – continuing business: FY21–24 (£'000)



Net cash/(debt): FY19–24 (£'000)



Adjusted EBITDA reconciliation

Internal management information and reporting under the Group's banking facilities is focused on Adjusted EBITDA of £6.7 million (FY23: £5.5 million), which is stated after the effect of a charge for lease payments. Adjusted EBITDA has increased by 23% in FY24 following an increase of 29% in FY23 compared to FY22.

Set out below is the basis for the calculation of Adjusted EBITDA.

	FY24 £'000	FY23 £'000	FY22 £'000	FY21 £'000
Continuing operations				
Profit before tax	**6,039**	4,408	2,792	(371)
Add back non-underlying items:				
Amortisation of customer relationships	**–**	385	940	1,582
Share based payment charge	**103**	103	90	27
Exceptional item	**–**	–	–	334
Underlying profit before tax	**6,142**	4,896	3,822	1,572
EBITDA adjustments:				
Finance costs	**341**	401	269	438
Depreciation of property, plant and equipment	**148**	131	130	82
Depreciation of right-of-use assets	**585**	513	336	654
Amortisation of software costs	**116**	72	44	17
Profit on disposal of property, plant and equipment	**–**	–	(1)	–
EBITDA	**7,332**	6,013	4,600	2,763
Adjustment for lease payments	**(617)**	(539)	(363)	(667)
Adjusted EBITDA	**6,715**	5,474	4,237	2,096

See Chart 1 on page 28 for further details.

Non-underlying items

Non-underlying items are considered by the Board to be either exceptional in size, one-off in nature or non-trading related items and are represented by the following:

	FY24 £'000	FY23 £'000	FY22 £'000	FY21 £'000
Amortisation of customer relationships	**–**	385	940	1,582
Share based payment charge	**103**	103	90	27
Exceptional item	**–**	–	–	334
Total	**103**	488	1,030	1,943

The share based payment charge reflects the impact attributed to the new share schemes established since 2021. Additional information on the schemes is set out in note 28.

Finance costs

Finance expenses were £0.3 million (FY23: £0.4 million) and are represented by interest on bank borrowings and loans, other interest costs and other finance costs, being the amortisation of debt issue costs. There was no finance income in the year.

Tax

The Group tax position reflects an underlying charge of £0.9 million (FY23: £0.7 million) on continuing activities set off by tax credits of £1.9 million (FY23: £1.0 million) on discontinued activities. No tax payments were made in the current or prior year.

Overall, the Group has no tax liability at 31 March 2024.

The net deferred tax asset at 31 March 2024 was £1.6 million (FY23: asset £0.6 million), comprising a deferred tax liability of £0.3 million (FY23: £0.2 million) relating to right-of-use assets and a deferred tax asset of £1.9 million (FY23: £0.8 million) relating to unused tax losses, lease liabilities and share based payments.

Earnings per share

Basic earnings per share, from continuing operations, was 8.20 pence (FY23: 5.97 pence), an increase of 37%, based on profit after tax of £5.1 million (FY23: £3.7 million). The weighted average number of shares in issue was adjusted for the SIP share awards in the year ended 31 March 2024 as set out in note 24 of the financial statements.

Adjusted earnings per share, from continuing operations, excluding non-underlying items, was up 24% to 8.36 pence (FY23: 6.76 pence). Diluted adjusted earnings per share was 8.25 pence (FY23: 6.70 pence), an increase of 23%.

Trading review continued

Cash flow performance

Adjusted cash generated from continuing operations was £5.9 million (FY23: £5.9 million), resulting in an adjusted operating cash conversion of 88% (FY23: 107%).

Adjusted operating cash conversion is calculated as cash generated from continuing operations (after lease payments), and adjusted for the effects of deferred HMRC repayments of £1.3 million (FY23: repayments of £0.9 million), divided by Adjusted EBITDA of £6.7 million (FY23: £5.5 million), as set out below.

	FY24* £'000	FY23* £'000	FY22 £'000	FY21 £'000
Cash flow from operating activities (see note 25)	**382**	2,738	3,660	5,814
Adjustment for cash absorbed by/(generated from) discontinued activities	**7,427**	2,750	6,117	(272)
Net cash generated from continuing operating activities	**7,809**	5,488	9,777	5,542
Less operating lease payments	**(582)**	(511)	(471)	(667)
Less corporation tax received	**–**	–	–	(163)
	7,227	4,977	9,306	4,712
Net adjustment for deferred HMRC payments	**(1,342)**	887	136	(686)
Add exceptional item	**–**	–	–	334
Adjusted net cash generated from continuing operating activities	**5,885**	5,864	9,442	4,360
Adjusted EBITDA (see above and note 8)	**6,715**	5,474	4,237	2,096
Adjusted cash conversion (Adjusted operating cash/Adjusted EBITDA)	**88%**	107%	223%	208%

* At 31 March 2023, £0.4 million (at 31 March 2024: £nil) of cash receipts were received in advance, with a corresponding impact on cash generated in FY24. Cash conversion restated for the effect of the accelerated cash receipts would be 94% for FY24 (FY23: 100%).

See Chart 2 on page 28 for further details.

By arrangement with HMRC, VAT liabilities of £1.3 million were deferred at 31 March 2024. A monthly repayment plan has been agreed with HMRC with full repayment of deferred VAT by 30 September 2024. The arrangement was necessary, in response to the unexpected calling of the performance bond on a DCB project at the end of February 2024. The terms of the performance bond required almost immediate settlement although, as set out below, in the discontinued operations section, Kinovo has managed to mitigate the impact, as part of the final DCB project settlement.

Cash absorbed by discontinued operations in the period amounted to £7.4 million (FY23: £2.8 million including working capital provided in April 2022, post disposal of DCB (Kent) Limited of £1.2 million). Set out below is an analysis of the net cash flows (absorbed)/generated by DCB resulting from the costs to complete the projects post administration of DCB and the contracted working capital support and underlying cash flow pre-administration of DCB.

	FY24 £'000	FY23 £'000	FY22 £'000	FY21 £'000
DCB costs to complete	**(7,428)**	(1,523)	–	–
DCB cash flow pre-administration	**–**	(1,227)	(6,117)	227
Total	**(7,428)**	(2,750)	(6,117)	227

The Group has a centralised treasury function and actively manages cash flows on both a daily and longer-term basis. The Group enjoys long-term client relationships with both its clients, being local Government organisations and other housing associations, and its supply chain partners.

Net cash

Kinovo had a net cash position at 31 March 2024 of £0.4 million compared to net cash of £1.1 million at 31 March 2023, a reduction of £0.7 million as analysed in the table below and note 21 for full details of borrowings. The reduction in net cash reflects the payments required to fund the DCB projects mitigated by the strong operating cash flow from the continuing businesses and the deferral of HMRC liabilities at 31 March 2024.

	FY24 £'000	FY23 £'000	FY22 £'000	FY21 £'000	FY20 £'000	FY19 £'000
Borrowings						
HSBC Term Loan	**–**	–	(2,534)	(3,533)	(3,333)	(5,000)
Other loan	**–**	(34)	(109)	(176)	(235)	(289)
Mortgage loan	**(86)**	(143)	(200)	(257)	(314)	(371)
Overdraft	**–**	–	–	–	(3,351)	(5,219)
	(86)	(177)	(2,843)	(3,966)	(7,233)	(10,879)
Cash and cash equivalents	**489**	1,322	2,504	1,293	19	21
Net cash/(debt)	**403**	1,145	(339)	(2,673)	(7,214)	(10,858)

See Chart 3 on page 28 for further details.

During the year, the Group repaid £91,000 of mortgage and other loans (FY23: £2.7 million of HSBC Term Loan and other loans). Of the borrowings of £86,000 at 31 March 2024, £57,000 is repayable within one year and the balance in the following financial year.

Discontinued operations – DCB (Kent) Limited

Following its rebranding and strategic review, Kinovo determined that DCB (Kent) Limited ("DCB"), the Group's construction business, was non-core and was disposed in January 2022.

On 16 May 2022, DCB filed for administration and as at the date of these financial statements, Kinovo has limited expectation of, and has not provided for, the recovery of amounts owed under the terms of the disposal of DCB.

Kinovo had residual commitments under various parent company guarantees for the DCB construction projects and working capital support. Under the terms of the parent company guarantees, Kinovo is responsible for the completion of the projects.

The activities of DCB are presented as discontinued operations.

There were nine DCB projects in total with seven finalised at the date of the signing of the financial statements and another due for completion during July 2024. On the remaining project, Kinovo has reached agreement in principle to settle the obligation under the construction contract and parent company guarantee, releasing Kinovo from its obligations to complete the project. The expected full and final settlement of a fixed amount of £2.2 million is payable over a period of 18 months from July 2024. A total of £0.9 million had already been provided for in the Company accounts under the previously forecasted costs to complete the DCB legacy projects. The agreement removes the risk from possible future cost overruns or claims from this final DCB legacy project.

A performance bond of £0.9 million remains outstanding on the final project. The bond was called at the end of February 2024 but with Kinovo's continuing engagement with the insurer, underwriter and client and the ongoing discussions between the parties, the bond holder agreed to defer payment obligations. The agreement in principle of the settlement of the final project includes the cancellation of the performance bond once Kinovo has fulfilled the equivalent value of the bond to the client.

On 8 March 2024, the Group announced that it expected the overall net cost to complete the construction projects to be approximately £8.7 million, an increase of £2.9 million on previous expectation resulting from unexpected remedial works partly related to the adverse weather of winter 2023/24 but mainly as a result of poor legacy workmanship.

The net costs to complete of £8.7 million included anticipated claims made by Kinovo as a result of poor sub-contractor workmanship and other contractual recoveries which had not been confirmed at the date of the signing of the financial statements. The potential recoveries by Kinovo of up to approximately £2.6 million are required to be recognised in future periods, as and when they have been realised.

With the agreement in principle of the settlement of the final project and the deferral of the recognition of the potential recoveries to future periods as and when realised, the reported net costs to complete all the projects has increased to a total of £12.9 million with a £7.6 million (FY23: £5.3 million) pre-tax loss reported in the year ended 31 March 2024.

At 31 March 2024, the outstanding costs to complete provision was £3.2 million which, together with £0.7 million in trade payables, represents the balance of the total £12.9 million due to be fulfilled.

A total of £9.0 million has been paid in FY23 and FY24 on the fulfilment of the project obligations with a further £1.7 million paid in the first quarter of FY25. Other than the outstanding amounts on the settlement in principle of the final project, Kinovo has paid, at the end of the first quarter of FY25, almost all of the net costs to complete the projects. The settlement on the final project is expected to be payable during FY25 and FY26 set off by final account recoveries, claims and retentions. Each of the projects, except the final project, has the usual industry standard post completion defect period of 12 months. We are not aware of or expecting any claim under these arrangements. The agreement in principle on the final project represents full and final settlement and therefore there would not be a defects period.

The remaining DCB commitments are expected to be funded from the strong cash generation from continuing operations and existing finance facilities.

In 2023, £1.2 million was also paid to DCB for contracted working capital support which is in addition to the £12.9 million costs to complete the DCB projects. The total amount paid relating to DCB in 2023 including the working capital support of £1.2 million was £2.7 million.

Set out below is an analysis of the DCB costs paid and payable.

Cash paid and payable in relation to the DCB project costs	£'000
Cash paid	
FY23	1,523
FY24	7,428
Q1 FY25	1,725
Cumulative cash paid at end of Q1 FY25	10,676
Cash payable	
Settlement of final project	2,200
Other	34
Total reported costs to complete DCB projects (excluding potential recoveries)	12,910

Additional details of the discontinued operations are set out in note 30.

The disposal of DCB allowed the Group to harmonise its operations and increase the focus on its three strategic workflow pillars: Regulation, Regeneration and Renewables as demonstrated by the results delivered for FY24. These pillars are centred on compliance-driven, regulatory-led specialist services that offer long-term contracts, recurring revenue streams and strong cash generation.

Banking arrangements

The Group's debt facilities at 31 March 2024, with HSBC UK Bank plc ("HSBC"), comprised a £2.5 million overdraft facility, which was renewed post year end until April 2025 and a balance of £86,000 (FY23: £143,000) on a ten-year mortgage loan. In the period, the Group fully repaid the balance (FY23: £34,000) on a legacy loan with Funding Circle. Net debt analysis is set out above and full details of the borrowing facilities are set out in note 21 of the financial statements.

The Group also has a purchasing card facility of £6.0 million, which was renewed on 31 May 2024, with HSBC which is disclosed within trade creditors and detailed in note 23 of the financial statements. To align with HSBC standard terms on this product, the facility is scheduled to reduce by £1.4 million on 30 September 2024.

Dividends

No interim dividend was paid (FY23: £nil). Due to the discontinued operations commitments and the consequent financial position of Kinovo, the Board does not recommend the payment of a final dividend for the year ended 31 March 2024 (FY23: £nil). It remains the Board's priority to complete the outstanding discontinued operations obligations, proactively manage the level of borrowings and strengthen the balance sheet, and to resume the payment of a dividend as soon as financial conditions allow.

Going concern

The financial position of the Group, its cash flows, the commitments on the discontinued operations, liquidity position and borrowing facilities are described above.

In assessing the Group's ability to continue as a going concern, the Board reviews and approves the annual budget and longer-term strategic plan, including forecasts of cash flows.

The Board also reviews the Group's sources of available funds and the level of headroom available against its committed borrowing facilities.

After considering the above factors including possible sensitivities in trading performance, the Board has an expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

For these reasons, the Board continues to adopt the going concern basis in preparing the consolidated financial statements. Accordingly, these accounts do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Group was unable to continue as a going concern. Further detail on going concern is set out in note 2.1.

Clive Lovett
Group Finance Director
9 July 2024

Listening to our stakeholders

The Board makes every effort to understand the interests and expectations of the Group's stakeholders and to reflect these in its choices to create long-term sustainable value.

The Board of Directors of Kinovo considers, individually and collectively, that they have acted in a way they consider, in good faith, would most likely promote the success of the Group for the benefit of its members as a whole.

The Group's purpose is to raise living standards for people, families, and communities, keep them safe, and make the possibilities of tomorrow a reality today. Our business strategy encourages continuous improvement and sustainability in our chosen markets while embracing our passion for innovation and environmental, social, and governance excellence. Effective engagement with stakeholders at Board level and throughout our business is crucial to fulfilling Kinovo's purpose. We keep in close contact with investors, employees, customers, suppliers, and local communities, among others, to ensure we are aware of their views and can appropriately consider their interests in decision making.

Kinovo is a people-focused business, and our leadership team is committed to putting our stakeholders at the core of our operations. As a specialist property services group, our ability to meet the needs of our clients and their tenants is paramount. This drives everything we do regarding commitment to and investment in our own people.

Each stakeholder group requires a tailored engagement approach to foster effective and mutually beneficial relationships. Our understanding of stakeholders is then factored into boardroom discussions regarding the potential long-term impacts of our strategic decisions on each group and how we might best address their needs and concerns.

In this Annual Report, we provide examples of how we:

- take into account the likely consequences of long-term decisions;
- foster relationships with stakeholders;
- understand the importance of engaging with our employees;
- understand our impact on our local community and the environment; and
- demonstrate the importance of behaving responsibly.

This section serves as our Section 172 Statement and should be read with the Strategic Report and the Group's Corporate Governance Statement. Section 172 of the Companies Act 2006 requires Directors to consider stakeholders' interests in their decision making. The Directors continue to have regard to the interests of the Group's employees and other stakeholders, including the impact of its activities on the community, the environment and the Group's reputation, when making decisions. Acting in good faith and fairly between members, the Directors consider what is most likely to promote the success of the Group for its members in the long term.

The Board regularly reviews Kinovo's principal stakeholders and engagement channels. The stakeholder voice is brought into the boardroom throughout the annual cycle through information provided by management and direct engagement with stakeholders. The relevance of each stakeholder group may increase or decrease depending on the matter or issue in question, so the Board seeks to consider the needs and priorities of each stakeholder group during its discussions and as part of its decision making.

Summary of stakeholder engagement activity in FY24

Following a customer perception survey aimed at clients, suppliers and staff in FY23, the Group responded to feedback last year by increasing the frequency and quality of external and internal communications.

The Group has sought to better understand its customers' priorities. Our management has increased the frequency of direct client engagement, participated in industry panels, and attended trade shows to gain greater insight into the opportunities and challenges our clients and the wider sector face.

This engagement has contributed to numerous client wins, contract extensions, and large-scale, multi-year framework agreement placements. We have opened a new satellite office in Dereham, Norfolk, following increased work opportunities in East England, supporting clients in the Norfolk and Suffolk areas in delivering decarbonisation targets. We have invested in our Business Development team and appointed a Retrofit Lead to work in partnership with our clients in navigating statutory regeneration targets and creating healthy and safe places for people to live and work.

From a technology perspective, we have upgraded our job management system to make it more responsive and improve communication with clients and residents. This allows for data-driven decisions and better job management, improving tenant satisfaction. These actions will support our clients in meeting standards under the Social Housing (Regulation) Act 2023, enacted on 1 April 2024. The Act aims to protect tenants and enhance the services they receive.

In December 2023, we published our first ESG Impact Report, outlining our strategy, social and environmental goals – including a net zero strategy – and progress to date. The document, aimed at all our stakeholders, was promoted through press releases and social media. This was followed by a supplier engagement survey to understand how to reduce carbon in our supply chain and gain insight into what support we can provide smaller and local suppliers in their decarbonisation efforts.

We have communicated frequently with our investors during the year and sought to address their key concerns. We have concluded negotiations on all the DCB projects with just one project remaining to be completed in July 2024. As a result, we now have more clarity on the overall cost to complete the projects, allowing us to focus entirely on the organic growth of the core business. Further, post year end, we have successfully renewed our bank facilities with HSBC UK Bank plc satisfying a matter of material uncertainty that was highlighted in the prior year.

Our employees

Their interests
- Training, development and career prospects
- Health and safety
- Working conditions
- Equality, diversity and inclusion
- Human rights and modern slavery
- Fair pay and employee benefits, including gender pay

How we engage
- Workforce posters and communications
- Ongoing training and development opportunities
- Whistleblowing procedures
- Publication of Modern Slavery Statement
- Anti-Corruption and Bribery Statement
- Employee benefits packages
- Employee engagement questionnaires and site visits
- Staff intranet, RWorld

FY24 highlights
- Conducted an employee engagement survey with a 66% response rate focusing on training and development, work/life balance, health and mental wellbeing, social value and internal communication.
- An action plan will be implemented in FY25 to respond to requests and concerns raised, providing additional training and more insight from the SLT on the Group plan and strategy.

Our contractors and suppliers

Their interests
- Contract terms and conditions
- Health and safety on site
- Working conditions
- Human rights and preventing modern slavery
- Diversity and inclusion
- ESG

How we engage
- Local sourcing of contractors where possible
- Initial meetings and negotiations
- Prompt payment
- Frequent communication through management team
- Sub-contractor assessment approval chain
- Supplier contracts
- Social media and website

FY24 highlights
- Conducted a supplier carbon survey to begin our journey in understanding and reducing our Scope 3 emissions.
- Enhanced management of contractors and suppliers with the support of a dedicated Procurement Manager.

Investors

Their interests
- Capital growth and dividends
- Financial and operational performance
- Business sustainability
- Robust governance framework
- Ethical behaviour
- Directors' experience and skills
- Understanding the Group's growth strategy
- Risk management, principal risks and mitigation

How we engage
- Group website
- Shareholder circulars
- AGM
- Stock exchange announcements
- Annual Report
- One-to-one briefings with management
- Interactive investor presentations via Investor Meet Company
- Social media (LinkedIn)

FY24 highlights
- Won several new contracts and positions on framework agreements, securing future projects, forward earnings visibility and organic growth.
- Engaged directly with certain key shareholders regarding a possible offer for the entire issued share capital of the Group and considered shareholder feedback. As a result, the Board concluded that it would not recommend the offer to shareholders.
- Engaged with shareholders following the AGM to understand their views for not passing two proposed Special Resolutions to disapply pre-emption rights generally and pursuant to the allotments to finance acquisitions and capital investments.
- Made significant progress with former construction subsidiary, DCB Kent, having concluded seven of nine projects, with another completing in July 2024. The final project is subject to a financial settlement with the client. The Board has reassessed the pre-tax net cost to complete the DCB projects as £12.9 million. Apart from the settlement on the final project, the majority of these net costs have already been paid, with the remainder to be funded from the strong cash generation from the underlying operations and existing finance facilities. The Group maintains the support of its banking partner, HSBC UK Bank plc.

Clients and residents

Their interests
- Timely and high-quality, end-to-end service
- Ease of access to information regarding job timelines and completions
- Health and safety on site
- Data security
- Partnerships to support the decarbonisation of properties
- Environmental credentials to support carbon reduction in the supply chain
- Alignment of social values

How we engage
- Group reports and performance data in delivering services
- Client meetings with management
- Marketing and communications
- Annual Report
- Annual ESG Impact Report
- Group website
- Digital channels to communicate with residents
- Social media and website

FY24 highlights
- Continued and enhanced social value activities and communication through our website and social media.
- Published our first ESG Impact Report detailing social value contribution, environmental performance, and targets.
- Carried out targeted marketing to raise the Kinovo brand, diversifying our client base and securing new contracts and framework agreements.
- Upgraded our job management system MRI Repairs (AccuServ) to a web-based platform, enabling residents to give real-time feedback and offer greater transparency to clients on our performance.
- Introduced Find My Engineer feature for residents to enable better communication with engineers and improve customer satisfaction.
- Extended accreditations and certifications across the Group; Dunhams added PAS 2030 accreditation to support clients in retrofit projects.
- Appointed a Retrofit Lead to drive regeneration and renewables activity with clients.
- Engaged with clients on opportunities and challenges relating decarbonisation of social housing.

Regulatory bodies

Their interests
- Compliance with regulations
- Worker pay and conditions
- Gender pay
- Health and safety
- Brand reputation
- Waste and environment
- Insurance

How we engage
- Group website
- Stock exchange announcements
- Annual Report
- Direct contact with regulators
- Compliance updates at Board meetings
- Direct contact with regulators
- Consistent risk, health and safety review

FY24 highlights
- Attended and participated in housing summits to increase Kinovo's profile and gain better understanding of industry concerns, changes and how Kinovo can address future challenges and support in retrofit programmes.
- Adhered to regulatory changes and renewed accreditations and certification in respect of each of our service disciplines.

Community and environment

Their interests
- Sustainability
- Road safety
- Human rights
- Energy usage
- Recycling
- Waste management
- Community outreach and CSR

How we engage
- Philanthropy and volunteering
- Corporate Social Responsibility Policy
- Workplace recycling policies and processes
- Environment Policy
- Community engagement and social value initiatives alongside clients

FY24 highlights
- Enhanced social value activities and the communication of these activities across three subsidiaries in line with our ESG strategy and increased customer expectation.
- Published our first ESG Impact Report detailing social value contribution and environmental performance and targets.

ESG sits at the heart of our strategy

> Our strategy, goals, and achievements reflect the hard work of every Kinovo employee."

Sangita Shah
Non-Executive Chair

Introduction from the Chair of the ESG Committee

ESG is at the core of Kinovo's values, and we are committed to fostering a greener, happier, and more prosperous environment for all. We strive to lead the way as a company, working alongside our clients and other stakeholders, sharing our expertise and ambition to drive the ESG agenda in our sector. Maintaining momentum is important.

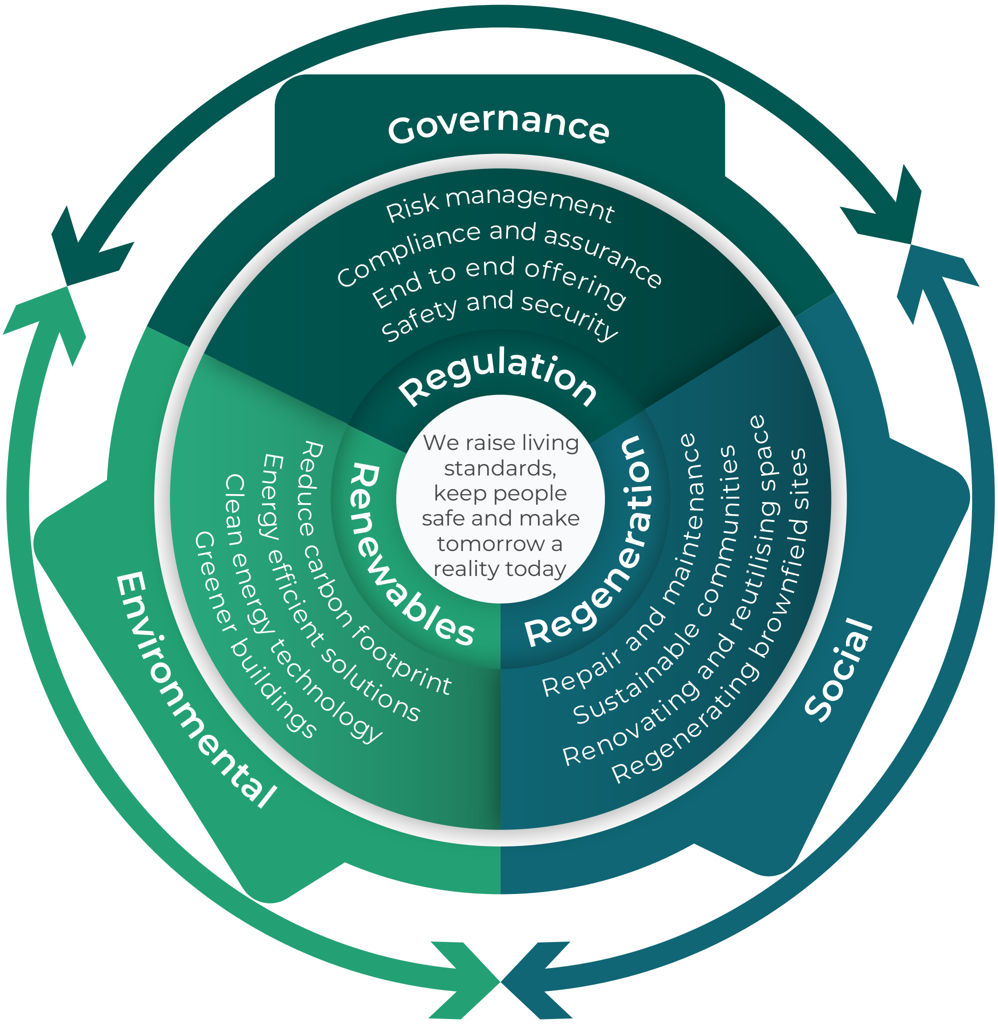
There will be some short-term trade-offs, but our decisions now will lead to more sustainable solutions and a more sustainable business in the longer term – a healthy and timely balancing act.

Kinovo has always been an integral part of the communities in which it works through its three subsidiary brands – Dunhams, Purdy and Spokemead. Our support service functions are crucial in assisting our three subsidiaries so they can focus on delivering their own specialisms.

Our robust approach to managing ESG reflects our desire to have a positive impact. We believe in the collective responsibility and accountability of the interests of our stakeholders and wider communities. We are dedicated to keeping our promise to raise the living standards for people, families and communities – making the possibilities of tomorrow a reality today.

Our strategy, goals, and achievements, which we share in this report, reflect the hard work of every Kinovo employee. I would like to personally thank them all, and I look forward to meeting the challenges and successes of the coming year as we seek to benefit our clients, employees, suppliers, and the communities in which we operate.

Our clear purpose, strong values, investment in our people and green technologies underpin our mission to create a sustainable business over the long term. This is why we have organised our business around Regulation, Regeneration and Renewables. By focusing on ESG, we aim to develop our teams' expertise, deepen client relationships, and transform service delivery, setting new standards of excellence in our sector.



Key

Our ESG goals and alignment with the UN SDGs

Our ESG goals are our compass for positive change and are the bedrock of our accountability. We are passionate about achieving net zero by 2040 – an ambitious goal where our operations have a net zero impact on our environment. As our goals illustrate, we believe in enhancing our operations across the spectrum of ESG to make a meaningful difference in promoting sustainability, fostering inclusivity, and ensuring responsible stewardship of resources, positively impacting our clients, workforce and the communities in which we work.

The United Nations has identified 17 Sustainable Development Goals. We have identified eight of these where our efforts can have the most significant impact, and we have put in place processes to ensure we contribute towards these global aspirations.

For more information on our UN SDG targets and indicators, see our ESG Impact Report which is available on our website.

End poverty in all its forms everywhere

Ensure healthy lives and promote wellbeing for all at all ages

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Take urgent action to combat climate change and its impacts

Make cities and human settlements inclusive, safe, resilient and sustainable

Ensure access to affordable, reliable, sustainable and modern energy for all

Reduce inequality within and among countries

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Environment

Achieving net zero by 2040

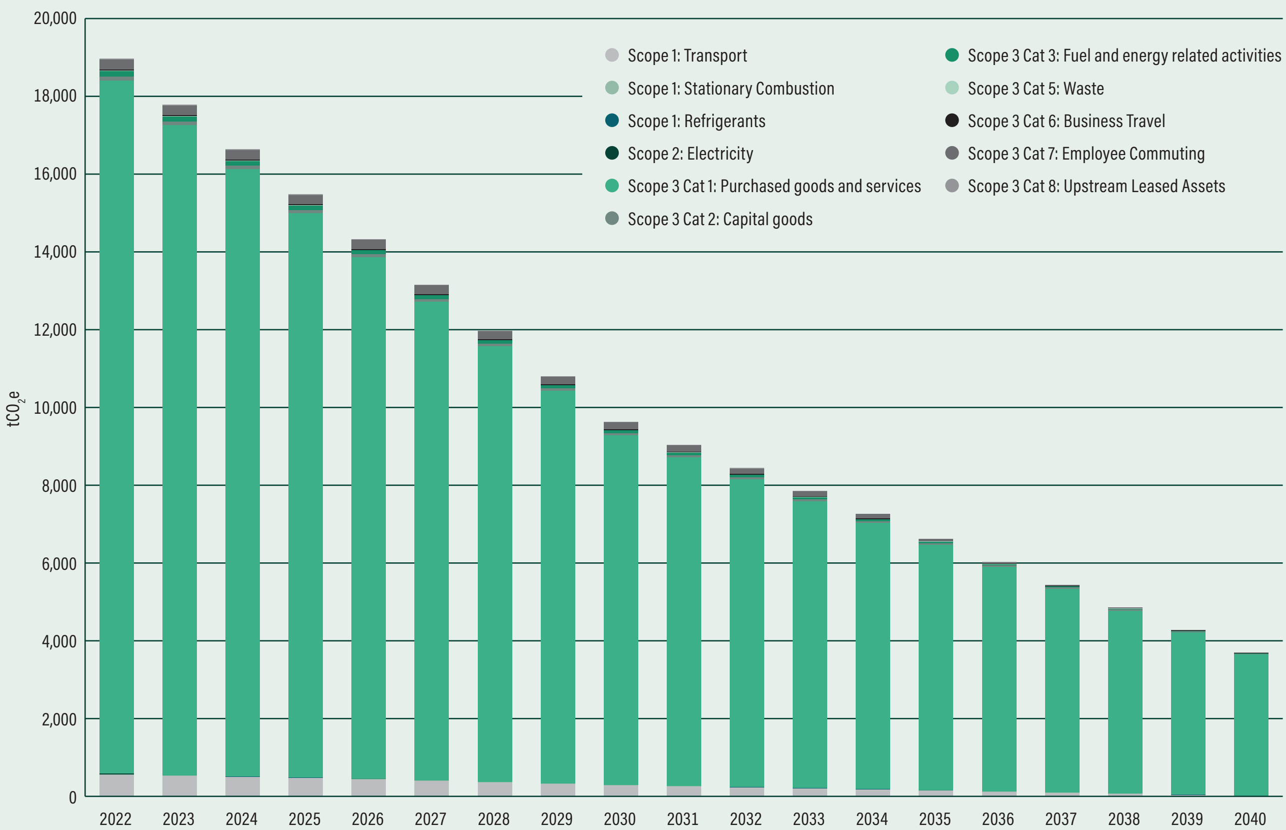
Having established our baseline emissions for Scopes 1, 2 and 3 (transportation) in line with the GHG Protocol, we are executing our action plan to reduce emissions for each Scope category.

Our goals

1. Net zero by 2040 – achieving 81% reduction in all GHG by 2040 and offsetting all residual emissions.
2. 49% reduction in our Scope 1, 2 and 3 emissions by 2030.
3. 100% renewable electricity tariffs in the offices where we have operational control.

Carbon emissions glide path

The nature of our business means that the goods and services we purchase dominate our GHG emissions inventory.



Net Zero: step-by-step

2022 – We will do everything we can to reduce our emissions, and for those emissions we are unable to avoid, we will offset our Scope 1 and 2 emissions from 2022 to become carbon neutral in operations.

2023 – Procure 100% of our electricity from renewable energy contracts at all offices where we have operational control.

2024 – Carbon surveys sent to key suppliers to understand their emissions and the positive actions they are taking to become a carbon-conscious supplier so we can begin limiting the emissions embedded in our supply chain.

2025 – We will introduce an EV salary sacrifice scheme for all our employees.

2027 – We will send zero waste to landfill. All our offices will have LED lighting controlled by Passive InfraRed (PIR) sensors.

2030 – 50% of fleet vehicles will be run by greener technology with charging points available. A 50% reduction in Scope 1 and 2 emissions will be achieved.

2035 – 75% of fleet vehicles will be run by greener technologies. A 65% reduction in emissions from the use of natural gas in our facilities will be achieved after a switch to biogas.

2040 – 81% reduction in all emissions achieved. Offsetting all residual emissions via nature-based or carbon removal offsets and becoming Net Zero. All fleet vehicles will be run by greener technologies.

Streamlined Energy and Carbon Report ("SECR")

Here, we summarise our energy usage, associated emissions, energy-efficiency actions and energy performance under the government policy of Streamlined Energy and Carbon Reporting ("SECR"), which is implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

As a UK-incorporated business, we disclose energy consumption, emissions, intensity metrics and all energy-efficiency improvements implemented for our UK operations.[1]

Highlights

- Gas emissions increased due to the addition of a new site.
- Electricity emissions decreased due to improvements in energy efficiency, including solar PV installation.
- Transportation emissions increased due to an increase in employee numbers and travel to the new office for the management team.
- Emissions per full-time employee ("FTE") have decreased overall due to energy-efficiency improvements and FTE growth during the reporting year.

Energy consumption and carbon emissions[2]

Kinovo Scope 1 direct and Scope 2 and 3 indirect emissions (combustion of natural gas and transportation fuels) for this reporting year are 552.73 tCO_2e, resulting from the direct combustion of 2,356,850 kWh of fuel. This represents a carbon increase of 4.90% from the previous year.

Scope 2 indirect emissions (purchased electricity) for this reporting year are 22.27 tCO_2e, resulting from 111,864 kWh of electricity purchased and consumed in day-to-day business operations. This represents a carbon reduction of 14.69% from last year ending March 2023.

Our operations have an intensity metric of 2.25 tCO_2e/FTE for this reporting year. This represents a reduced operational carbon intensity of 4.18% from last year ending March 2023.

1 An operational boundary has been applied for the purposes of the reporting. A total of 43.83% of consumption data used for SECR has been estimated to achieve 100% data coverage. Consumption and emissions data has been developed and calculated using the GHG Protocol – A Corporate Accounting and Reporting Standard (World Business Council for Sustainable Development and World Resources Institute, 2004); Greenhouse Gas Protocol – Scope 2 Guidance (World Resources Institute, 2015); ISO 14064-1 and ISO 14064-2 (ISO, 2018; ISO, 2019); Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance (HM Government, 2019). Further information on our reporting methodology and compliance responsibility can be found on our website.

2 **Scope 1** consumption and emissions include direct combustion of natural gas and fuels used for transportation operations, such as vehicle fleets.
Scope 2 consumption and emissions refer to indirect emissions related to the consumption of purchased electricity in day-to-day business operations.
Scope 3 consumption and emissions cover emissions resulting from sources not owned by Kinovo. This relates to business travel undertaken in employee-owned vehicles only.

Case study

Purdy taking the lead in sustainable procurement

Purdy's Sustainable Procurement Strategy aims to ensure that all goods and services procured by Purdy Contracts are designed, manufactured, delivered, used and managed at end-of-life in an environmentally and socially responsible manner.

The process has developed and embedded tools that enable sustainability objectives to be addressed in the procurement process. These actions include introducing relevant sustainability clauses into our contracts, developing sustainability risk assessment tools and furthering the outcomes of our current environmental risk assessment procedures. We are working to achieve these with suppliers and are aiming to implement them in new or renewed contracts.

Energy consumption[1] (kWh)

Utility and Scope	FY24	FY23
Scope 1 total	**2,149,840**	2,089,603
Gaseous and other fuels	**130,898**	88,343
Transportation	**2,018,942**	2,001,260
Scope 2 total	**137,427**	137,799
Grid-supplied electricity	**107,570**	135,019
Transportation	**25,563**	–
Self-generation	**4,294**	2,780
Scope 3 total	**181,447**	122,218
Transportation	**181,447**	122,218
Total	**2,468,714**	2,349,620

1 Electricity consumption and emissions for FY23 have been restated to accurately reflect the contribution of self-generated electricity via solar photovoltaic installations. In FY24, Kinovo plc self-generated 4,294 kWh of electricity, a 54.16% increase on the self-generation of 2,780 kWh in FY23.

Carbon emissions (tCO_2e)

Utility and Scope	FY24	FY23
Scope 1 total	**506.63**	498.73
Gaseous and other fuels	**23.95**	16.13
Transportation	**482.68**	482.60
Scope 2 total	**27.57**	26.11
Grid-supplied electricity	**22.27**	26.11
Transportation	**5.29**	–
Scope 3 total	**40.81**	28.19
Transportation	**40.81**	28.19
Total	**575.00**	553.03

Carbon intensity (tCO_2e/FTE[1])

	Location-based[2]		Market-based[3]	
	FY24	FY23	**FY24**	FY23
All scopes tCO_2e	**2.25**	2.35	**2.33**	N/A
Percentage change	-4.18%		N/A	

Energy saving projects undertaken in FY24

- EV charging – ten additional EV charging points were installed at all office locations. This encourages the use of EVs and continues to reduce the carbon emissions of employee transportation.
- PV solar installation – six photovoltaic solar panels were installed at the Head Office to reduce reliance on grid electricity and the associated carbon emissions.
- Retrofit demonstration room – a full retrofit demonstration room, consisting of internal and external wall insulation, windows, doors, MVHR and underfloor insulation, was created at the Head Office. This directly shows the impact of the retrofit operations on improving energy efficiency.
- Whole-house retrofits – a number of whole-house retrofit works have been undertaken on the Hyde Housing contract. These will improve the efficiency and reduce energy waste in the associated units.
- HUG 2[4] retrofit – a HUG 2 retrofit has been undertaken on the Broadland Housing contract. This measure will improve the energy efficiency of the associated units.
- Single skin extension upgrade – works have been undertaken on single skin extension to insulated usable rooms on the Great Yarmouth contract. This will reduce energy waste in the associated units.
- LED installation – lighting in the Head Office location is being replaced with LED options where possible to improve the energy efficiency of the site further.

Energy saving projects completed at the start of FY25

- Acquisition of green energy contracts – gas and electricity contracts at the Head Office have been changed to be provided from renewable sources. This will reduce the emissions reported under market-based methodology.
- ASHP fitting – installed five emissions-reducing air source heat pumps on behalf of two clients.

1 Total employees in FY24: 255 (FY23: 235).
2 Location-based emissions: Methodology to calculate Scope 1 and 2 emissions using a region's average grid emissions factor.
3 This is the first year that market-based emissions have been calculated. The methodology to calculate Scope 1 and 2 emissions uses emissions factors specific to the contractual instruments in place.
4 Home Upgrade Grant: Phase 2 – a Government scheme awarding grants to local authorities for energy efficiency and clean heating upgrades in owner-occupied and private-rented sector fuel-poor homes off the gas grid.

Moving towards renewable energy

	FY24	FY23
Electricity used from renewable sources	**14.06%**	7.50%
EV or hybrid vehicles in the fleet	**20%**	4%
Office locations fitted with EV charge points	**100%**	100%

We are transitioning away from gas over time, replacing these systems with electrical systems powered by renewable sources, and investing in programmes to reduce the volume of energy we use. For example, we are gradually replacing non-LED lighting with energy-efficient alternatives, helping us to reduce energy use.

We have completed a study to convert our fleet to electric ("EV") or hybrid vehicles and are gradually replacing it with greener options. 27 new EV vans have been introduced to our fleet over the last year, and an additional 17 more are on order.

Understanding our Scope 3 emissions

Approximately 97% of our carbon emissions (see chart) fall within Scope 3 Category 1, encompassing the emissions associated with producing goods we procure. We recognise that substantial progress in reducing carbon emissions in this category depends on our suppliers' adoption of emission reduction targets. While we acknowledge that we do not have direct control over the pace of this transformation, we can leverage our purchasing influence to encourage suppliers to align with our sustainability strategy.

Our trade suppliers include large national companies, specialist services companies and over 100 local service providers. They are fundamental to Kinovo's activities and strategic players in transitioning to a decarbonised economy.

We can only achieve net zero through a radical transformation of our supply chain and by embarking on an improvement campaign to continually review and encourage our partners to adopt leading practices to reduce their impacts.

We have various policies to engage with our supply chain with "sustainability as standard" in our procurement processes to reduce ESG-related risks and identify opportunities for incremental improvements.

In FY24, we invited our suppliers[1] to participate in a supplier carbon survey, with 51% completing the survey by total invited spend[2]. We discovered a mismatch between our suppliers' carbon maturity and our supplier spend.

- 88% of suppliers by spend are not yet measuring emissions, including six of our largest suppliers by spend (three plan to begin measuring in the next year).
- 23% of suppliers by spend (including some of our largest suppliers by spend) have taken no steps in the past year and have no plans for next year to reduce carbon emissions.
- Some of our smallest suppliers by spend show greater maturity regarding carbon emissions measurement and reduction.
- 90% of our suppliers by spend do not have carbon reduction targets. The 10% that do are generally large, nationwide companies.

As a Group, we support local suppliers wherever we can as part of our social value goals. This explains why some of our largest suppliers by spend have lower carbon maturity. We are also conscious that we are one of the largest customers for some local suppliers, and we remain committed to supporting them.

Unsurprisingly, the barriers to calculating carbon emissions for these smaller suppliers include a lack of budget, internal capacity and know-how, and a belief that doing so is irrelevant to their businesses. These factors highlight our challenges and the importance of our engagement with them. Kinovo is in a strong position to support suppliers in their carbon reduction strategies – helping them to take action so that we can begin reporting our Scope 3 Category 1 emissions.

1 87% of total UK spend from FY23.
2 30 respondents in total.

Key actions for FY25:

- Maintain supplier engagement and focus on the largest spend unresponsive suppliers to respond in the next cycle.
- Engage with the largest spend suppliers not taking action to begin taking action to reduce emissions, starting with low-cost, high-impact actions such as purchasing renewable electricity and fleet.
- Agree on the best approaches and design a supplier improvement approach to begin measuring carbon emissions.
- Begin including carbon maturity as a factor in the preferred supplier list ("PSL") with potential requirements for suppliers to take specific actions related to spending levels if they are to be added to or renewed on the PSL.

Waste reduction through expertise

	FY24	FY23
Waste generated	**1,524 tonnes**	690 tonnes
Waste recycled and diverted from landfill	**97%**	97%

We have been following the reduce, reuse, recycle model for several years – seeking to break the linear model to extract, use and dispose. Our focus is to embed the principles of circular economy in the products and materials we procure and the services we deliver to our Housing Association and local authority clients.

Our Employee Handbook details expectations regarding handling and minimising waste, and our Environmental Policy makes clear that we aim to:

- minimise waste, emissions and consumption of resources (materials, fuel, water and energy) and ensure that unavoidable waste is, where possible, recycled or disposed of responsibly;
- ensure that all employees and service providers working for us act in accordance with the Environmental Policy and our environmental management system;
- minimise waste by evaluating operations and ensuring they are as efficient as possible; and
- achieve savings by managing resources, reducing the cost of waste disposal and efficient energy and water usage.

We aim to achieve zero waste to landfill by 2027, and we have implemented practical systems and procedures to minimise our waste footprint. This includes consolidating our waste management with one provider, which allows us to obtain granular detail on the waste we produce. In FY24, 97% (FY23: 97%) of our waste was diverted from landfill.

Working with our suppliers, we ensure they are taking action to reduce their emissions and limit the use of scarce resources, including limiting or eliminating the supply of single-use items and using recyclable products.

Social

Elevating hearts and minds

A key driver of our service is delivering benefits for people, communities and the planet. Our goal is to foster community wellbeing and prosperity by advocating for an inclusive economy that offers opportunities to everyone and focuses on positive initiatives for those facing significant disadvantages, both in terms of people and communities.

We are working closely with our clients to enhance the impact of our social value contributions. Being on the ground on behalf of local authorities and housing associations, we understand the importance of our wider responsibility to assist and safeguard the welfare of the residents within the communities and the added value that we can bring.

Our approach

- Helping those in need: local food banks, schools and community initiatives within the local areas where we work.
- Identifying local suppliers to provide us with the products and services we deliver, seeking out small and medium-sized enterprises ("SMEs") that offer exceptional service levels but may be overlooked in more formal, prescriptive tenders due to their size.
- Encouraging and working with our clients on initiatives directly impacting local people and the wider community.

Delivering meaningful social value

	FY24 £m	FY23 £m
Social value through local supply spend	**38.4**	34.8
Social value through non-local supply spend	**25.7**	32.6
Social value and environmental value	**12.3**	11.9
Total social value added, including economic benefit	**76.4**	79.3

We calculate social value using Thrive[1], an online platform designed to help organisations track, audit and report on their social value and broader ESG activities. The metrics we use to calculate fall within four out of five broad themes under the Social Value Model guidance for PPN 06/20:

- Tackling economic inequality – business and job creation, skills development and increasing supply chain resilience and capacity.
- Fighting climate change – reduction in consumption, creation of green spaces and time spent by our workforce on environmental initiatives.
- Equal opportunity – how we diversify and reduce inequality in our workforce and supply chain.
- Wellbeing – improving health and wellbeing in our workforces and supply chain, including external investments in cash, volunteering and education.

In FY24, our overall social value decreased by 3.7% compared to FY23. This reduction was mainly due to lower spending in our non-local supply chain and contracts awarded to SMEs. However, we did observe meaningful increases in social value within our two focus areas: local supply spend (+10.3%) and supporting local communities (+40.7%) such as volunteering, charitable donations and providing work opportunities for young, disadvantaged and local people.

1 Thrive is a cloud-based software platform fully aligned with the UK Government's Social Value Model (PPN 06/20) and follows guidance from HM Treasury.

Recruiting locally and nurturing talent

	FY24 £m	FY23 £m
Employees who live and work in their local communities	19%[1]	17%[2]
New local jobs created	93%[3]	82%[4]
Apprentices underway (including completed apprenticeships)	31	32
New apprentice opportunities created	12	17
Apprenticeship weeks delivered	1,624	1,313

1 49/255 employees.
2 40/235 employees.
3 54/58 new jobs were created locally in FY24.
4 40/49 new jobs were created locally in FY23.

Every year, we analyse training needs to identify skill gaps among our people. We issue individual training plans to help advance career paths. Senior staff are provided leadership training to ensure they have the skills to manage teams. Our centralised HR system manages individual and Group-wide recruitment, onboarding and training requirements to help our employees thrive.

We are a National Living Wage Foundation Accredited Employer. We also pay our apprentices above the National Minimum Wage to attract the best talent; we recognise that salaries provide security and stability.

We actively encourage submissions from people living and working in the local communities, even if they do not have all the required skills. We do this because we can offer excellent assistance, training and development to allow them to grow in their responsibilities.

Enhancing workforce equality

	FY24	FY23
Full-time employees who were previously unemployed or had barriers to employment	24	22
Gender	28% female	26% female
Ethnicity	18% BAME	20% BAME

Equality, diversity and inclusion ("EDI") are key to what we stand for. We give equal opportunities to all we seek to employ and assist those who may be disadvantaged. Our employees come from broad ethnic, religious and cultural backgrounds. This diversity is representative of the clients we serve, our suppliers and our communities.

We look to offer jobs to those who may otherwise struggle to find employment based on their circumstances. This could be due to an individual's age, disability or lack of training; we aim to overcome whatever barrier exists and then once within our fold at Kinovo, their on-the-job experience is supplemented by internal and external training. We help those struggling to get on the job ladder or re-entering the job market, such as ex-military, long-term unemployed and former prisoners. In early 2024, we signed the Employers Domestic Abuse Covenant ("EDAC") as a pledge to support men and women affected by abuse to enter or re-enter the workforce. We are committed to being an inclusive employer, and signing the EDAC highlights that this extends to victims and survivors of domestic abuse.

We also recognise that we can do more in partnership and are members of Women in Social Housing ("WISH") and the Chartered Institute of Housing. We have signed up for the Armed Forces Covenant as part of our commitment to supporting the armed forces.

We have amended our vacancy advertising to welcome applicants from people with neurodivergent conditions. Appropriate and reasonable adjustments have been made to the interview process, including work trials. We are also proud to be a Disability Confident employer – a Government scheme that encourages employers to think differently about disability and take action to improve how they recruit, retain and develop disabled people. Our 255 employees come from many backgrounds, and this diversity helps us relate to our wide range of clients, suppliers and communities.

Modern slavery is often an invisible challenge, as it exists within complex supply chains. To counter this, we have in place a series of checks and processes to ensure that any incidence of modern slavery within our supply chain is eradicated.

Case study

Helping ex-offenders get back to work

We believe that everyone deserves the chance to thrive in employment, and we have a long way to go to combat the fact that ex-offenders are one of the social groups least likely to be employed. The prison services themselves are under a lot of pressure to improve the situation; that's why Kinovo engages with prisons, visiting facilities including HMP Belmarsh, Brixton and Wandsworth and an open prison in Suffolk to share the message about our training, apprenticeships and opportunities for experienced tradespeople. We also partner with A Fairer Chance Organisation to help break the cycle of reoffending and support offenders in finding sustainable work.

Health and safety

	FY24	FY23
Accident incident rate[1]	**82.96**	90.90

1 Accident incident rate is calculated as the number of work-related injuries multiplied by 1,000 divided by the average number of employees.

As an ISO 45001 employer, our employees' health and safety ("H&S") is at the forefront of how we look after our staff. Our robust health and safety policies and programmes aim to have all staff perform their duties as safely as possible. We provide frequent training in the form of written communication, training courses and toolbox talks to ensure our staff are as aware of their safety as we are.

The primary function of our H&S team is to secure the health, safety and welfare of our people and protect them and others from risks whilst carrying out activities at work. The H&S team conducts rigorous monitoring and reporting of health and safety, conducting site inspections, investigating hazards and near misses and ensuring continual improvement. Compliance is fundamental to maintaining our accreditations, including ISO 9001, 14001 and 45001, NICEIC, Gas Safe and CHAS. H&S sits at the forefront of any job that is carried out.

Mental health and wellbeing

We believe a happy and healthy workforce will consistently deliver a better outcome. The key to mental wellbeing is to have the right people in the right roles with the right helping hand. We take a holistic view of our employees' welfare by ensuring we look after their mental and physical wellbeing. We are also sympathetic to the fact that challenges at home can impact a person's work.

In FY24, we introduced our Employee Assistance Programme ("EAP"), which gives access to a wellbeing app and up to six telephone counselling mental health sessions (with qualified counsellors). Employees can also access financial and legal advice and wellbeing initiatives such as healthy eating plans and exercise. We have three mental health workplace responders who can help spot signs of stress and can intervene, annual health surveillance checks for all staff and a "Cycle to Work" scheme.

Supporting our local communities

	FY24	FY23
Community donations	**£52,416**	£30,000
Work experience completed	**44 weeks**	14 weeks
Total volunteering hours	**1,263 hours**	540 hours
Volunteering: supporting local communities	**1,066 hours**	486 hours
Volunteering: education engagement	**198 hours**	54 hours

Collaborating with our clients and partners, we harness collective power to maximise outcomes on initiatives that benefit local people and communities.

We commit to working on community projects as part of our contracts, and our support is wide and varied depending on local needs. We seek to address their immediate challenges, such as fuel poverty and a lack of accessible employment opportunities. We tackle the first through a fabric-first approach, and the second we address by supporting our clients through community-based careers and job fairs, providing full-time work to long-term unemployed and underrepresented groups, and offering apprenticeships.

We were very pleased to see a substantial increase in the number of hours volunteered by our staff following the introduction of a paid volunteering day in all our staff contracts; however, a recent employee engagement survey highlighted that 60% of respondents had not undertaken a volunteering day in FY24. While these days are not obligatory, volunteering is a key element of our social value activities, and we want to encourage and support all our staff to get involved. We are investigating why this is the case, including reviewing the variety of activities we offer and removing any barriers that may prevent our employees from taking part.

Case study

Setting up a foodbank for Peabody

We actively seek to help those in need in our local community. After hearing that 760,000 people used a food bank between April 2022 and March 2023, the team at Purdy helped its client, Peabody, set one up at Darwin Court in Southwark, opening its doors in August 2023. The food bank is a free service for all Peabody residents and positively impacts the local community. We continue to provide financial support as well as pledging volunteers to run and manage this important lifeline to the 160 residents registered with the food bank.

Governance

Evolving as one

We rely on valued partners for their support and impact on many others. We see each stakeholder as critical to our success, and it is vital that they feel valued as partners.

The Board considers the expectations and interests of its stakeholders when making decisions.

To learn more about the Group's engagement with stakeholders in FY24, see pages 32 to 35

Further information on our governance systems can be found in the Corporate Governance Report on pages 53 to 66

Key social and environmental risks are incorporated within our Group Risk Register and discussed in Board and SLT meetings.

For more information, see pages 48 to 52.

ESG Committee

Our ESG Committee comprises Sangita Shah (Non-Executive Chair), Lee Venables (Chief Operating Officer), and Kim Wright (Non-Executive Director). Its purpose is to provide oversight on all ESG matters, including ESG-related policies and procedures.

The ESG Committee reports to the Board after each meeting, and this direct line of governance has informed the Group's strategy around the three "R"s of Regulation, Regeneration and Renewables. The Committee reports to the Board on any changes in the ESG landscape. The Committee sets KPIs to meet ESG goals related to emissions, social value creation and waste recycling.

Following the formation of the ESG Committee in FY23 and a high level of activity in that year, responsibility for executing and managing the ESG strategy was delegated to the Chief Operating Officer and Social Value Manager. Regular discussions regarding ESG matters were held between the Chief Operating Officer and the Chair. ESG is a standard agenda item at Board meetings, with the Board providing oversight of ESG performance in FY24. As a result, no ESG Committee meetings were held during the year. Two ESG Committee meetings are scheduled for FY25 in adherence to the Committee's Terms of Reference.

The ESG Committee's Terms of Reference, role and responsibilities are available on the Group website.

Communicating our aims and achievements

Our social and environmental aims and activities are communicated to our stakeholders through the Group's intranet, the website and the ESG Impact Report. Kinovo's Social Value Policy sets out its core values, expectations of employees and suppliers, and approach to social value delivery, measurement and management across all projects and business operations.

A recent employee engagement survey highlighted that 96% of employees understand the meaning of social value. The survey also showed that 40% of respondents had undertaken a volunteering day in FY24 – an essential element of Kinovo's social value activities.

Our Environmental Policy ensures that all employees are trained and given appropriate guidance in its implementation. The Policy recognises that "our activities and environmental aspects have an effect and impact on the local, regional and global environment", and the Directors and Management are committed to continuous improvements in environmental performance and pollution prevention. Our accreditation to ISO 14001:2015 reinforces this.

Significant decisions taken during the year ended 31 March 2024 ("FY24")

- Renamed the Committee to reflect enhancements to the ESG strategy, with people and mental wellbeing incorporated as part of the Group's social ambitions.
- Reviewed and approved the inaugural ESG Impact Report, published in December 2023.
- Commissioned a supplier carbon survey to understand Scope 3 emissions and begin the Group's journey towards achieving net zero by 2040.

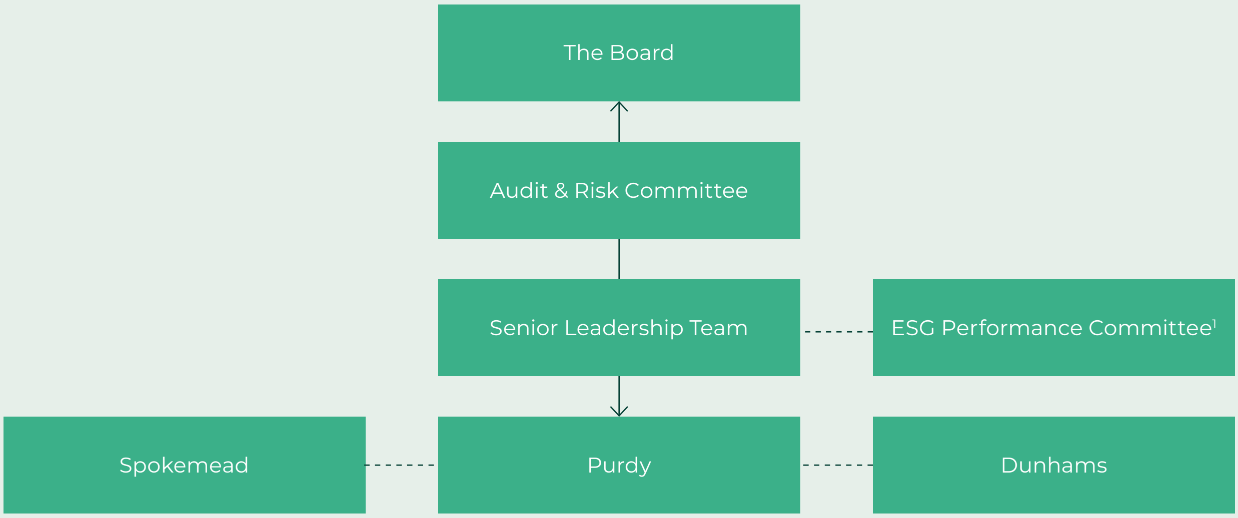
Priorities for the coming financial year ended 31 March 2025 ("FY25")

- Reinstate regular ESG Committee meetings with two meetings scheduled for FY25.
- Undertake a comprehensive stakeholder materiality assessment to ensure the ESG strategy meets stakeholders' expectations.
- Track the Group's delivery of ESG targets against stated objectives and set targets to increase direct employee engagement with social value activities, such as increasing employee volunteer days.
- Approve the strategy to engage suppliers on their carbon reduction plans.
- Approve actions following feedback from the employee engagement survey.

The Group's risk management involves a bottom-up and top-down framework, embedding standardised operational procedures for health and safety, quality, efficiency and governance. The Group has a strong culture of risk awareness amongst its employees.

Potential risks and their likelihood and potential impact are identified and managed at the business subsidiary level and by central service departments. The Senior Leadership Team and heads of each subsidiary are responsible for monitoring operational risks, economic and market conditions, and regulatory developments that may impact the Group's strategy and financial performance delivery. This entails ensuring that identified risks and mitigating actions are logged on the Group Risk Register. They are also responsible for updating any significant changes to the Risk Register.

The Audit and Risk Committee, with the support of the Group Finance Director, is responsible for ensuring that the Group Risk Register is maintained and updated. Risk is discussed at committee meetings, and any significant increases in likelihood or impact are highlighted to the Board. From time to time, the Group faces unprecedented risks outside of normal operations that can become material. Risk is discussed as a regular agenda item at Board meetings, and the Board agrees on the principal risks and uncertainties. The Board and Senior Leadership Team formally review the Group Risk Register at least annually and as and when required.



1 Responsible for identifying environmental and social risks.

Principal risks

Risk description	Mitigation
Profitable growth	
Risk level: Medium **Change:** – Our growth depends on our ability to win new business, retain and increase our work for our existing customers, and bid, mobilise, operate, and manage contracts profitably and successfully. **Key risks** · Not winning bids or renewing contracts. · Mispricing bids. · Not understanding or meeting customers' needs. · Failing to deliver expected levels of service. · Supply chain and material price increases and availability. · Unprofitable contracts. **Link to KPIs** Gross margin, net cash generation, profit before tax, earnings per share.	We continue to develop our risk mitigation practices and strengthen our bid team, mobilisation and contract management processes, governance and financial systems, reporting, and operational oversight. **Mitigation** · The executive management has oversight of bids submitted, ensuring they are priced appropriately. · A central and standard bid and mobilisation function to provide oversight of new business processes and contracts. · Interdependent operational and finance systems achieve operational efficiencies and transparent reporting. · A Group-wide IT system that supports contract mobilisation and delivery and provides real-time KPI data; any potential problems are identified early and accurately. · Productivity and efficiency are monitored and managed through engineers' trackers and Personal Digital Assistants ("PDAs"). · Good relationships with various suppliers and sub-contractors and a procurement manager to drive cost efficiencies. · Mechanisms with client contracts that enable pricing reviews and uplifts aligned to cost increases. · Develop and train the existing labour force through the ongoing apprenticeship schemes. · Diversify the skills base and invest in gaining energy-efficiency accreditations, including the relevant certification for electric vehicle charging and microgeneration schemes. · We incorporate social value targets into all our bids and set social and environmental goals to support our sustainability credentials. · Investment in the bid, sales and marketing teams and external advisers to support the development of potential market and customer targets. · The disposal of DCB, subject to completion of current projects, exits the Group from the construction market. **Future actions** · Consider potential acquisition opportunities and assessment of funding capabilities. · Continue to ensure that we maintain and develop the required Industry Accreditations to demonstrate service capabilities and ensure qualification for tender bids.
Reputational management	
Risk level: Low **Change:** – Maintaining our reputation is vital to the success of our business. Our customers' and the residents' confidence in us affects our ability to retain and win business, financial performance, and growth prospects. **Key risks** · Failing to deliver expected levels of service or meet customer needs. · Inadequate financial control processes. · Failure to comply with regulatory requirements. · An incident involving significant harm to one of our people or clients/partners. · Corrupt practices involving fraud or bribery. · In severe cases, it could result in financial penalties, losses of key contracts, an inability to win new business and challenges in retaining key staff and recruiting new staff. **Link to KPIs** Net client base, resident satisfaction, appointments made/kept, first-time fix, jobs completed on target, social value.	The Board focuses on strengthening the Group's reputation by providing a high-quality service, meeting or exceeding its client-defined KPIs, and bringing social value to its communities. Kinovo's corporate governance structures ensure the Group and its people behave as good corporate citizens through open and transparent lines of communication, transparency and accountability. **Mitigation** · An independent Company Secretary, ONE Advisory, supports corporate governance and advises on improvements. · Standardised Group policies that all subsidiaries must adhere to, including incident management, crisis management, gifts and hospitality, anti-bribery and corruption and whistleblowing. · Centralised back office and support functions ensure strong and regular communication between subsidiaries and Group level. · The group's strategy, purpose, mission and values are regularly communicated with all staff and form part of the onboarding processes. · Values-based criteria are included in the staff appraisal system, performance-based bonus scheme and monthly staff recognition awards. · Published and communicated the Group's first Social Impact Report. · Maintain high service levels based on operational performance KPIs through continual innovation, a diversified skill set, training and development. · Group intranet ("RWorld") used to communicate internally.

Principal risks continued

Risk description	Mitigation
Not meeting sustainability goals	
Risk level: Low **Change:** We place environmental, social, governance and mental wellbeing ("ESG") considerations at the heart of our strategy. Our goals are directly related to our stakeholders' concerns relating to climate change, social value and the wellbeing of our people. **Key risks** • Not meeting our net zero goals or taking sufficient action to combat climate change could result in being barred from new client bids and retaining clients. • Not meeting our social value commitments could lead to client losses or failure to win new clients. • Taking insufficient action to protect the wellbeing of our people could result in poor staff retention and an inability to service clients. **Link to KPIs** Carbon intensity, social value.	The Board, via the ESG Committee, considers key sustainability risks that could impact the business. **Mitigation** • Key environmental, social and wellbeing KPIs align with our stakeholders' concerns. • Additional ESG KPIs are included in the Sustainability section of the report on pages 39 to 46 and are also considered to be of material importance to the Group and its stakeholders. • The Group has a dedicated Marketing and Sustainability Manager tasked with setting the sustainability strategy, co-ordinating and managing day-to-day sustainability efforts, and reporting progress to the SLT. • Key concerns are raised with the ESG Committee. • Set a Group-wide net zero strategy. • Conducted a supplier carbon survey to understand suppliers' strategies towards carbon reduction and begin the group journey towards reducing Scope 3 emissions. • Increased community-based social value activity and improved stakeholder communication regarding investment in this area.
Financial controls	
Risk level: Low **Change:** Ensuring we have strong financial controls, access to funding and effective cash conversion is essential to delivering our contracts and growing our business. **Key risks** • Cash flow issues. • Increased cost of borrowing. • Failure to meet financial obligations and deliver our services. • Inability to pay our staff and suppliers. • Inaccurate financial forecasts leading to poor business decisions. **Link to KPIs** Gross margin, net cash generated, adjusted EBITDA, net cash, earnings per share.	We have financial control procedures to oversee and monitor financial performance and cash conversion, including daily monitoring of bank balances, weekly cash flow reporting and regular financial performance and balance sheet reviews, which include detailed working capital reviews and forecasts. We have good banking, debt finance and equity relationships and improving levels of gearing for our business. **Mitigation** • Centralised treasury function, actively managing cash flows on both a daily and longer-term basis. • Centralised financial IT systems. • Group-wide governance systems for reporting commercial elements of new bids to allow for accurate financial forecasting and planning. • Segregated operational and financial supervisory duties within the contract management team. • Engagement of third-party industry experts to effectively manage the completion of the DCB construction projects. • Completed a review of the internal systems and finance function and confirmed that the department works efficiently and effectively without needing external support. • Continued to harmonise and streamline reporting across the Group. • Continued to invest in our finance function to ensure it is adequately resourced. **Future actions** • Continue efficient working capital management to strengthen the balance sheet.

Risk description	Mitigation
Compliance and regulation	
Risk level: Low **Change:** – Delivering on our contractual obligations and meeting and reporting against agreed service levels directly affects our ability to retain and win new business. To conduct our business, we need to work within regulatory frameworks and comply with legal requirements. **Key risks** • Financial penalties. • Legal notices. • Contractual penalties. • Early contract termination, inability to bid for certain contracts. • Damage to our reputation. **Link to KPIs** First-time fix, jobs completed on target, resident satisfaction, social value.	Overall responsibility for HSE, service delivery and ensuring staff have the right qualifications and understand their legal obligations lies with the centralised executive management and the COO and CEO specifically. **Mitigation** • Group-wide Compliance Committee. • Centralised HR to oversee training and skills needs. • Standard operating procedures to ensure consistent service delivery for employees. • Subsidiaries follow internationally recognised management systems for quality as required for their services. • All staff accreditation and qualifications are up to date and maintained. • Call administration and contract administrators work together to ensure timely responses. • Operational and financial supervisory duties within contract management teams are segregated. • Engagement of third-party industry experts to effectively manage the completion of the DCB construction projects. • Individual skills and development plans developed for all staff.
Significant health, safety or environmental incident	
Risk level: Low **Change:** – Due to the nature of our work, the potential to cause significant harm to our employees, business partners or members of the public, or to damage the environment will always exist. We are committed to safeguarding our people and protecting the environment wherever we operate. **Key risks** • Injury or loss of life for both employees and customers. • Damage to reputation. • Loss of confidence from our customers and residents. **Link to KPIs** LTIR.	Kinovo is committed to the highest standards of safety, health, environment and quality ("SHEQ") performance. **Mitigation** • Performance is monitored through our certified ISO Health and Safety, Quality and Environmental Management Systems. • Centralised SHEQ function to maintain consistency and quality across the Group. • Annual audits by the governing body, weekly inspections and external advisers carry out audits monthly or more if required. • Staff are required to report incidents immediately, and these are discussed at each Board meeting to identify any failings that led to an incident and how improvements can be made. • The Compliance Committee monitors and oversees health and safety strategy and performance, regulatory compliance and risk management. • The centralised HR department provides oversight of training requirements. • All staff policies are available on the Group intranet system ("RWorld") and are provided as part of the employee induction process.

Principal risks continued

Risk description	Mitigation
IT	
Risk level: Low **Change:** We are reliant on our IT infrastructure to conduct our work. IT provides the platform for our contract management and business support activities. We rely on these systems to improve our operational efficiency and provide the foundation for our administrative functions and financial reporting. **Key risks** • Inability to deliver services on time and efficiently. • Inaccurate financial and operational reporting. • Inability to raise invoices on work completed. • Reputational damage. **Link to KPIs** First-time fix, customer satisfaction.	The Group operates a centralised IT infrastructure and uses technology to communicate with its customers. Residents are demanding increasingly sophisticated and personalised communication channels to engage with their landlord and their repairs service provider to track and manage histories and reactive repairs. Tenant engagement and empowerment remain a high priority as the sector strives to embrace digital inclusion. Ensuring these systems are secure, current and available is a high priority for the Group. **Mitigation** • Central IT system ensures consistent service delivery and reporting, financial reporting, procurement, HR communications and IT security. • IT system integrated across subsidiaries to support contract mobilisation and delivery. Service delivery data is accessed and reported in real time. • IT security systems and policies to mitigate against systems failure and potential cyber-attacks. • Upgrading of PDA devices for security and Cyber Essentials. • Daily IT systems and security checks and full security audits conducted annually. • Group-wide intranet system ("RWorld") used to communicate internally. • Use open platforms such as MS Teams to ensure high availability and accessibility, including on-site PDAs. • Telephone and reporting software includes web chat to improve engagement with our residents and to improve efficiency. • A robust asset management and data input system, including a "find my engineer" for residents. • Cyber Insurance Policy.
Attracting and retaining skilled people	
Risk level: Medium **Change:** Attracting and retaining skilled people at all levels is critical to the sustainability of the business. This is particularly the case when ensuring we access diverse views and experience and attracting expertise at both managerial and operational levels where the market is increasingly competitive. We need to maintain good relations with our staff and invest in their training and the development of their careers. **Key risks** • Inability to motivate and retain talent. • Poor service levels. • Unable to fulfil contractual obligations. • The need to rely on contract staff impacting service quality and financial performance. **Link to KPIs** Resident satisfaction, first-time fix, jobs completed on target.	We offer all our staff opportunities to develop their careers and gain wider experience. We provide training and competency at all levels of the business from apprentices to senior management, and ensure that we can successfully manage the changing profile of the Group. A succession plan exists for key management and incentive programmes are in place. **Mitigation** • Centralised HR function oversees skills and people requirements and recruitment. • Group share incentive plan and management share option schemes. • Values-based staff appraisals to ensure consistent measurements are used to benchmark performance, identify talent and manage succession. • Individual skills and development plans in place. • Apprenticeship schemes are in place, and staff are supported through higher education to develop skills and competencies. • Succession planning for key management and talent development to provide the experience, skills and training needed to take on management positions. • All job vacancies are advertised internally, and existing staff are encouraged to seek promotions and apply for new opportunities. • RWorld used to communicate internally. • Competitive pay, benefits packages and performance-related bonus schemes to attract and retain staff, including pay banding for transparency. **Future actions** • Plan to establish a Diversity and Inclusion Internal Council, which will be the interface between our ESG Committee and our workforce.

Corporate governance

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65 Directors' report

An experienced Board

The Board is responsible for the Group's strategic direction, financial control systems and robust operational controls. It comprises three Non-Executive Directors and two Executive Directors.

Sangita Shah
Non-Executive Chair

A R

Date of appointment
19 December 2014

Experience
Sangita is a qualified accountant and has extensive experience in corporate finance, journalism and senior consultancy. Sangita brings with her a wealth of AIM listed and public market experience. She has held a number of senior roles within blue-chip organisations, including Unilever, Mars, Ernst & Young and KPMG, and is a past President of the Chartered Institute of Journalists. Sangita is also a regular consultant to a number of companies and to HM Cabinet Office. Sangita is a frequent keynote speaker in forums for the Windsor Leadership Trust, European Parliament and European School of Management.

External appointments
Non-Executive Chair of AIM traded RA International Group plc, Non-Executive Director of Inspired plc, Non-Executive Director of TEN Entertainment Group plc, a Director of NASDAQ listed Forward Industries Inc., a Director of Global Reach Technology EMEA Limited, and a Director of the Quoted Companies Alliance.

Committees
Audit and Remuneration.

David Bullen
Chief Executive Officer

Date of appointment
17 April 2019

Experience
David joined Kinovo in April 2019 from Boleyn International Ltd, a strategic management consultancy he founded in 2016. A turnaround specialist, David brings an impressive track record of creating substantial shareholder value as CEO at Anpario plc. He joined Anpario in 2007, moving on to become COO in 2009 and CEO from 2011 to 2016, where he oversaw growth in revenue and profits, leading to a four-fold increase in share price. Prior to Anpario, David spent eight years at Novartis, where he held several senior positions both in the UK and abroad.

External appointments
Boleyn International Ltd.

Clive Lovett
Group Finance Director

Date of appointment
29 November 2018

Experience
Prior to joining Kinovo, Clive worked at St. Ives plc from 2010 to 2018, the international digital transformation group now called Kin and Carta plc, where he was Group Finance Director for its St. Ives Marketing Activation ("SIMA") division, comprising print and marketing services businesses. At SIMA, he was part of the leadership team that undertook the successful restructuring of the business prior to its sale in early 2018. Clive has held senior finance roles at Informa Ltd., part of Informa plc, and IBC Business Publishing. Clive qualified as a Chartered Accountant in 1989.

Kim Wright
Non-Executive Director

R A

Date of appointment
1 April 2023

Experience
Kim brings over 30 years of public sector experience and has enjoyed a successful career in local government. She has worked with some of London's biggest councils operating at senior level for nearly 25 years. Kim was appointed as Chief Executive of the London Borough of Brent in May 2023, having joined from the London Borough of Lewisham where she worked for just under four years in the same role. Prior to this she was Group Director of Neighbourhoods and Housing at the London Borough of Hackney and has held other senior appointments with Barnet Council and Spelthorne Borough Council. Kim is a graduate of Loughborough University and a Fellow of the Institute of Leadership.

External appointments
London Borough of Brent.

Committees
Remuneration (Chair), Audit.

David Guest
Non-Executive Director

A R

Date of appointment
10 December 2019

Experience
David was appointed to the Board as Non-Executive Director in December 2019, and brings significant audit and accountancy experience. Having qualified as an accountant over 28 years ago, David is a member of the Institute of Chartered Accountants in England and Wales and is currently the Senior Audit Partner at UHY Hacker Young in Brighton. He has extensive experience advising both UK and international companies on AIM.

External appointments
Akyan Town Apartments Limited, Brighton Registrars Limited, BTV1 Limited, Cayuga 005 Limited, Gate Technology Systems Ltd, Malamaf Consultants Ltd, Pebble House Limited, Photobook Shop Ltd, Plano Logic Ltd, River Oaks Holdings Limited, River Oaks Homes Ltd, River Oaks Lewes Limited, River Oaks Limited, River Oaks Southdowns Ltd, River Oaks Sussex Limited, Southdowns Park Limited, T & L Commercial Investments Limited, Talco Mondial Limited, TGL Property Investments Ltd, UHY Cloudbooks Ltd and UHY Hacker Young (S.E.) Limited.

Committees
Audit (Chair) and Remuneration.

About the Board

Summary of skills brought to Kinovo

Housing and specialist property services
●●●○○

Corporate governance and compliance
●●●●●

Financial and risk oversight
●●●○○

Strategy, business growth and transformation
●●●●●

ESG and sustainability
●●○○○

Capital markets
●●●○○

Gender

Female	2
Male	3

Key to Committees

A Member of Audit Committee
R Member of Remuneration Committee
Chair of Committee

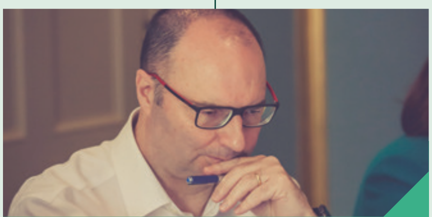
Senior Leadership Team

Day-to-day management of the Group is led by a highly experienced Senior Leadership Team, headed by the Chief Executive Officer.

The management structure is designed to allow Kinovo's three subsidiaries to work independently, while sharing centralised back office and team support, fostering collaboration through the bid process and a consistent high level of customer service delivery. All staff have clear lines of communication from the top down and bottom up as part of the Group's governance and risk management structures.

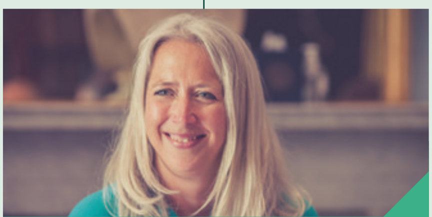
The Board
Senior Leadership Team

David Bullen
Chief Executive Officer



Clive Lovett
Group Finance Director

Lee Venables
Chief Operating Officer



Pippa Pang
Group Head of Social Value and Marketing

Purdy

John Lord
Managing Director

Stephen Flinders
Group Financial Controller and Purdy Finance Director

R. Dunham

Alison Beach
Commercial Director

Spokemead

Neil Rooney
Managing Director

Nicole Rooney
Commercial Director

Central Services

- IT and Systems Support
- Customer service and Administration
- Bids
- Fleet
- HR

Corporate governance report

Dear Shareholder,

As Chair of the Board of Directors of Kinovo plc, it is my responsibility to ensure that Kinovo has both robust corporate governance and an effective Board. As Chair, my responsibilities include leading the Board effectively, overseeing the Group's corporate governance model, communicating with shareholders and ensuring effective communication between Executive Directors and Non-Executive Directors in a timely manner.

Kinovo adopts the Quoted Companies Alliance Corporate Governance (the "QCA Code"), in line with the London Stock Exchange's AIM Rules. This report follows the QCA Code guidelines and explains how we have applied the guidance. We will continue to provide annual updates on our compliance with the QCA Code. The Board considers that the Group complies with the QCA Code so far as it is practicable having regard to the size, nature and current stage of development of the Group, and will disclose any areas of non-compliance in the text below, or on the Group's website.

The Board believes that the adoption of the QCA Code effectively supports the Group's medium to long-term development whilst managing risks, and provides an underlying framework of commitment and transparent communication with stakeholders. It also seeks to develop the knowledge shared between the Group and its stakeholders. The Board notes the changes to the provisions of the 2023 QCA Code and is committed to ensuring that the Group's corporate governance framework reflects best practice, taking into consideration the interests and evolving expectations of its shareholders and broader stakeholders. Consequently, the Board is taking steps to ensure compliance with 2023 QCA Code recommendations for the year ending 31 March 2025.

Our statement on how the Company has applied the guidance of the QCA Code is set out below; further details are available on the Company's website at www.kinovoplc.com.

Strategy, risk management and responsibility

A description of the Group's business model and strategy can be found on pages 10 and 22 and the key challenges in their execution are detailed on pages 48 to 52.

The Board is responsible for establishing and maintaining the Group's systems of internal financial controls and importance is placed on maintaining robust operational controls. The Audit and Risk Committee (see page 60) has delegated responsibility for the oversight of the Group's risk management and internal controls and procedures and for determining the adequacy and efficiency of internal control and risk management systems. The Board continuously monitors and upgrades its internal control procedures and risk management mechanisms and conducts an annual review, when it assesses both for effectiveness. This process enables the Board to determine if the risk exposure has changed during the year and these disclosures are included in the Annual Report. In setting and implementing the Group's strategies, the Board, having identified the risks, seeks to limit the extent of the Group's exposure to them having regard to both its risk tolerance and risk appetite. As part of the strategic review, involving all parts of the organisation, the Group has re-pivoted its strategy around the pillars of regulation, regeneration and renewables. Further details on the Company's risk management and internal controls can be found on pages 48 to 52.

The Company has implemented remuneration policies that underpin this strategy, by rewarding Executive Directors and senior management in a manner that ensures that they are properly incentivised and motivated to perform in the best interests of shareholders. This policy has been cascaded down to all staff members to ensure that everyone shares in the rewards of the successes of the Group.

The Board and Board Committees

The Board comprises David Bullen and Clive Lovett as Executive Directors, Sangita Shah as Independent Non-Executive Chair, Kim Wright as Independent Non-Executive Director and David Guest as Senior Independent Non-Executive Director.

The biographies of Directors are set out on page 54, and can also be found on the Group's website, www.kinovoplc.com.

The Directors believe that the Board has a broad range of commercial and professional skills which enable it to discharge its duties and responsibilities effectively. Specific skill areas are provided within the Board of Directors report on page 55. Moreover, the Directors are assured that the Non-Executive Directors have sufficient experience and skills to enable them to provide the necessary guidance, oversight and advice for the Board to operate effectively. All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational. The Board further believes that the skillsets of the Chair and Non-Executive Directors are appropriate and beneficial for all shareholders and stakeholders, and that they offer key expertise to the Executive Directors that is advantageous for the Group.

Sangita Shah has held her position as Non-Executive Chair of the Company since 19 December 2014. The Board has noted that her tenure has been longer than the nine years recommended by the QCA Code; however, the Board has, after due consideration, assessed her role and agreed that she remains independent. This will be reassessed by the Board again for the next financial year.

As at 31 March 2024, Sangita Shah has an interest in 999,235 ordinary shares (1.59% of the issued share capital of the Company), but the Board does not believe that this shareholding is significant enough to impact her independence. Neither David Guest nor Kim Wright has an interest in the Group. All Directors are encouraged to challenge and to bring independent judgement regarding all matters, both strategic and operational.

The time commitment formally required by the Board is such that each Director will devote as much time as is required to carry out the roles and responsibilities that the Director has agreed to take on. The Chair and Non-Executive Directors endeavour to ensure that their knowledge of best practices in governance and regulatory developments is continually up to date by attending relevant seminars and conferences.

Board meetings are open and constructive, with every Director participating fully. Senior management may also be invited to meetings, providing the Board with a thorough overview of the Group. The Board aims to meet at least six times in the year and a calendar of meetings and principal matters to be discussed is agreed at the beginning of each year. The Directors meet formally and informally both in person and by telephone. Board document authors are made aware of proposed deadlines through the calendar of meetings assembled at the beginning of the year. Board papers are collated, compiled into a Board pack and circulated with sufficient time before meetings, allowing time for full consideration and necessary clarifications before the meetings.

The Board and Board Committees continued

There were eight scheduled Board meetings held during the financial year in addition to nine ad hoc meetings, the majority of which were attended by the full Board. The table below sets out attendance statistics for each Director at Board and, where relevant, Committee meetings held during the financial year.

The Board has three sub-committees: the Audit and Risk Committee, the Remuneration Committee, and the ESG Committee. Each Committee has delegated responsibility to monitor their respective areas, report back to the Board and operate under defined Terms of Reference. The Audit and Risk Committee report can be found on page 60 and the Remuneration Committee report can be found on page 62.

Following the formation of the ESG Committee in FY23, and a high level of activity in that year, responsibility for executing and managing the ESG strategy was delegated to the Chief Operating Officer and Social Value Manager. Regular discussions regarding ESG matters were held between the Chief Operating Officer and Chair. ESG is a standard agenda item at Board meetings, with the Board providing oversight of ESG performance in FY24. As a result, there were no standalone ESG Committee meetings held during the year. Two ESG Committee meetings are scheduled for FY25 in adherence to the Committee Terms of Reference. The ESG Impact Report on pages 36 to 47 serves as the ESG Committee report for FY24.

Director	Board (8 scheduled meetings held)	Audit and Risk Committee (5 scheduled meetings held)	Remuneration Committee (3 scheduled meetings held)
Sangita Shah	8/8	5/5	3/3
David Bullen	8/8	–	–
Clive Lovett	8/8	–	–
David Guest	7/8	5/5	3/3
Kim Wright	7/8	5/5	3/3

Lee Venables, Chief Operating Officer of the Group, attended seven of the scheduled Board meetings held during the financial year, is a member of the ESG Committee and continues to provide support and information to the Directors where requested.

To enable each Director to keep their skillset up to date, individual training needs are identified as part of the annual Board evaluation process and training is provided as required. All Directors receive regular updates on legal, regulatory and governance issues. The Group has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board. The Board agreed that appointments to the Board are made by the Board as a whole and so has, thus far, not created a Nominations Committee.

Advisers

The Group engages the services of ONE Advisory Limited ("ONE Advisory") to act as independent Group Secretary. ONE Advisory is responsible for ensuring that Board procedures are followed and that the Group complies with all applicable rules, regulations and obligations governing its operation and works with the Chair to maintain high standards of corporate governance. ONE Advisory also provides Board support through attendance at Board and Committee meetings, assistance with shareholder meetings and MAR compliance.

All Directors have access to the advice of the Group's solicitors as well as access to independent professional advice, at the Group's expense, as and when required.

The Group holds appropriate insurance cover in respect of possible legal action against its Directors. The Group's Nominated Advisor supports the Board's development, specifically providing guidance on corporate governance and other regulatory matters, as required. All Directors may receive independent professional advice at Kinovo's expense, if necessary, for the performance of their duties.

Board performance

The Remuneration Committee is responsible for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and giving full consideration to succession planning. It also has the responsibility for recommending new appointments to the Board.

The Chair annually reviews the performance of the Board. The outcomes of the 2024 Board evaluation were generally positive, with detailed feedback on the effectiveness of the Board meetings and their composition and the suitability of the Board to address the strategic challenges of the Board. As ever, continuous improvement initiatives were identified and these included: an increase in emphasis on cyber security risks and future proofing, consideration of and strategy on succession throughout the organisation, a desire to ensure skills and competence of all Board members were kept up to date and an increase in the number of independent Director meetings.

In terms of financial performance, the external auditors meet the Audit and Risk Committee beyond the audit cycle to evaluate the systems, procedures and efficacy of management. The Group's Nominated Adviser has access to the Chair and meets the Non-Executives annually to provide a refresher on Directors' ongoing obligations under the AIM Rules. A rigorous recruitment process is undertaken for new Directors prior to their proposal and election at the AGM. The Company assesses the performance of any Directors to be proposed for re-election at the AGM to ensure they remain effective in their roles and that they retain their independence. Re-election is considered by the shareholders at the AGM at which shareholders have the opportunity as a body to approve or otherwise Board membership. Succession planning for the Board and importantly the key executives who manage our businesses is an ongoing topic of discussion.

Following the AGM held previously, the Chair announced her intention to step down from the Board. In line with good corporate practice and succession, the Board will look to effect this change in due course. Given the crucial period of transition the business is undergoing, it was unanimously agreed, after careful deliberation, that the Chair will continue in her capacity as Chair until the point of time when the change will add value for all stakeholders.

Culture and social responsibility

The Board recognises that its decisions regarding strategy and risk will impact the corporate culture and performance of the Group. The Board is aware that the tone and culture set by the Board will greatly impact all aspects of the Group as a whole and the value our employees place on the Group. The corporate governance arrangements that the Board has adopted are designed to ensure that the Group delivers long-term value to its shareholders, and that shareholders have ample opportunity to express their views and expectations for the Group in a manner that encourages open communication with the Board.

A large part of the Group's activities is centred upon an open and respectful dialogue with employees, clients and other key stakeholders. Therefore, sound ethical values and behaviours are crucial to the ability of the Group to successfully achieve its corporate objectives. The Directors consider that the Group has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge.

The Board expects the highest ethical standards of its members and management across the Group. The Group has documented procedures with respect to its responsibilities to uphold ethical values and ensure the protection of our employees, notably through an Anti-Bribery and Corruption Policy, Modern Slavery Statement and Whistleblowing Policy. These procedures are applicable across the Group's operations including supply and customer chains.

The Group is also fully committed to embedding the highest standards in all that we do and the communities that we provide services for. We aim to provide the highest of service standards and to sustain long-term partnerships with our clients. Reflecting on this, we take great pride in the fact that year on year we have consistently grown the number of properties we provide services for. Cognisant of our impact in the communities in which we operate and the wider stakeholder interest in the business, the Group has implemented the following ESG related policies: Corporate Social Responsibility Policy, Environmental Policy, Equality and Diversity Policy, Residents and Customers with Special Needs Code of Conduct, and Equal Opportunities Policy. The above policies and procedures form part of the Group's Employee Handbook and are available on the staff intranet. These are reviewed and updated on an annual basis.

The Group formulates key ESG-related performance indicators to measure our impact in the communities in which we operate within a sustainable framework. In December 2023, the Group published its first Social Value Impact Report.

Shareholder objectives and communication

The Board is committed to maintaining effective communication and having constructive dialogue with its shareholders. The Group aspires to having close ongoing relationships with its private shareholders, institutional shareholders and analysts and for them to have the opportunity to discuss issues and provide feedback at meetings with the Group. In addition to the publication of half-year and full-year results statements, the Group provides frequent trading updates and makes its senior management team available to meet with shareholders, when there is opportunity for shareholders to voice their concerns, thoughts or needs.

All shareholders are encouraged to attend the Group's AGM. The Board discloses the results of general meetings by way of market announcement and publicly discloses proxy voting results on the Company's website.

The Board acknowledges that two of the special resolutions proposed at the 2023 AGM did not pass. The Board has sought to engage with shareholders regarding this matter to better understand their views and concerns.

The Group seeks to engage with shareholders through updates to the market via Regulatory News Service announcements on matters of a material substance and regulatory nature. The Group's engagement methods with stakeholders are detailed further in the Group's Section 172 Statement on page 32.

Sangita Shah
Non-Executive Chair
9 July 2024

Audit and Risk Committee report

"

I am confident we have adequate reporting, controls and processes within the Group."

David Guest
Chairman of the Audit and Risk Committee

Dear Shareholder

I present my Audit and Risk Committee (the "Committee") Report for the year ended 31 March 2024, which has been prepared by the Committee and approved by the Board. This report provides an overview of the responsibilities and activities of the Committee for the year under review.

The Audit Committee consists only of Independent Non-Executive Directors. I was appointed as Chair of the Committee upon my appointment as a Director of the Group in December 2019, and the other members of the Committee are Kim Wright and Sangita Shah. Meetings are also attended by others, by invitation, including the auditor, the Chief Executive Officer, David Bullen, and the Group Finance Director, Clive Lovett. The Committee maintains effective working relationships with the Executive Directors to ensure an effective system of financial control is maintained for timely and accurate reporting of financial statements for review by the Board and the Company's external auditors.

In terms of the Committee's composition, Sangita and I are qualified accountants with extensive corporate finance experience, and Kim has significant public sector and ESG experience. As such, the Committee and the Board are satisfied that the members of the Committee possess recent and relevant financial experience in various sectors to contribute to our work on the Committee.

As we move into FY25, our focal areas will remain the quality of financial reporting to shareholders, whilst also dedicating further time to ensuring that our risk management and internal control environment continues to develop to reflect the increased size, scale and complexity of the Group.

How the Audit and Risk Committee discharges its responsibilities

The Audit and Risk Committee, operating under its Terms of Reference which are reviewed annually, has the following responsibilities:

Financial reporting

- Monitor the integrity of the financial statements of the Group, including its annual and half-yearly interim management statements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain.
- Review summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature.
- Compile a report to shareholders on its activities to be included in the Annual Report, in addition to reporting formally to the Board on the Committee's proceedings after each meeting on all matters.

External audit

The Committee agrees the scope of the annual audit in advance, focusing on areas of audit risk and the appropriate level of audit materiality. The Committee also engages in discussions with the external auditor regarding fees, internal controls, accounting policies and areas of critical accounting estimates and judgements.

The external auditor reports to the Committee on the results of the audit work and highlights any issue which the audit work has discovered, or the Committee had previously identified as significant or material in the context of the Group's financial statements. The Committee meets with the external auditors at least once per year without management being present to discuss its remit and any issues arising from the audit.

Risk management and internal controls

The Committee keeps under review the adequacy and effectiveness of the Group's internal financial controls and risk management systems and monitors the proper implementation of such controls. The Committee will review and approve the statements to be included in the Annual Report concerning internal controls and risk management. The Committee uses a risk matrix to provide an accurate picture of the prominent risks faced by the Group and the ways in which they might be mitigated. Each risk is independently quantified against set criterion, considering both the likelihood of occurrence and the potential impact on the Group both before and after the application of controls and mitigations. These assessments are recorded in the Group Risk Register, approved and maintained by the Audit and Risk Committee. This register is then finally reviewed, challenged and then ratified by the Board on a periodic basis.

Whistleblowing

The Committee also has a responsibility to review the adequacy of the Group's arrangements for its employees and contractors to confidentially raise any concerns about possible wrongdoings regarding financial reporting or other matters. In addition, the Committee is charged with reviewing Group procedures for detecting fraud and the systems and controls put in place to prevent bribery and market abuse. The Committee ensures that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action. During FY24, no whistleblowing disclosures were reported.

Anti-bribery and corruption

The Group is committed to the highest level of integrity and accountability and the prevention of bribery and corruption. The Committee is tasked with reviewing the Group's procedures for detecting fraud and the Group's systems and controls for the prevention of bribery and receiving reports on non-compliance.

The Committee also monitors and ensures the Group's adherence to its AIM Rules Compliance Policy.

The Committee is required by its Terms of Reference to meet at least three times in each financial year and otherwise as required by the Committee Chair to properly fulfil its duties. The Audit and Risk Committee met five times during the year for the following purposes:

- to review the audit plan and terms of engagement and areas of key risk for the auditor;
- to review the ongoing costs to complete work at the sites of the Company's former construction division, DCB (Kent) Limited; and
- to review the financial statements.

In particular, the Committee focused on the following matters:

- review of significant reporting issues and judgements identified by the auditor during its audit;
- to consider whether the Annual Report was fair, balanced and understandable with all necessary information included for shareholders to reasonably assess the business;
- to review the risk-related disclosures in the Annual Report; and
- to separately obtain feedback from both Moore Kingston Smith LLP and the Executive Directors on the conduct of the audit and commence a review on the lessons to be learnt from the process.

The Executive Directors and the external auditor also attended the Committee meetings at the invitation of the Committee Chair. The Chair of the Committee also has regular conversations between scheduled meetings with the external auditor.

Audit and Risk Committee effectiveness

The Committee performed an assessment of its effectiveness in November 2023, the conclusions of which were that the Committee is competent and carries out its functions effectively. A small number of areas were identified as areas for focus for the Committee, including further embedding of the Group's risk management processes, which will be taken forward over the course of FY24.

The Committee has discussed the continued expenditure on the sites for DCB (Kent) Limited, and that costs had increased in the year. It was agreed that the Committee would conduct a thorough review of the Company's risk appetite and the lessons learned from the DCB (Kent) Limited projects.

Significant issues considered by the Audit and Risk Committee during the year

During the year, the Committee concluded that the Annual Report and Accounts, taken as a whole, was fair, balanced and understandable and provided the information necessary for shareholders to assess the Company's and the Group's financial position, performance, business model and strategy.

During the year, the Committee's primary activities involved periodic meetings to consider material issues within the Group, liaising with the external auditor, considering material issues and areas of judgement, and reviewing and approving the interim and year end results and accounts.

The principal areas of focus during the year were:

- we continued to keep the development of the finance function under review, with investment in the core finance group considered;
- harmonising and streamlining reporting across the Group;
- continuous review of the Risk Register to ensure all risks were fully considered;
- continuing our review of the relationships and terms with our external professionals; and
- considering the DCB (Kent) Limited costs to complete and associated risks.

I am confident we have adequate reporting, controls and processes within the Group.

The Committee reviewed the full-year and half-year results announcements and considered matters raised by the external auditor identifying certain issues requiring its attention. The Committee also reviewed the Strategic Report and concluded that it presented a fair, balanced and understandable review of the business that would be useful to users.

Priorities for the coming financial year ended 31 March 2025

In the coming year, in addition to the Committee's ongoing duties, the Committee will:

- further review relationships and agree terms with all external professionals;
- conduct a full review of internal systems and the finance function to ensure that the changes made up to now continue to show efficiencies and improvement in our monthly and annual reporting environment;
- assess the need for an internal audit function in the context of whether control is sufficiently exercised by management, and balancing cost versus benefits with regard to the current size of the Group, as well as the Group's strategy, growth and resources;
- carry out a review of our reporting framework to ensure compliance with further segmental reporting in the future; and
- continue to review the costs to complete the DCB (Kent) Limited sites, and the associated risks.

Auditor's independence and external audit effectiveness

The Committee approves the external auditor's terms of engagement and scope of work, the process for the interim review and the annual audit. It also meets with the auditor to review the written reports submitted and the findings of its work. It has primary responsibility for making recommendations to the Board on the appointment, reappointment and removal of the external auditor. The Committee, at least annually, assesses the independence, tenure and quality of the external auditor.

The Committee is also responsible for reviewing and monitoring the external auditor's independence. objectivity and tenure and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements. The Group has considered the auditor's independence and continues to believe that Moore Kingston Smith LLP is independent within the meaning of all UK regulatory and professional requirements and the objectivity of the audit engagement partner and audit staff is not impaired. In addition, the Committee concluded that the overall performance of the external auditor was satisfactory.

Following consideration of both the external auditor's continued independence and objectivity, alongside the efficacy of the external audit process post year end, the Committee formally recommends the reappointment of Moore Kingston Smith LLP as external auditor to the Group to shareholders.

David Guest
Chairman of the Audit and Risk Committee
9 July 2024

Remuneration Committee report

"I am pleased to present the Remuneration Committee report for the year ended 31 March 2024."

Kim Wright
Chair of the Remuneration Committee

Dear Shareholder

I am pleased to present the Remuneration Committee (the "Committee") Report for the year ended 31 March 2024. The report has been prepared by the Committee and approved by the Board.

The Committee is chaired by me, Kim Wright, and Committee members are Sangita Shah and David Guest. Sangita, David and I are Independent Non-Executive Directors.

Responsibilities

The Committee's principal duties and responsibilities are set out in its Terms of Reference which are reviewed and reconfirmed annually. These include:

- determining the Group's policy on the remuneration of Executive Directors and any other senior executives as designated by the Board and monitoring the policy for the remuneration of staff in general;
- reviewing the performance of the Executive Directors against their individual and corporate objectives and making recommendations to the Board on matters relating to the level and structure of their remuneration, including pension arrangements, and the terms of their service contracts;
- approving and overseeing the design and application of share incentive plans and any other reward plan for recommendation to the Board and shareholders as appropriate; and
- reviewing and recommending to the Board any share ownership guidelines applicable to Directors and monitoring their shareholdings based on such guidelines.

The Non-Executive Directors, whose remuneration is determined by the Board as a whole, receive fees in connection with their services provided to the Group, to the Board and to the Board Committees.

A Group Pay Policy is in place setting out the principles upon which annual Group-wide pay reviews are carried out based on consistency, transparency, equality and fairness and the reward for performance and achievement of objectives. In addition, salary bands for families of roles within the organisation have been established. Reviews of salaries and benefits take into account external market rates and other relevant factors and are implemented from 1 April to enable the Group's performance over the preceding year and strategy for the forthcoming year to be considered.

Korn Ferry provided advice to the Committee during the year. Korn Ferry is a signatory to the UK Remuneration Consultants Code of Conduct and has significant skills and experience in advising on executive remuneration. As an AIM listed company, we are not required to provide a Remuneration Report. However, noting the recommendations of the QCA Remuneration Guide and to provide clear and transparent remuneration disclosure, the Committee has provided this report. The Committee continues to review its remuneration reporting each year and consider whether enhancements are needed to ensure continued clear and transparent reporting.

Matters considered by the Committee during the year

The Committee met five times during the year and, amongst a range of issues discussed, carried out its annual review of Executive Directors' pay, considering salary increases, the payment of executive bonuses for the year that closed and targets for the year ahead, as well as grants under the share investment plan for all employees and share incentive plans for senior management and Executive Directors.

In 2023/24 we saw a welcome reduction in inflationary cost pressures for both our employees and the business. However, we have continued our focus on ensuring the wellbeing of the Kinovo team, recognising their criticality to our continuing success. Salaries for our staff were increased by 9% of salary, supplemented by bonuses for eligible employees. Our CEO and Group Finance Director salaries were increased by 5%, below the average wider workforce salary increase rate, bringing their salaries to £252,252 and £176,400, respectively.

Annual bonus for FY24

Executive bonuses are considered by the Committee at year end and in relation to the achievement of key performance metrics agreed between the Committee and the executive team.

The Executive Directors' annual bonus for FY24 was based on stretching EBITDA targets, cost to complete targets for the outstanding DCB projects, growth in our customer base, employee engagement and ESG targets. This is the first year that we have set performance metrics for the annual bonus that are not just focused on financial targets and these now provide a more rounded assessment of performance. The Company delivered good performance over the year, meeting the customer, employee and ESG targets in full and delivering EBITDA at above target. The threshold target for the cost to complete DCB projects element of the bonus was not met and no bonus is payable in respect of this element. As a result of performance against the targets set, the Executive Directors have earned a bonus of 85% of the maximum opportunity, which is 85% of salary. The Committee has reviewed the formulaic bonus outcome and considered whether it is appropriate in all circumstances, reflecting underlying business performance and shareholder value, and has determined that no changes are required to the formulaic outcome, noting that there is no payment under the DCB costs element.

Long Term Incentive Plan ("LTIP") awards

The Company currently operates a Share Incentive Plan ("SIP") for the benefit of all employees, including Executive Directors, as well as a Company Share Option Plan ("CSOP") and an employee Joint Share Ownership Plan ("JSOP").

Awards continue to be made under the SIP to employees that chose to participate in the plan, including the Executive Directors.

As explained in the FY23 Remuneration Report no long-term incentive awards were made to the Executive Directors in FY22 and FY23. The Committee has reviewed the structure and grant policy for long-term incentives during the course of FY24 noting the importance of ensuring that the executive management team is appropriately incentivised and retained to drive shareholder value. The Committee determined that a new long-term incentive award should be granted to the executive management team with performance being measured over the three financial years to FY27. Vesting will be determined as to one-third on adjusted basic earnings per share targets, one-third on cumulative operating cash generation and the remaining third on share price targets. The awards will be over 400,000 shares for the CEO and 300,000 shares for the CFO which, based on the current share price of 60 pence, represents an award of 95% and 100% of salary respectively. The awards are nil-cost options and will be granted to the extent possible under a new Enterprise Management Incentive scheme with the balance under a new standard Long Term Incentive Plan. These awards will be granted following the announcement of our FY24 annual results.

Last year I explained that the net cash and earnings per share targets representing two-thirds of the JSOP awards granted on 5 March 2021 had been met in full but that the Committee needed to consider performance against the share price targets to determine the vesting of the final third of the award. Based on the increase in share price from 35 pence, when these awards were granted in 2021, the Committee determined that it is appropriate for these JSOP awards to vest in full.

Details of the SIP, CSOP and JSOP can be found below and in note 28 Share based payments of the financial statements on page 99.

Directors' remuneration

a) Directors' total remuneration (audited):

The Directors' remuneration during the year is set out below:

2024	Salary/fees £'000	Pension £'000	Taxable benefits £'000	Bonus £'000	**2024 total remuneration £'000**	2023 total remuneration £'000
Executive Directors						
David Bullen	252	–	–	214	**466**	480
Clive Lovett[1]	176	18	–	150	**344**	378
Non-Executive Directors						
Sangita Shah[2]	79	–	–	–	**79**	136
David Guest	41	–	–	–	**41**	39
Kim Wright	39	–	–	–	**39**	37
Total	587	18	–	364	**969**	1,070

1 The 2023 comparative has been adjusted by £102,000 to reflect finalisation of the FY23 bonus award, paid in FY24.
2 The 2023 remuneration includes £60,000 paid to a related party, Odyssean Enterprises Ltd, for the services of Sangita Shah.

As set out below, the Directors also have interests in various share plans. The share based payment charge relating to these plans for the year ended 31 March 2024 was £32,000 (2023: £33,000) for David Bullen and £10,000 (2023: £9,000) for Clive Lovett.

Directors' remuneration continued

b) Directors' Share Plans:

Details of the interests in share options held by the Directors of the Company as of 31 March 2024 are set out below:

	Plan	Number of options	Date of grant	Vesting date	Exercise price Pence
David Bullen	SIP	10,285	01/08/2020	31/07/2024	17.5
Clive Lovett	SIP	10,285	01/08/2020	31/07/2024	17.5
David Bullen	SIP	5,294	01/08/2021	31/07/2025	34.0
Clive Lovett	SIP	5,294	01/08/2021	31/07/2025	34.0
David Bullen	SIP	7,660	01/08/2022	31/07/2026	23.5
Clive Lovett	SIP	7,660	01/08/2022	31/07/2026	23.5
David Bullen	SIP	5,392	01/08/2023	31/07/2027	44.5
Clive Lovett	SIP	5,392	01/08/2023	31/07/2027	44.5
David Bullen	CSOP	85,714	05/03/2021	04/03/2024	35.0
Clive Lovett	CSOP	85,714	05/03/2021	04/03/2024	35.0
David Bullen	JSOP	250,000	21/12/2020	20/12/2023	26.0
David Bullen	JSOP	1,414,286	05/03/2021	04/03/2024	35.0
Clive Lovett	JSOP	414,286	05/03/2021	04/03/2024	35.0

Directors' interests

The interests and beneficial interests of the Directors, who served during the year, in the shares of the Company are set out in the Directors' Report on page 65.

Remuneration for FY25

The Committee considers any general basic salary increase for the broader employee population when determining the annual salary increases for the Executive Directors.

The salaries for the Executive Directors have been increased by 4.0% for FY25. This compares with the workforce average increase of those who received a salary increase of 6.5%.

The Executive Directors have a maximum annual bonus opportunity that is unchanged from FY24, being 100% of salary. The bonus will be determined by targets set against a range of metrics that, as with last year, reflect the wider performance of the business. These will be 75% financial metrics of underlying profit and cash (operating conversion %) and 25% non-financial covering ESG, social value and net customer base increase. As with last year, any bonus will be subject to audited accounts. The targets to determine the bonus will be clearly defined as well as stretching, linking rewards to business performance during the year. Those targets and performance against them will be disclosed retrospectively in next year's Remuneration Report. All variable elements of remuneration are subject to clawback or repayment in the event of serious financial misstatement or misconduct.

If shareholders have any queries or would like to provide any feedback on our approach to remuneration, I can be reached through our Company Secretary and will be pleased to engage with you.

Kim Wright
Chair of the Remuneration Committee
9 July 2024

Directors' report

The Directors present their report and the Group financial statements for the year ended 31 March 2024 ("FY24"). The following matters are reported by the Directors in accordance with the Companies Act 2006 requirements in force at the date of the Annual Report.

Principal activities

Kinovo provides a vital one-stop shop of specialist services to local authorities, housing associations, public buildings, education and the private sector, supporting clients to live, work and learn safely and comfortably in their respective environments. Our services are centred on regulatory compliance requirements and building regulations, home and community regeneration and supporting sustainable living through the installation of efficient and greener energy alternatives.

More information can be found on page 2

Business model

Our business model is to provide renewables, regeneration and regulatory services more competitively, at a higher standard and more efficiently than our clients can themselves. We compete in the market as an outsourced service provider, by striving to offer a better, more reliable and more efficient service that meets our clients' own service KPI requirements.

The Group's growth is driven in two ways:

- organic growth through the winning of new clients and increasing services to existing clients; and
- acquiring established businesses operating in the same or related markets.

Additional detail on the business model can be found on page 22

The Group benefits from operating in a market with long-term growth prospects.

More information on our markets can be found on page 8

Strategic priorities

Our aim is to become market leaders by growing our business organically and through acquisition. We have redefined the Group's strategic focus under three pillars – regulation, regeneration and renewables – which ensures we are prepared for the ongoing stringent requirements for households to meet regulations and compliance, the continuing need for improvements to the housing stock and construction of affordable homes, and the UK Government's ambition to meet net zero carbon emissions by 2050.

Our guiding principle is to provide an exceptional service to residents and clients and continually improve our offering. We do this by working closely with our employees, clients, suppliers and wider stakeholders to monitor our performance and to identify areas where we can make improvements.

Each year the Board and management set strategic priorities and monitor performance against them throughout the year. The strategic priorities together with the progress made in FY24, as well as the strategic priorities for the year ending 31 March 2025, can be found on pages 7 and 10.

Business review

The Group is required to set out a fair review of the business during the reporting period. The information that fulfils this requirement can be found in the Strategic Report. The results of the Group can be found within the Consolidated Statement of Comprehensive Income set out on page 72. Information required to be disclosed in respect of future developments can be found on pages 6 and 7 and principal risks and uncertainties are included on pages 48 to 52.

The Chair's Statement, the Corporate Governance Report, the Remuneration Committee Report and the Audit and Risk Committee Report are incorporated into this report by reference and should be read as part of this report.

Dividends

No interim dividend was paid (FY23: £nil). Due to the discontinued operations commitments and the consequent financial position of Kinovo, the Board does not recommend the payment of a final dividend for the year ended 31 March 2024 (FY23: £nil). It remains the Board's priority to complete the outstanding discontinued operations obligations, proactively manage the level of borrowings and strengthen the balance sheet, and to resume the payment of a dividend as soon as financial conditions allow.

Directors

The present membership of the Board is set out below with further biographical detail on pages 54 and 55.

The Directors who served during the year and to date were as follows:

Name of Director	Board title	Date of appointment
David Bullen	Chief Executive Officer	17 April 2019
David Guest	Non-Executive Director	10 December 2019
Clive Lovett	Group Finance Director	29 November 2018
Sangita Shah	Non-Executive Chair	19 December 2014
Kim Wright	Non-Executive Director	1 April 2022

The interests and beneficial interests of the Directors in the shares of the Group at 31 March 2024 are set out below:

	Beneficial/ non-beneficial	At 1 April 2023 or date of appointment	Movement in year	At 31 March 2024	At 31 March 2024 (%)
Executive Directors					
David Bullen	Beneficial	1,405,645	34,367	1,440,012	2.29
Clive Lovett	Beneficial	560,703	76,270	636,973	1.01
Non-Executive Directors					
Sangita Shah	Beneficial	869,622	129,613	999,235	1.59
David Guest	Beneficial	—	—	—	—
Kim Wright	Beneficial	—	—	—	—

In addition, David Bullen and Clive Lovett have an interest in SIP, CSOP and JSOP share awards (which are held in trust by RBC Cees Trustee (Nominees) Limited). Additional details are set out in the Remuneration Committee Report and in note 28.

Capital structure

The Group is financed through both equity share capital and debt. Details of the Group's share capital are given in note 24 to the consolidated financial statements. The Group has a single class of ordinary shares of 10 pence each, with no right to any fixed income and with each share carrying the right to one vote at the general meetings of the Group.

Under the Group's Articles of Association, holders of ordinary shares are entitled to participate in any dividends pro rata to their holding.

The Board may propose and pay interim dividends and recommend a final dividend for approval by the shareholders at the Annual General Meeting ("AGM"). A final dividend may be approved by the shareholders in a general meeting by ordinary resolution but such dividend cannot exceed the amount recommended by the Board.

Substantial shareholdings

As at 31 March 2024, the Group has been notified of, or is aware of, the shareholders holding 3% or more of the issued share capital of the Group, as detailed below:

Name of holder	Number of shares	Percentage
Tipacs 2 Limited	18,574,854	29.58
Hargreaves Lansdown Private Clients	4,543,312	7.22
Interactive Investor	3,457,355	5.49
Interactive Brokers	3,421,989	5.44
Nicholas Slater	3,279,650	5.21
Ruffer LLP	3,239,000	5.15
Amati Global Investors	2,155,010	3.43

Directors' responsibilities

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

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with UK-adopted International Accounting Standards ("IAS") as adopted by the United Kingdom ("UK") and have elected under company law to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice FRS 101 Reduced Disclosure Framework (United Kingdom Accounting Standards and applicable law).

The financial statements are required by law and UK adopted International Accounting Standards to present fairly the financial position of the Group and Company and the financial performance of the Group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing each of the Group and Company financial statements, the Directors are required to:

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

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

c. for the Group financial statements, state whether they have been prepared in accordance with UK adopted International Accounting Standards, and for the Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Company financial statements; and

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Kinovo plc website.

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

Statement as to disclosure of information to the auditor

The Directors who were in office at the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and establish that it has been communicated to the auditor.

Auditor

Moore Kingston Smith LLP has indicated its willingness to continue in office.

By order of the Board

Clive Lovett
Group Finance Director
9 July 2024

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Independent auditor’s report to the members of Kinovo plc

for the financial year ended 31 March 2024

Opinion

We have audited the financial statements of Kinovo plc (the ‘group’) for the year ended 31 March 2024 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and notes to the consolidated financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion the group financial statements:

- give a true and fair view of the state of the group’s affairs as at 31 March 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the group’s business, its environment and risk profile. We conducted substantive audit procedures and evaluated the group’s internal control environment. The components of the group are subject to individual statutory audit and were audited to their own individual materiality by the group audit team.

For all entities that are subject to a full scope audit, we evaluated the controls in place at those components by performing walkthroughs over the financial reporting systems identified as part of our risk assessment. We also reviewed the accounts production process and addressed critical accounting matters. We then undertook substantive testing on significant classes of transactions and material account balances.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters continued

A description of each matter together with our audit approach is set out below.

Audit area and description	Audit approach
Completeness of onerous contract provisions Due to the parent company guarantee put in place prior to the disposal of DCB (Kent) Limited, the group is liable for completion of the contracts originally undertaken by DCB (Kent). Management estimated the total provision required for the losses for the 9 projects to be approximately £12.9 million, out of which £3.2 million remains outstanding as at 31 March 2024.	Our audit work included, but was not limited to, the following procedures: • We held discussions with management to understand the latest position of each project. • We reviewed and critically assessed relevant documentation and correspondence in relation to the projects, including reviewing an expert report prepared by management's external qualified surveyors detailing the latest position and estimated costs to complete of each project. We challenged management and the surveyors on the contents of the report, critically assessing the methodology and key assumptions made. • We confirmed amounts included in the provision at settlement value to the draft settlement agreement from the customer, subject to contract. • We considered advice provided by management's legal advisers to establish if future claims were likely on specified contracts. • We considered evidence which contradicted the assertions made by management as part of this process, as well as evidence which corroborated them. • We substantively tested transactions incurred pre-year end in respect of projects for which work had commenced in the year. • We reviewed the accounting treatment and related disclosures in the financial statements to ensure they complied with the relevant requirements of UK-adopted International Accounting Standards. We concluded that the approach adopted by management in determining the amount of the provision as at the reporting date was acceptable and in accordance with the requirements of UK adopted International Accounting Standards, specifically IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

Our application of materiality

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

Due to the nature of the group we considered income to be the main focus for the readers of the financial statements, accordingly this consideration influenced our judgement of materiality. Based on our professional judgement, we determined materiality for the group to be £676,000 based on one percent of revenue during the period.

On the basis of our risk assessment, together with our assessment of the overall control environment, our judgement was that performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Group was 50% of materiality, namely £338,000.

We agreed to report to the Audit Committee all audit differences in excess of £33,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also reported to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included, but was not limited to:

- evaluating management's forecasting accuracy based on historical budgets versus actual performance;
- reviewing and critically assessing the detailed cash flow projections up to September 2025;
- comparison of projected performance to past performance;
- reviewing and critically assessing the Board's assessment of the group's obligations resulting from the administration of DCB (Kent) Limited and timing thereof;
- reviewing the terms of the working capital facilities available to the group and assessing headroom available in the projections;
- sensitising cash flows for variations in trading performance and the group's obligations from the administration of DCB (Kent) Limited;
- understanding the most recently available trading results for the group after the reporting date; and
- reviewing the appropriateness of the disclosures in the financial statements.

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the group financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 66, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of group financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

This description forms part of our auditor's report.

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

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

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the group.

Our approach was as follows:

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

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Other matter

We have reported separately on the parent company financial statements of Kinovo plc for the year ended 31 March 2024. That report includes details of the parent company key audit matters; how we applied the concept of materiality in planning and performing our audit of the parent company and an overview of the scope of our audit of the parent company. That report includes an emphasis of matter in relation to in the carrying value of the parent company's investment in Spokemead Maintenance Limited.

Use of our report

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

Colin Turnbull
(Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor
6th Floor
9 Appold Street
London
EC1A 2AP
9 July 2024

Consolidated statement of comprehensive income

for the financial year ended 31 March 2024

Continuing operations	Notes	12 months to 31 March 2024 Underlying items £'000	Non-underlying items (note 9) £'000	Total £'000	12 months to 31 March 2023 Underlying items £'000	Non-underlying items (note 9) £'000	Total £'000
Revenue	5	**64,137**	**–**	**64,137**	62,670	–	62,670
Cost of sales		**(45,251)**	**–**	**(45,251)**	(46,198)	–	(46,198)
Gross Profit		**18,886**	**–**	**18,886**	16,472	–	16,472
Administrative expenses		**(12,403)**	**(103)**	**(12,506)**	(11,175)	(488)	(11,663)
Operating profit	7	**6,483**	**(103)**	**6,380**	5,297	(488)	4,809
Finance cost	11	**(341)**	**–**	**(341)**	(401)	–	(401)
Profit before tax		**6,142**	**(103)**	**6,039**	4,896	(488)	4,408
Income tax expense	13			**(911)**			(695)
Profit for the year attributable to the equity holders of the parent company from continuing operations				**5,128**			3,713
Discontinued operations							
Loss from discontinued operations	30	**–**	**(5,737)**	**(5,737)**	–	(4,261)	(4,261)
Total comprehensive loss for the period attributable to the equity holders of the parent company				**(609)**			(548)
Earnings/(loss) per share							
From continuing operations							
Basic (pence)	14			**8.20**			5.97
Diluted (pence)	14			**8.08**			5.92
From total operations							
Basic (pence)	14			**(0.97)**			(0.88)
Diluted (pence)	14			**(0.97)**			(0.88)

Consolidated statement of financial position

as at 31 March 2024

	Notes	2024 £'000	2023 £'000
Assets			
Non-current assets			
Intangible assets	15	**4,514**	4,511
Property, plant and equipment	16	**1,073**	1,062
Right-of-use assets	17	**1,183**	929
Total non-current assets		**6,770**	6,502
Current assets			
Inventories	18	**2,612**	2,438
Deferred tax asset	29	**1,612**	610
Trade and other receivables	19	**12,907**	11,087
Cash and cash equivalents	20	**489**	1,322
Total current assets		**17,620**	15,457
Total assets		**24,390**	21,959
Equity and liabilities attributable to equity holders of the parent company			
Issued capital and reserves			
Share capital	24.1	**6,279**	6,213
Own shares	24.1	**(850)**	(850)
Share premium	24.2	**9,289**	9,245
Share based payment reserve	28	**172**	113
Merger reserve	24.3	**(248)**	(248)
Retained earnings		**(15,723)**	(15,125)
Total equity		**(1,081)**	(652)
Non-current liabilities			
Borrowings	21	**29**	86
Lease liabilities	22	**606**	491
Total non-current liabilities		**635**	577
Current liabilities			
Borrowings	21	**57**	91
Lease liabilities	22	**594**	452
Trade and other payables	23	**21,032**	18,013
Provisions	30	**3,153**	3,478
Total current liabilities		**24,836**	22,034
Total equity and liabilities		**24,390**	21,959

The financial statements on pages 72 to 102 were approved by the Board and authorised for issue on 9 July 2024 and signed on its behalf by:

Clive Lovett
Group Finance Director
9 July 2024

Company registration number: 09095860

Consolidated statement of changes in equity

for the financial year ended 31 March 2024

	Issued share capital £'000	Share premium £'000	Own shares £'000	Share based payment reserve £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
At 1 April 2022	6,213	9,245	(850)	74	(248)	(14,577)	(143)
Loss and total comprehensive loss for the year	—	—	—	—	—	(548)	(548)
Purchase of own shares for SIP	—	—	—	(64)	—	—	(64)
Share based payment charge	—	—	—	103	—	—	103
Total transactions with owners recognised directly in equity	—	—	—	39	—	—	39
Balance at 31 March 2023	6,213	9,245	(850)	113	(248)	(15,125)	(652)
Loss and total comprehensive income for the year	—	—	—	—	—	(609)	(609)
Share issue for SIP	66	44	—	(33)	—	—	77
Share based payment charge	—	—	—	103	—	—	103
Transfer to retained earnings for share options exercised	—	—	—	(11)	—	11	—
Total transactions with owners recognised directly in equity	66	44	—	59	—	11	180
Balance at 31 March 2024	**6,279**	**9,289**	**(850)**	**172**	**(248)**	**(15,723)**	**(1,081)**

Consolidated statement of cash flows

for the financial year ended 31 March 2024

	Notes	12 months ended 31 March 2024 £'000	12 months ended 31 March 2023 £'000
Net cash generated from operating activities	25	**382**	2,738
Cash flow from investing activities			
Purchase of property, plant and equipment		**(159)**	(90)
Purchase of intangible assets		**(119)**	(188)
Net cash used in investing activities		**(278)**	(278)
Cash flow from financing activities			
Issue of new shares SIP	24.1	**77**	—
Repurchase of own shares for SIP	24.1	**—**	(64)
Repayment of borrowings		**(91)**	(2,666)
Interest paid		**(341)**	(401)
Principal payments of leases		**(582)**	(511)
Net cash used in financing activities		**(937)**	(3,642)
Net decrease in cash and cash equivalents		**(833)**	(1,182)
Cash and cash equivalents at beginning of year		**1,322**	2,504
Cash and cash equivalents at end of year		**489**	1,322

The cash and cash equivalents for the year ended 31 March 2024 are represented by cash balances of £489,000 (2023: £1,322,000).

1. Basis of preparation

Kinovo plc and its subsidiaries (together the "Group") operate in the specialist mechanical, electrical and building services markets. The Company is a public company operating on the AIM market of the London Stock Exchange ("AIM") and is incorporated and domiciled in England and Wales (registered number 09095860). The address of its registered office is 201 Temple Chambers, 3–7 Temple Avenue, London EC4Y 0DT. The Company was incorporated on 20 June 2014.

The Group's financial statements have been prepared on a going concern basis under the historical cost convention, and in accordance with UK adopted International Accounting Standards, the International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued by the International Accounting Standards Boards ("IASB") that are effective or issued and early adopted as at the time of preparing these financial statements and in accordance with the provisions of the Companies Act 2006.

The Group has adopted all of the new and revised standards and interpretations issued by the IASB and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB, as they have been adopted by the United Kingdom, that are relevant to its operations and effective for accounting periods beginning on 1 April 2023.

The preparation of financial statements requires management to exercise its judgement in the process of applying accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in notes 2 and 4. The functional and presentational currency of the Group is Pounds Sterling (£) rounded to the nearest thousand. The principal accounting policies adopted by the Group are set out in note 2.

2. Summary of significant accounting policies

2.1. Going concern

Accounting standards require that Directors satisfy themselves that it is reasonable for them to conclude whether it is appropriate to prepare the financial statements on a going concern basis. The Group's business activities, together with factors that are likely to affect its future development and position are set out below and in the Group Chief Executive Officer's Review on pages 6 and 7.

The continuing business traded strongly in the year ended 31 March 2024, continuing to grow, improve margins and maintain a net cash position at the end of the year.

It is expected to grow further, extending its' client base, developing the new contracts it has won and securing new business opportunities through its placing on various framework agreements and from the work of the business development team.

In assessing the Group's ability to continue as a going concern, the Board reviews and approves the annual budget and longer-term strategic plan, including forecasts of cash flows.

In building these budgets and forecasts, the Board has considered market challenges and uncertainties including the availability of labour and supply chain resources to grow the business activities.

Kinovo had residual commitments under various parent company guarantees for its former construction business, DCB. Under the terms of the parent company guarantees, Kinovo was responsible for the completion of nine projects.

Five projects have been completed by Kinovo and another has been substantially finished with completion due during July 2024. One project was completed directly by the client and another client was placed into Administration with Kinovo not expecting to have any further commitment on the project. Kinovo has reached a settlement in principle of £2.2 million on the final project which will be payable by instalments over an eighteen month period from July 2024. A performance bond amounting to £860,000 is outstanding on the final project but as part of the settlement this will be cancelled once Kinovo has paid cumulative amounts to the client equivalent to the value of the bond.

Other than the outstanding amounts on the settlement of the final project, Kinovo has paid, at the date of signing of the financial statements, almost all of the gross costs to complete the projects with recoveries expected in future periods.

The HSBC Bank UK plc overdraft and purchasing card facilities were renewed after the year end, through to the end of April 2025. The facilities are expected to be utilised during the going concern period.

The Directors expect that the cash generated by the continuing business and the renewal of the HSBC facilities will provide the financial capacity to facilitate the growth of the core operations and support the completion of the DCB project liabilities.

After taking into account the above factors and possible sensitivities in trading performance, the Board has reasonable expectation that Kinovo plc and the Group as a whole have adequate resources to continue in operational existence for the foreseeable future.

For these reasons, the Board continues to adopt the going concern basis in preparing the consolidated financial statements. Accordingly, these accounts do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Group were unable to continue as a going concern.

2.2. Basis of consolidation

The consolidated financial statements consolidate those of the Company and its subsidiary undertakings drawn up to 31 March each year. Subsidiaries are entities that are controlled by the Company. The definition of control involves three elements: power over the investee; exposure or rights to variable returns; and the ability to use power over the investee to affect the amount of the investors' returns. The Group generally obtains power through voting rights.

The consolidated financial statements incorporate the financial information of Kinovo plc and its subsidiaries. Subsidiary companies are consolidated from the date that control is gained. The subsidiaries of the Group are detailed in note 6 of the parent company financial statements on page 113. All intra-group transactions, balances, income and expense are eliminated on consolidation.

2. Summary of significant accounting policies continued

2.3. Business combinations and goodwill

Business combinations are accounted for using the acquisition method, with the exception of the acquisition of P&R Installation Company Limited. The acquisition method involves the recognition at fair value of all identifiable assets, liabilities and contingent liabilities of the subsidiary at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the Consolidated Statement of Financial Position at their fair values, which are also used as the bases of subsequent measurement in accordance with the Group accounting policies.

The acquisition of P&R Installation Company Limited did not meet the definition of a business combination as the company was not a business and therefore falls outside the scope of IFRS 3 (Revised) "Business Combinations". As IFRS does not provide specific guidance in relation to Group reorganisations it defers to the next appropriate GAAP, being UK GAAP. The acquisition of P&R Installation Company Limited by the Company has therefore been accounted for in accordance with the principles of merger accounting as set out in Section 19 of FRS 102. Costs relating to acquisitions in the year are expensed and are included in administrative expenses.

Goodwill arising on acquisitions is recognised for an acquisition as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

Where applicable, the consideration for an acquisition includes any assets or liabilities resulting from a contingent consideration arrangement, measured at fair value at the acquisition date. Subsequent changes in such fair values are adjusted against the cost of acquisition where they result in additional information, obtained within one year from the acquisition date, about facts and circumstances that existed at the acquisition date. All other subsequent changes in fair value of contingent consideration classified as an asset or liability are recognised in accordance with IAS 39, either in profit or loss or as a change to other comprehensive income. Changes in fair value of contingent consideration classified as equity are not recognised.

2.4. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the provision of the Group's services. Revenue is recognised by the Group, net of value added tax, based upon the following:

- **Mechanical services** – Mechanical services are supplied under a term contract or framework agreement with both local authority and corporate customers that usually span one or more years. These contracts will outline a number of services that the Group is retained to provide to the customer ranging from boiler servicing and meter connections to installing central heating solutions, including air source heat pumps under decarbonisation projects. These services will be provided on request from the customer, and work will be charged based on the customer schedule of rates. Each service is considered to have a single performance obligation, and generally takes between a couple of hours and a few days to complete. Revenue is only recognised at the point that the service is complete. Invoicing only occurs once the customer has agreed that the relevant service has been received and completed. Any costs incurred in advance of the performance obligation being completed are recognised as work in progress. Any work completed but not yet agreed with the customer/invoiced is recognised as accrued income.
- **Building services** – Building work is supplied under a term contract or framework agreement which sets out the range of services the Group is retained to provide to the customer including refurbishments, replacements of kitchens and bathrooms, window installations and painting and decorating, alongside retrofit of insulation. These services will be provided on request from the customer, and work will be charged based on the customer schedule of rates. Each service is considered to have a single performance obligation, and generally takes between a couple of hours and a few days to complete. Revenue is only recognised at the point that the service is complete. Invoicing only occurs once the customer has agreed that the relevant service has been received and completed. Any costs incurred in advance of the performance obligation being completed are recognised as work in progress. Any work completed but not yet agreed with the customer/invoiced is recognised as accrued income.
- **Electrical services** – Electrical services are supplied under a term contract or framework agreement with both local authority and corporate customers that usually spans one or more years. These contracts will outline a number of services that the Group is retained to provide to the customer including servicing, maintenance, emergency call-outs, rewires, as well as installation of solar PV and other renewable energy sources. These services will be provided on request from the customer, and work will be charged based on the customer schedule of rates. Each service is considered to have a single performance obligation, and generally takes between a couple of hours and a few days to complete. Revenue is only recognised at the point that the service is complete. Invoicing only occurs once the customer has agreed that the relevant service has been received and completed. Any costs incurred in advance of the performance obligation being completed are recognised as work in progress. Any work completed but not yet agreed with the customer/invoiced is recognised as accrued income.

It is considered by management that the above revenue recognition policies are suitable for recognising revenue arising from the Group's key market verticals. All revenue streams are wholly attributable to the principal activity of the Group and arise solely within the United Kingdom. Note 5 gives further detail of any work in progress and accrued income balances recognised in relation to contracts with customers.

2.5. Operating profit and non-underlying items

Operating profit comprises the Group's revenue for the provision of services, less the costs of providing those services and administrative overheads, including depreciation of the Group's non-current assets.

Underlying operating profit before the deduction of exceptional costs and other adjusting items is one of the key measures used by the Board to monitor the Group's performance. Exceptional costs are disclosed on the face of the Consolidated Statement of Comprehensive Income as "non-underlying items".

These non-underlying items comprise costs that are considered by the Board to not relate to the underlying financial performance of the Group and are separately analysed so that the users of the accounts can compare trading performance on a like-for-like basis. Costs falling within this category will have one or more of the following attributes:

- one-off transactions not relating to current or future trading;
- non-cash items such as amortisation and impairment of financial assets and share based payment charges; and
- exceptional in size such that they distort the understanding of underlying trading activities.

2. Summary of significant accounting policies continued

2.6. Dividends

The Group has a policy of paying dividends to shareholders in accordance with the amount recommended by the Directors. If the Directors believe the dividends are justified by the profits of the Group available for distribution, they also pay interim dividends. Dividends are recognised when they become legally payable. In the case of interim dividends, this is when dividends are paid. In the case of final dividends, this is when the dividends are approved by the shareholders at the Annual General Meeting.

2.7. Segmental reporting

The Board of Directors of Kinovo plc (which is considered to be the Chief Operating Decision Maker) has identified the reportable segments to be mechanical services, building services and electrical services. Direct costs are allocated to the appropriate segment as they arise and central overheads are apportioned based on management's estimated allocation of the underlying utilisation of resources. Operating segments are presented in a manner consistent with internal reporting, with inter-segment revenue and expenditure eliminated on consolidation. The segmental reporting is outlined in note 6.

2.8. Intangible assets

In accordance with IFRS 3, an intangible asset acquired in a business combination is deemed to have a cost to the Group of its fair value at the acquisition date. The fair value of the intangible asset reflects market expectations about the probability that future economic benefits embodied in the asset will flow to the Group.

Software expenditure is capitalised as an intangible asset if the asset created can be identified, if it is probable that the asset created will generate future economic benefits and if the development cost of the asset can be measured reliably.

Following initial recognition, the carrying amount of an intangible asset is its cost less any accumulated amortisation and any accumulated impairment losses. Amortisation expense is charged to administrative expenses in the income statement on a straight line basis over its useful life.

The identifiable intangible assets and associated periods of amortisation are as follows:

- Customer relationships – over the period expected to benefit, typically seven years.
- Software and development costs – over four years.

2.9. Impairment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows: cash-generating units ("CGUs"). As a result, some assets are tested individually for impairment, and some are tested at CGU level. Goodwill is allocated to CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors the related cash flows.

Goodwill or CGUs that include goodwill and those intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or CGUs are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in the Statement of Comprehensive Income for the amount by which the asset or CGU's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses recognised for CGUs to which goodwill has been allocated are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the CGU. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

2.10. Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Depreciation is calculated to write off the cost of the assets, net of anticipated disposal proceeds, over the expected useful lives of the assets concerned as follows:

- Freehold property – 2% on freehold building cost.
- Long leasehold improvements – 5% on long leasehold improvements cost.
- Office and computer equipment – 25% reducing balance.
- Fixtures and fittings – 25% reducing balance.
- Motor vehicles – 25% reducing balance.

Freehold land is not depreciated.

Subsequent expenditure is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

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

The residual values and economic lives of assets are reviewed by the Directors on at least an annual basis and are amended as appropriate.

2. Summary of significant accounting policies continued

2.11. Impairment of property, plant and equipment

At each Statement of Financial Position date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. For assets other than goodwill, where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the Statement of Comprehensive Income, net of any depreciation or amortisation that would have been charged since the impairment.

2.12. Inventories

Raw materials and consumables are measured at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Work in progress is measured at the lower of cost and net realisable value. Cost comprises direct materials and direct labour costs that have been incurred in advance of the performance obligations on contracts being completed.

2.13. Financial instruments

Financial assets and financial liabilities are recognised in the Consolidated Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

(a) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. Appropriate provisions for expected credit losses are recognised in the Statement of Comprehensive Income when there is objective evidence that the assets are impaired. Interest income is recognised by applying the effective interest rate, except for short-term trade and other receivables when the recognition of interest would be immaterial.

The Group incurs costs in advance of new contracts commencing in association with preparatory work to ensure the contract can be delivered from day one. These costs are included within work in progress and released over the life of the contract.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that have maturities of three months or less from inception, are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(c) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

(d) Trade and other payables

Trade payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method; this method allocates interest expense over the relevant period by applying the "effective interest rate" to the carrying amount of the liability.

(e) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

2.14. Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current tax

Tax payable is based on taxable profit for the year. Taxable profit differs from net profit reported in the Statement of Comprehensive Income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date. As the Group has brought forward losses there is no tax payable for the year to 31 March 2024. Details of the tax charge on ordinary operations and tax credit on discontinued operations during the year are outlined in note 13.

2. Summary of significant accounting policies continued

2.14. Current and deferred tax continued

(b) Deferred tax

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying value of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax assets/liabilities are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is charged or credited to the Statement of Comprehensive Income except when it relates to items credited or charged directly in equity, in which case the deferred tax is also dealt with in equity.

Deferred tax is calculated at the tax rates and laws that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.15. Leases

The Group leases various premises, vehicles and equipment. Rental contracts are typically made for fixed periods of six months to 5 years but may have extension options. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate the lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price or a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, 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.

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in the financing conditions since the third-party financing was received.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight line basis as an expense in profit or loss. Short-term leases are leases with a lease term of twelve months or less. Low-value assets comprise small items of office equipment and IT.

2.16. Employee benefits

The Group operates defined contribution pension schemes for certain employees of the Group. The assets of the schemes are held separately from those of the Group in an independently administered fund. The pension costs charged to profit or loss are the contributions payable to the scheme in respect of the accounting period.

All Group companies are in compliance with their pension obligations and have auto-enrolled, offering all employees the opportunity to participate.

2. Summary of significant accounting policies continued

2.17. Share based payments

The Group issues equity-settled share based payment transactions to certain employees. Equity-settled share based payment transactions are measured at fair value at the date of grant. The calculation of fair value at the date of grant requires the use of management's best estimate of volatility, risk free rate and expected time to exercise the options. Details regarding the determination of the fair value of equity-settled transactions are set out in note 28.

The fair value determined at the 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 the number 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 profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

2.18. Onerous contracts

In accordance with IAS 37, assessment of whether any contracts within the business are onerous is made on an ongoing basis. A contract is deemed to be onerous at the point at which the unavoidable costs of meeting the contract outweigh the expected future economic benefit. In making this assessment the following costs are considered:

- any incremental costs associated with delivery, i.e. direct labour, materials etc.; and
- an allocation of other direct costs, i.e. depreciation for machinery involved etc.

At the point these expected costs outweigh the future benefit, the full value of the future expected loss will be provided for as an onerous contract.

2.19. New standards and interpretations

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing on 1 April 2023:

- IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)
- IFRS 18 Presentation and Disclosure in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies
- Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 Income Taxes – International Tax Reform – Pillar Two Model Rules
- Amendments to IAS 8 Accounting Polices, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.20. New standards and interpretations not yet adopted

The following new accounting standards and interpretations are currently in issue but not effective for accounting periods commencing on 1 April 2023 and therefore have not been early adopted by the Group:

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

These standards are not expected to have a material impact on the entity in the current or future reporting periods or on foreseeable future transactions.

3. Financial risk management

3.1. Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by management under policies approved by the Board of Directors. Management identifies and evaluates financial risks and provides principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

3.2. Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange and security prices.

(a) Interest rate risk

The Group has exposure to interest rate risk by virtue of its borrowings with HSBC UK Bank Plc, which attract interest at a mark-up to the base rate. Details of actual interest rates can be found in note 21 to these consolidated financial statements. No hedging arrangements are currently in place but the Board keeps this under constant review.

3. Financial risk management continued

3.3. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises principally from the Group's cash balances and trade receivables balances. The Group's customers are primarily local authorities and housing associations with high credit ratings.

The Group has a number of policies for managing the credit risk of its new and existing customers, and has dedicated functions focused on cash conversion, collection and management.

The Group gives careful consideration to which organisations it uses for its banking services in order to minimise credit risk and therefore only financial institutions with a minimum rating of B are used. Currently the Group bank accounts are held primarily with HSBC UK Bank Plc which has a Fitch rating of AA-.

3.4. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. This risk relates to the Group's prudent liquidity risk management and implies maintaining sufficient cash reserves to meet the Group's working capital requirements. Management monitors rolling forecasts of the Group's liquidity and cash and cash equivalents on the basis of expected cash flow.

As at 31 March 2024, the Group had cash and cash equivalents of £489,000 (2023: £1,322,000).

The Group has a centralised treasury function and actively manages cash flows on both a daily and longer-term basis.

3.5. Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern whilst maximising the return to shareholders. The Group funds its expenditure on commitments from existing cash and cash equivalent balances.

There are no externally imposed capital requirements.

Financing decisions are made by the Board of Directors based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Group's commitments and development plans.

The capital structure of the Group consists of cash and cash equivalents and equity, comprising issued share capital and retained profits.

4. Critical accounting estimates and judgements

The preparation of financial statements requires management to make estimates and judgements that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during year. The estimates and associated judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Group's accounting policies, management has decided the following estimates and assumptions have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognised in the consolidated financial statements.

4.1. Critical judgements in applying the Group's accounting policies

(a) Valuation of accrued income

Work completed under either a framework agreement or term contract for gas services, building services and electrical services is recognised as accrued income until it has been billed to the client. A level of judgement is involved in determining whether the Group has met all of the required performance obligations necessary in order to recognise the revenue. Accrued income of £7.7 million was recognised within the Statement of Financial Position at 31 March 2024 (2023: £7.1 million).

(b) Share based payment charge

The Black Scholes model and the Monte Carlo simulation have been used to calculate the appropriate charge for the share options issued across the Group's share option plans in the current and previous years. The use of these models to calculate a charge involves using a number of judgements to establish the appropriate inputs to be entered into the models, covering areas such as exercise restrictions and behavioural considerations of scheme members. Full details of judgements used within the calculation to derive the charge are given within note 28. Underlying estimates and a full sensitivity analysis have not been disclosed as management does not feel that any reasonable change would materially influence the interpretation of the charge.

(c) Tax treatment of disposal

There is a tax credit of £1.1 million included in 2022 loss on disposal of £12.6 million on DCB. Management engaged with third party tax specialists to identify the appropriate tax treatment of the different aspects of the loss on disposal and based on relevant judgements and interpretation of tax legislation, it is managements expectation that £1.1 million of tax credits will be recoverable from the losses. If a different viewpoint and interpretation of tax legislation were applied, it might be concluded that the credit would not be recoverable.

4. Critical accounting estimates and judgements continued

4.1. Critical judgements in applying the Group's accounting policies continued

(d) Costs to complete legacy DCB construction projects

As part of the obligations under the terms of the sale of DCB, the Group continues to provide parent company guarantees (PCG's) on nine construction projects of DCB which run through to their practical completion. On administration of DCB the outstanding obligations under the PCG's were assumed by Kinovo plc. At the date of signing the financial statements seven of the projects were finalised, one was in progress on site due for completion in July 2024 and settlement of £2.2 million on the final project was agreed in principle. The total expected cost to complete all the projects, including the settlement on the final project has been determined as £12.9 million which has been fully provided at 31 March 2024.

At 31 March 2024, the outstanding provision for completion of the projects was £3.2 million which includes £2.2 million in respect of the settlement in principle on the final project. Management have made the judgement that the settlement on the final project will be completed in accordance with the agreed commercial terms and conditions. Furthermore they have judged that the project in progress on site will be completed in line with the forecast cost and that there is unlikely to be material post completion remediation work required on the projects.

4.2. Key sources of estimation uncertainty

(a) Impairment of goodwill

Determining whether goodwill is impaired requires an estimate of the value in use of the cash-generating units ("CGUs") to which goodwill has been allocated. The value in use calculation involves an estimate of the future cash flows of the CGUs and also the selection of appropriate discount rates to calculate present values. Future cash flows are estimated based on contract value and duration, together with margin based on past performance. Change in contract values and duration, together with margins achieved, could result in variations to the carrying value of goodwill. In addition, an adverse movement in the discount factor due to an increased risk profile or a change in the cost of debt (increase in interest rates) would also result in a variation to the carrying value of goodwill. The primary sensitivity is the discount rate; however, the Directors consider that there is no reason to believe it is not appropriate. See note 15.2 for details on the key estimates used within the impairment test for goodwill, along with the Group's sensitivity analysis.

(b) Right-of-use assets

Management is required to make a number of estimates in recognising right-of-use assets. These key estimates are considered to be:

- estimation of the lease term, which is done on a lease-by-lease basis;
- determination of the appropriate rate to discount the lease payments. This is set with reference to the Group's incremental cost of borrowing. The incremental rate was 8.1% in the current year (2023: 3.4%); and
- assessment of whether a right-of-use asset is impaired. An impairment is considered to be present where the net present value of future cash benefit of utilising the asset within the business, or if applicable potential sub-lease income if the asset is no longer required, is less than the net present value of future lease payments.

Management considers all facts and circumstances including its past practice and business plans in making this estimate on a lease-by-lease basis.

At 31 March 2024 the Group holds £1.2 million of right-of-use assets (2023: £0.9 million). Management has reviewed the future benefit and costs of the underlying assets and has not identified the need to recognise any impairment.

5. Revenue

All results in the current and prior period derive from continuing operations and all revenues arose in the UK.

There are four customers who individually contributed 12%, 12%, 11% and 11% respectively towards the revenue (2023: two contributing 16% and 12%).

The Group has recognised the following assets within the Statement of Financial Position related to contracts with customers:

	2024 £'000	2023 £'000
Current assets relating to contracts with customers:		
Trade receivables	4,866	3,610
Work in progress	2,261	2,005
Accrued income	7,677	7,066
	14,804	12,681

As set out in note 2.12, work in progress balances arise where costs are incurred in advance of the performance obligations required to recognise revenue having been met, and therefore the costs are recognised as an asset.

Accrued income relates to performance obligations that have been satisfied, but the invoice has not yet been raised to the customer.

There are no long-term construction contracts held within continuing operations.

Services are provided under framework agreements and therefore not considered to have any unsatisfied performance obligations as at 31 March 2024.

6. Segmental reporting

The Board of Directors (Chief Operating Decision Maker) has determined an operating management structure aligned around the three core activities of the Group, with the following operating segments applicable:

- **Mechanical services:** the Group offers a range of services within the mechanical services segment which is inclusive but not limited to: boiler servicing, meter connections and installing central heating solutions, including air source heat pumps under decarbonisation projects.
- **Building services:** the Group offers a range of services which is inclusive but not limited to: refurbishment, replacements of kitchens and bathrooms, window installations and painting and decorating, alongside retrofit of insulation.
- **Electrical services:** the Group offers a range of services within the electrical services segment which is inclusive but not limited to: servicing, maintenance, emergency call-outs, rewires, as well as installation of solar PV and other renewable energy sources.

The Board adopts the operating profit before exceptional items and amortisation of acquisition intangibles as the profit measure. The following is an analysis of the Group's revenue and operating profit before non-underlying items, for continuing operations, by reportable segment:

	12 months ended 31 March 2024 £'000	12 months ended 31 March 2023 £'000
Mechanical services	**11,670**	15,022
Building services	**20,555**	19,686
Electrical services	**31,912**	27,962
Total revenue	**64,137**	62,670

Reconciliation of operating profit before non-underlying items to profit before taxation from continuing operations:

	12 months ended 31 March 2024 £'000	12 months ended 31 March 2023 £'000
Operating profit before exceptional items and amortisation of acquisition intangibles by segment		
Mechanical services	**1,167**	1,527
Building services	**1,419**	1,494
Electrical services	**5,585**	4,099
Unallocated central costs	**(1,688)**	(1,823)
Total operating profit before non-underlying items	**6,483**	5,297
Amortisation of acquisition intangibles	**–**	(385)
Share based payment charge	**(103)**	(103)
Operating profit	**6,380**	4,809
Finance costs	**(341)**	(401)
Profit before tax	**6,039**	4,408

Only the Group Consolidated Statement of Comprehensive Income is regularly reviewed by the Chief Operating Decision Maker and consequently no segment assets or liabilities are disclosed under IFRS 8.

7. Operating profit

Operating profit for the continuing business is stated after charging all costs including non-underlying items which are detailed in note 9.

	12 months ended 31 March 2024 £'000	12 months ended 31 March 2023 £'000
Inventory recognised as an expense in cost of sales	11,876	9,992
Staff costs	13,116	11,742
Depreciation	148	131
Depreciation of right of use assets	585	513
Amortisation of software costs	116	72
Auditor's remuneration	125	114
Non-audit remuneration	–	2

The depreciation and amortisation charges as stated in the table above are included within administrative expenses in the Consolidated Statement of Comprehensive Income.

8. EBITDA for continuing operations

Earnings before interest, taxation, depreciation and amortisation ("EBITDA")

EBITDA is calculated as follows:

	12 months ended 31 March 2024 £'000	12 months ended 31 March 2023 £'000
Underlying profit before tax from continuing operations	6,142	4,896
Finance costs	341	401
Depreciation of property, plant and equipment	148	131
Depreciation of right of use assets	585	513
Amortisation of software costs	116	72
EBITDA from continuing operations (before lease payment charges)	7,332	6,013
Lease payment charge	(617)	(539)
Adjusted EBITDA from continuing operations (after lease payment charges)	6,715	5,474

9. Non-underlying items

Operating profit includes the following items which are considered by the Board to be either exceptional in size, one-off in nature or non-trading related items as defined in note 2.5.

	12 months ended 31 March 2024 £'000	12 months ended 31 March 2023 £'000
Amortisation of customer relationships (a)	–	385
Share based payment charge (b)	103	103
	103	488

(a) Amortisation and impairment of customer relationships

Amortisation of acquisition intangibles was £nil for the year (2023: £385,000). In 2023 the charge related to amortisation of the customer relationships identified by the Directors on the acquisition of Purdy.

(b) Share based payment charge

A number of Group share option schemes are in place and new options have been granted during the year as detailed in note 28. The share based payment charge has been separately identified as it is a non-cash expense for the Group.

10. Employee expenses

The average number of employees (including Directors) employed during the year was:

	12 months ended 31 March 2024 No.	12 months ended 31 March 2023 No.
Management	**43**	38
Administration	**63**	56
Engineers	**142**	130
	248	224

The aggregate remuneration of the above employees (including Directors) comprised:

	12 months ended 31 March 2024 £'000	12 months ended 31 March 2023 £'000
Wages and salaries	**11,685**	10,344
Social security costs	**1,113**	1,137
Pension costs	**318**	261
	13,116	11,742

The remuneration of the Directors and other key management personnel of the Group is shown in note 27 and the Remuneration Committee Report.

11. Finance costs and finance income

The Group received no finance income in either the current or prior period.

	12 months ended 31 March 2024 £'000	12 months ended 31 March 2023 £'000
Interest payable on bank borrowings and loans	**77**	140
Interest payable on lease liabilities	**36**	30
Other finance costs	**228**	231
	341	401

12. Dividends

The Directors do not recommend a final dividend for the year ended 31 March 2024 (2023: £nil).

No interim dividend was paid in the year or for the previous year.

13. Income tax

13.1. Components of income tax charge

	12 months ended 31 March 2024 £'000	12 months ended 31 March 2023 £'000
Current income tax expense		
Current income tax charge in relation to continuing operations	**940**	960
Current income tax credit in relation to discontinued operations	**(1,912)**	–
Carry forward tax losses arising in the year	**972**	–
Utilisation of tax losses from disposal	**–**	(960)
Total current tax	**–**	–
Deferred tax		
Credit in connection with intangible assets acquired	**–**	(72)
Movement in brought forward tax losses	**(972)**	(209)
Short-term timing differences	**–**	(3)
Charge for lease liabilities recognised on adoption of IFRS 16	**118**	28
Credit for right of use asset recognised on adoption of IFRS 16	**(121)**	(28)
Credit for share based payment charge	**(26)**	(20)
Total deferred tax	**(1,001)**	(304)
Total income tax charge for continuing operations	**911**	695
Total tax credit for discontinued operations	**(1,912)**	(999)
Income tax credit reported in income statement	**(1,001)**	(304)

13.2. Tax reconciliation

The tax assessed in each period differs from the standard rate of corporation tax in the UK. The differences are explained below.

	12 months ended 31 March 2024 £'000	12 months ended 31 March 2023 £'000
Profit on ordinary activities before taxation	**(1,610)**	(852)
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 25% (2023: 19%)	**(403)**	(162)
Effects of:		
Non-deductible expenses	**44**	66
Movement in brought forward tax losses	**(569)**	(208)
Other	**(73)**	–
	(1,001)	(304)

14. Earnings per share

14.1. Basic and diluted earnings per share

The calculation of basic and diluted earnings per share is based on the result attributable to shareholders divided by the weighted average number of ordinary shares in issue during the year.

Basic earnings per share amounts are calculated by dividing net profit for the year or period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The Group has potentially issuable shares all of which relate to the Group's share options issued to Directors and employees.

Basic and diluted profit per share from continuing operations are calculated as follows:

	12 months ended 31 March 2024 £'000	12 months ended 31 March 2023 £'000
Profit used in calculating basic and diluted earnings per share for continuing operations	**5,128**	3,713
Loss used in calculating basic and diluted earnings per share for total operations	**(609)**	(548)
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	**62,528,742**	62,137,757
Weighted average number of shares for the purpose of diluted earnings per share	**63,393,296**	62,689,167
Basic earnings per share (pence) for continuing operations	**8.20**	5.97
Diluted earnings per share (pence) for continuing operations	**8.08**	5.92
Basic loss per share (pence) for total operations	**(0.97)**	(0.88)
Diluted loss per share (pence) for total operations	**(0.97)**	(0.88)

Diluted earnings per share includes potentially dilutive equity instruments. These instruments are anti-dilutive in the current and prior year in respect of the loss per share for total operations.

Options over 5,404,142 ordinary shares remained outstanding as at 31 March 2024 (2023: 5,439,968) as detailed in note 28.

Details of loss per share for discontinued operations are set out in note 30.

14.2. Adjusted earnings per share

Profit after tax for continuing operations is stated after deducting non-underlying items totalling £103,000 (2023: £488,000) as set out in note 9 and the impact of these items on corporation tax. Non-underlying items are either exceptional in size, one-off in nature or non-trading related items. These are shown separately on the face of the Consolidated Statement of Comprehensive Income.

The calculation of adjusted basic and adjusted diluted earnings per share is based on the result attributable to shareholders, adjusted for non-underlying items, divided by the weighted average number of ordinary shares in issue during the year.

	12 months ended 31 March 2024 £'000	12 months ended 31 March 2023 £'000
Profit after tax	**5,128**	3,713
Add back:		
Amortisation of customer relationships	**—**	385
Share based payment charge	**103**	103
Impact of above adjustments on corporation tax	**—**	—
Adjusted profit after tax	**5,231**	4,201
Number of shares		
Weighted average number of shares for the purpose of adjusted earnings per share	**62,528,742**	62,137,757
Weighted average number of shares for the purpose of diluted adjusted earnings per share	**63,393,296**	62,689,167
Adjusted earnings per share (pence) for continuing operations	**8.36**	6.76
Diluted adjusted earnings per share (pence) for continuing operations	**8.25**	6.70

Diluted adjusted earnings per share includes potentially dilutive equity instruments.

15. Intangible assets

	Software costs £'000	Customer relationships £'000	Goodwill £'000	Total £'000
Cost				
At 1 April 2023	531	11,708	4,192	16,431
Additions in the year	119	—	—	119
At 31 March 2024	**650**	**11,708**	**4,192**	**16,550**
Amortisation				
At 1 April 2023	212	11,708	—	11,920
Charge for the year	116	—	—	116
At 31 March 2024	**328**	**11,708**	**—**	**12,036**
Net book value				
At 31 March 2023	319	—	4,192	4,511
At 31 March 2024	**322**	**—**	**4,192**	**4,514**

	Software costs £'000	Customer relationships £'000	Goodwill £'000	Total £'000
Cost				
At 1 April 2022	343	11,708	4,192	16,243
Additions in the year	188	—	—	188
At 31 March 2023	531	11,708	4,192	16,431
Amortisation				
At 1 April 2022	140	11,323	—	11,463
Charge for the year	72	385	—	457
At 31 March 2023	212	11,708	—	11,920
Net book value				
At 31 March 2022	203	385	4,192	4,780
At 31 March 2023	319	—	4,192	4,511

15.1. Customer relationships

The customer relationships intangible assets arise on acquisition of subsidiaries when accounted for as a business combination and relate to the expected value to be derived from contractual and non-contractual customer relationships. The value placed on the contractual customer relationship is based on the expected cash revenue inflows over the estimated remaining life of each existing contract. The value placed on the non-contractual customer relationships is based on the expected cash inflows based on past revenue performance by virtue of the customer relationship, but using an attrition rate depending on the length of the relationship. Associated cash outflows have been based on historically achieved margins and overhead run rates per £1 of revenue. The net cash flows are discounted at a rate which the Directors consider is commensurate with the risks associated with capturing returns from the customer relationships.

The estimated life for customer relationships is based on the average of the contracted remaining life of contracted relationships and estimated life of the non-contractual relationships.

	Purdy	Spokemead	Dunhams	Total
Attrition rate where relationship <5 years	80%	n/a	n/a	
Attrition rate where relationship >5 years	50%	n/a	n/a	
Discount rate	13.30%	12.84%	15.79%	
Estimated life of relationship at date of acquisition	7 years	7.5 years	1.5 years	
Fair value of customer relationships at date of acquisition	£5,586,000	£5,922,000	£200,000	£11,708,000
Current carrying value of customer relationships	—	—	—	—

15.2. Goodwill

Goodwill on consolidation arises on the excess of cost of acquisition over the fair value of the net assets acquired on purchase of the company. Each subsidiary is its own CGU for the purposes of the goodwill calculation and impairment reviews and is monitored on an ongoing basis by the Board.

The goodwill allocated to each subsidiary entity is presented below:

	Purdy £'000	Spokemead £'000	Dunhams £'000	Total £'000
Allocation of goodwill	1,719	1,186	1,287	4,192

The Group tests whether goodwill has suffered any impairment on an annual basis. For the 2024 and 2023 reporting periods, the recoverable amount of the cash-generating units ("CGUs") was determined based on the value in use calculations which require the use of key assumptions. The calculations use cash flow projections based on the level of recurring revenue from secured contracts, which have already been won and are expected to be won in the future. Cash flows beyond five years are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which the CGU operates.

15. Intangible assets continued

15.2. Goodwill continued

The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them. The same assumptions have been used across the CGUs as they are all considered to operate in markets with similar characteristics.

Key assumptions	2024	2023
Long-term growth rate (used after 5 years)	**1.9%**	1.9%
3 to 5-year growth rate	**5.0%**	5.0%
Pre-tax discount rate	**12.7%**	16.3%

15.3. Sensitivity review

Management has performed a range of sensitivity analysis around movements in both the discount rates and future growth rates used within the model and does not anticipate that any realistic changes in the assumptions would cause the assets to be impaired.

16. Property, plant and equipment

At 31 March 2024

	Freehold land £'000	Freehold property £'000	Motor vehicles £'000	Fixtures and fittings £'000	Office and computer equipment £'000	Total £'000
Cost						
At 1 April 2023	300	643	—	89	626	1,658
Additions	—	—	16	33	110	159
At 31 March 2024	**300**	**643**	**16**	**122**	**736**	**1,817**
Depreciation						
At 1 April 2023	—	174	—	42	380	596
Charge for the year	—	47	4	19	78	148
At 31 March 2024	**—**	**221**	**4**	**61**	**458**	**744**
Net book value						
At 1 April 2023	300	469	—	47	246	1,062
At 31 March 2024	**300**	**422**	**12**	**61**	**278**	**1,073**

At 31 March 2023

	Freehold land £'000	Freehold property £'000	Motor vehicles £'000	Fixtures and fittings £'000	Office and computer equipment £'000	Total £'000
Cost						
At 1 April 2022	300	617	—	55	596	1,568
Additions	—	26	—	34	30	90
At 31 March 2023	300	643	—	89	626	1,658
Depreciation						
At 1 April 2022	—	148	—	29	288	465
Charge for the year	—	26	—	13	92	131
At 31 March 2023	—	174	—	42	380	596
Net book value						
At 1 April 2022	300	469	—	26	308	1,103
At 31 March 2023	300	469	—	47	246	1,062

Freehold land and building property was included at its net book value of £784,000 at the date of acquisition, being the fair value of the land and buildings at £815,000, less accumulated depreciation of £31,000. The property was valued by an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of investment property being valued, Savills (UK) Limited, as at 22 May 2015 on the existing use value basis in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors. The critical assumptions made relating to its valuation are the market rent at £65,000 per annum and the yield at 8.00%.

The bank facilities detailed in note 26 are secured on the property, plant and equipment of the Group. The bank facility does not impose any restrictions of use on the assets.

17. Right-of-use assets

	Leasehold property £'000	Motor vehicles £'000	Office and computer equipment £'000	Total £'000
Cost				
At 1 April 2023	263	1,256	—	1,519
Additions	83	914	—	997
Disposals	—	(696)	—	(696)
At 31 March 2024	**346**	**1,474**	**—**	**1,820**
Depreciation				
At 1 April 2023	59	531	—	590
Charge for the year	60	525	—	585
Disposals	—	(538)	—	(538)
At 31 March 2024	**119**	**518**	**—**	**637**
Net book value				
At 1 April 2023	204	725	—	929
At 31 March 2024	**227**	**956**	**—**	**1,183**

	Leasehold property £'000	Motor vehicles £'000	Office and computer equipment £'000	Total £'000
Cost				
At 1 April 2022	263	992	56	1,311
Additions	—	656	—	656
Disposals	—	(392)	(56)	(448)
At 31 March 2023	263	1,256	—	1,519
Depreciation				
At 1 April 2022	7	468	50	525
Charge for the year	52	456	5	513
Disposals	—	(393)	(55)	(448)
At 31 March 2023	59	531	—	590
Net book value				
At 31 March 2022	256	524	6	786
At 31 March 2023	204	725	—	929

18. Inventories

	2024 £'000	2023 £'000
Raw materials	**351**	433
Work in progress	**2,261**	2,005
	2,612	2,438

19. Trade and other receivables

	2024 £'000	2023 £'000
Current		
Trade receivables	**4,866**	3,610
Other receivables	**77**	173
Prepayments	**287**	238
Accrued income	**7,677**	7,066
	12,907	11,087

The ageing of trade receivables that are past due but not impaired is shown below:

	2024 £'000	2023 £'000
Between 1 and 2 months	**573**	629
Between 2 and 3 months	**37**	107
More than 3 months	**46**	281
	656	1,017

19. Trade and other receivables continued

No allowance for doubtful debt has been made as management does not consider that there are any issues over recoverability, due to the creditworthiness of the customer profile and little historical issue of default.

In 2023, an allowance for doubtful debt of £29,000 was recognised in the above balance for trade receivables. This was a specific provision resulting from a commercial agreement rather than an issue with collection.

The Group's exposure to credit risk is discussed in note 26 to the consolidated financial statements, including how the Group assesses the credit quality of potential new customers and its policy for providing against overdue invoices.

The average credit period taken on invoiced sales of services as at 31 March 2024 is 28 days (31 March 2023: 21 days). No interest was charged on overdue receivables during the year.

The Directors believe that the carrying value of the trade and other receivables is considered to represent its fair value. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable shown above. The Group does not hold any collateral as security.

The bank facilities detailed in note 26 are secured on the trade receivables of £4,866,000 (2023: £3,610,000).

The Group's trade and other receivables are all denominated in Pounds Sterling.

20. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank. The Group's cash and cash equivalents are held at floating interest rates and are primarily held at HSBC UK Bank Plc which has an AA-credit rating as assessed by Fitch Ratings. The Directors consider that the carrying amount of cash and cash equivalents approximates to their fair value.

	2024 £'000	2023 £'000
Cash at HSBC UK Bank Plc	**486**	1,311
Other cash and bank balances	**3**	11
	489	1,322

21. Borrowings

The maturity analysis of borrowings, inclusive of finance charges, is included below. All of the loans are denominated in Pounds Sterling.

	2024 £'000	2023 £'000
Non-current borrowings		
Bank and other borrowings:		
Other loans	**–**	–
Mortgage loans	**29**	86
Total non-current borrowings	**29**	86
Current borrowings:		
Bank and other borrowings:		
Other loans	**–**	34
Mortgage loan	**57**	57
Total current borrowings	**57**	91
Bank and other borrowings:		
Other loans	**–**	34
Mortgage loans	**86**	143
Total borrowings	**86**	177

The fair value of the borrowings outstanding as at 31 March 2024 is not materially different to its carrying value since interest rates applicable on the loans are close to the current market rates.

(a) Working capital facilities

At 31 March 2024 the Group had an unused £2.5 million working capital facility with HSBC UK Bank Plc. The facility has an interest rate of 2.85% above base rate and is repayable on demand. All cash at bank balances are denominated in Pounds Sterling.

The £2.5 million working capital facility with HSBC UK Bank Plc was renewed after the period end until April 2025, at an interest rate of 3.5% above base rate and is repayable on demand.

21. Borrowings continued

(b) Other loans

Mortgage loan

A ten-year mortgage loan of £570,000 with HSBC UK Bank Plc was drawn down in July 2015, with interest payable at 1.9% above base rate. The mortgage is held over the freehold property of Purdy known as Brooklyn Lodge, Mott Street, Chingford, London E4 7RW. £85,500 remained unpaid at the end of the period.

Other loan

A five-year term loan, originally drawn down in September 2018 of £317,000 with Funding Circle, was assumed by the Group on the acquisition of Dunhams in November 2018 and was fully repaid in the period.

(c) Security

Bank loans are secured on related property, plant and equipment and debtor books of the Group.

In respect of bank debt there is an Unlimited Composite Company Guarantee given by Kinovo plc, Purdy, P&R, Spokemead and Dunhams to secure all liabilities of each borrower.

22. Lease liabilities

As at 31 March 2024 the following amounts are included in the Statement of Financial Position in relation to non-cancellable leases:

	2024 £'000	2023 £'000
Lease liabilities		
Current	594	452
Non-current	606	491
	1,200	943

The maturity analysis of obligations under non-cancellable leases is shown in the following table:

	2024 £'000	2023 £'000
No later than 1 year	594	452
Later than 1 year and no later than 5 years	606	491
	1,200	943

The interest expense recognised through the Consolidated Statement of Comprehensive Income during the year in relation to lease liabilities was £36,000 (2023: £30,000).

23. Trade and other payables

	2024 £'000	2023 £'000
Trade payables	14,654	13,025
Other payables	88	63
Other taxation and social security	3,488	1,977
Accruals	2,802	2,948
	21,032	18,013

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. They are non-interest bearing.

The Directors consider that the carrying value of trade and other payables approximates their fair value as the impact of discounting is insignificant.

The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame and no interest has been charged by any suppliers as a result of late payment of invoices.

Included within trade payables is a balance of £4,126,000 (2023: £4,609,000) on a purchasing card facility provided by HSBC UK Bank Plc. The purchasing card is typically used to facilitate administration and reporting of costs on maintenance contracts at a granular level. Payment terms for Kinovo plc on the purchasing cards are typically 90 days, which aligns with existing credit terms with suppliers. Approved suppliers benefit from increased volumes and receive funds upfront from HSBC UK Bank Plc. Based on the nature of the transactions the Board considers it appropriate to disclose the balance within trade creditors.

The average credit period taken on trade purchases (excluding those settled on purchasing card) is 85 days (2023: 66 days). Trade purchases include the purchase of materials and subcontractor costs.

24. Share capital and reserves

24.1. Ordinary shares

Ordinary shares of £0.10 each	2024 £'000	2023 £'000
At the beginning of the year	**6,213**	6,213
Issued in the year	**66**	—
At the end of the year	**6,279**	6,213
Number of shares		
At the beginning of the year	**62,137,757**	62,137,757
Issued in the year	**650,457**	—
At the end of the year	**62,788,214**	62,137,757

Issued in the year

During the year the Company issued 650,457 of shares to allocate to members of the SIP scheme (Please see note 28 for further details on the SIP). 23.5p was paid for 325,229 of these shares, a total consideration of £77,000. This was allocated as £33,000 of share capital, and £44,000 of share premium. The remaining 325,228 shares were a share based payment for the members of the scheme, and therefore 10p per share (a total consideration of £33,000) was transferred to share capital from the share based payment reserve as payment for these.

During 2023 the Company repurchased 364,402 of its own shares for £132,000 at 36p per share. These shares will be held in trust to use to settle obligations under the SIP scheme as they become due. £68,000 was received from the SIP Trust in contribution towards this, thus the total purchase netted to £64,000.

During the year ended March 2021, the Company issued a total of 2,492,858 ordinary shares to RBC Cees Trustee (Nominees) Limited for £850,000. These shares are to be held for future redemption by members of the JSOP scheme subject to successful achievement of vesting conditions. Within the Group accounts the share trust is consolidated and the £850,000 value of shares is shown in equity as the Group ownership of own share capital.

24.2. Share premium

	2024 £'000	2023 £'000
At the beginning of the year	**9,245**	9,245
Issued in the year (net of share issue costs)	**44**	—
At the end of the year	**9,289**	9,245

24.3. Merger reserve

	2024 £'000	2023 £'000
At the beginning and end of the year	**(248)**	(248)

25. Note to the Consolidated Statement of Cash Flows

	12 months ended 31 March 2024 £'000	12 months ended 31 March 2023 £'000
Cash flow from operating activities		
Loss before income tax	**(1,610)**	(852)
Adjustments for:		
Net finance cost	**341**	401
Depreciation	**732**	645
Amortisation of intangible assets	**116**	457
Share based payments	**103**	103
Movement in receivables	**(1,820)**	(461)
Movement in payables	**3,019**	(1,050)
Movement in provisions	**(325)**	3,478
Movement in inventories	**(174)**	17
	382	2,738

26. Financial instruments

The Group's principal financial assets are cash and cash equivalents and trade and other receivables. All financial assets are classified as loans and receivables.

The Group's principal financial liabilities are financing liabilities and trade and other payables. All financial liabilities are held at amortised cost.

The Group is exposed to the risks that arise from its use of financial instruments. This note describes the objectives, policies and processes of the Group for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

26.1. Principal financial instruments

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

- cash and cash equivalents;
- trade and other receivables;
- trade and other payables;
- borrowings; and
- leases.

The Group held the following financial assets at each reporting date:

	2024 £'000	2023 £'000
Loans and receivables:		
Trade receivables	**4,866**	3,610
Accrued income	**7,677**	7,066
Other receivables	**364**	411
Cash and cash equivalents	**489**	1,322
	13,396	12,409

26. Financial instruments continued

26.1. Principal financial instruments continued

The Group held the following financial liabilities at each reporting date:

	2024 £'000	2023 £'000
Held at amortised cost:		
Bank loans and overdrafts	**86**	177
Lease liabilities	**1,200**	943
Accruals	**2,802**	2,948
Trade payables	**14,654**	13,025
Other payables including tax and social security	**3,576**	2,040
Provisions	**3,153**	3,478
	25,471	22,611

26.2. Financial risk management

The Group's treasury function monitors and manages the financial risks in relation to its operations. These risks include those arising from interest rate risk, credit risk, liquidity risk and capital risk. The Group seeks to minimise the effects of these risks by using effective control measures. The Group's policies for financial risk management are outlined below.

(a) Interest rate risk management

The Group finances its operations through a combination of retained earnings and bank borrowings from major financial institutions, with a minimum Fitch rating of B, at floating rates of interest above the Bank of England base rate. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group's treasury function reviews its risk management strategy on a regular basis and gives careful consideration to interest rates when considering its borrowing requirements and where to hold its excess cash.

The Group currently has loans totalling £85,500 (2023: £176,500) at variable interest rates. The Group is exposed to interest rate risk on some of its financial assets, being its cash and cash equivalents. The interest rate receivable on these balances at 31 March 2024 was at an average rate of less than 1% (2023: less than 1%).

The Group's policy is to minimise interest charges through active cash management. Interest charged on the Group's borrowings is kept under constant review.

(b) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises principally from the Group's trade and other receivables and its cash balances. The Group has an established credit policy under which each new customer is analysed for creditworthiness before the Group's required payment and delivery terms and conditions are offered.

The maximum exposure the Group will bear with a single customer is dependent upon that customer's credit rating, the level of anticipated trading and the time period over which the relationship is likely to run.

Social housing customers are typically local authorities or housing associations and the nature of which means the credit risk is minimal. Other trade receivables contain no specific concentration of credit risk with amounts recognised representing a large number of receivables from various customers.

(c) Trade and other receivables

The Group is exposed to the risk of default by its customers. At 31 March 2024, the Group had 6 customers with an outstanding balance over £250,000 (31 March 2023: 6). An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. No allowance for doubtful debts has been recognised in the current year. In 2023, a specific provision against receivables of £29,000 was recognised in relation to settlement of commercial negotiations on one client.

There are no other significant concentrations of credit risk at the balance sheet date.

At 31 March 2024, the Group held no collateral as security against any financial asset. The carrying amount of financial assets recorded in the consolidated financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

(d) Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity risk management is to ensure it will always have sufficient liquidity to meet the Group's working capital requirements. Management monitors rolling forecasts of the Group's liquidity and cash and cash equivalents on the basis of expected cash flow.

The Directors manage liquidity risk by regularly reviewing cash requirements by reference to short-term cash flow forecasts and medium-term working capital projections prepared by management and operate a centralised treasury function and actively manage cash flows on both a daily and longer-term basis.

The Group had total available working capital facilities at an interest rate of 2.85% over base rate amounting to £2,500,000 with HSBC UK Bank Plc as at 31 March 2024. The Group maintains a good relationship with its bank, which has a high credit rating. As at 31 March 2024, the Group had cash and cash equivalents of £489,000 (2023: £1,322,000).

26. Financial instruments continued

26.2. Financial risk management continued

(d) Liquidity risk management continued

The table below shows the maturity profile of the Group's non-derivative financial liabilities:

2024	Within 1 year £'000	1–2 years £'000	2–5 years £'000	Over 5 years £'000	Total £'000
Non-derivative financial liabilities					
HSBC mortgage	**57**	**29**	**—**	**—**	**86**
Funding Circle unsecured loan	**—**	**—**	**—**	**—**	**—**
Lease liabilities	**594**	**444**	**134**	**28**	**1,200**
Trade and other payables and accruals	**21,032**	**—**	**—**	**—**	**21,032**
Provisions	**2,349**	**804**	**—**	**—**	**3,153**
	24,032	**1,277**	**134**	**28**	**25,471**

2023	Within 1 year £'000	1–2 years £'000	2–5 years £'000	Over 5 years £'000	Total £'000
Non-derivative financial liabilities					
HSBC mortgage	57	57	29	—	143
Funding Circle unsecured loan	34	—	—	—	34
Lease liabilities	452	286	157	48	943
Trade and other payables and accruals	18,013	—	—	—	18,013
Provisions	3,478	—	—	—	3,478
	22,034	343	186	48	22,611

(e) Capital management risk

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders through the optimisation of debt and equity.

The capital structure of the Group consists of net debt as disclosed below and equity as disclosed in the Consolidated Statement of Changes in Equity.

	2024 £'000	2023 £'000
Net cash comprised as follows:		
Cash and cash equivalents	**489**	1,322
Bank borrowings and overdrafts	**(86)**	(177)
Lease liabilities	**(1,200)**	(943)
	(797)	202

The movement in the net cash/(debt) position for the year can be reconciled as follows:

	2023 £'000	Cash movements £'000	Interest charges £'000	New lease agreements £'000	Disposals £'000	2024 £'000
Cash and cash equivalents	1,322	(833)	—	—	—	**489**
Bank borrowings and overdrafts	(177)	91	—	—	—	**(86)**
Lease liabilities	(943)	583	(36)	(997)	193	**(1,200)**
	202	(159)	(36)	(997)	193	**(797)**

	2022 £'000	Cash movements £'000	Interest charges £'000	New lease agreements £'000	Disposals £'000	2023 £'000
Cash and cash equivalents	2,504	(1,182)	—	—	—	1,322
Bank borrowings and overdrafts	(2,843)	2,666	—	—	—	(177)
Lease liabilities	(796)	539	(30)	(656)	—	(943)
	(1,135)	2,023	(30)	(656)	—	202

27. Related party transactions

During 2023, Kinovo plc paid the Non-Executive Chair of Kinovo plc, Sangita Shah the sum of £60,000 in relation to additional time spent on DCB including liaising with lawyers and advisers. These amounts were paid to Odyssean Enterprises Limited, a company in which Sangita Shah has an interest.

There have been no related party transactions in the current year.

27.1. Key management compensation

The Group's key management is considered to comprise the Directors of Kinovo plc and the Chief Operating Officer. The aggregate remuneration of the key management is as follows:

	2024 £'000	2023 £'000
The aggregate remuneration comprised:		
Aggregate emoluments	**1,313**	1,460
Share based payments	**52**	52
Total remuneration	**1,365**	1,512

The remuneration of the highest paid Director during the year was £498,000 (2023: £513,000). The remuneration of individual Directors is disclosed in the Remuneration Committee Report. The aggregate emoluments in the prior year includes related party transactions as set out in note 27. There were no related party transactions in 2024.

There were no other transactions with Directors or key personnel to disclose.

The 2023 comparative has been adjusted by £102,000 to reflect finalisation of the FY23 bonus award, paid in 2024.

28. Share based payments

As at 31 March 2024 the Group maintained four share based payment schemes for employee remuneration, a Share Incentive Plan ("SIP"), Company Share Option Plan ("CSOP"), Joint Share Ownership Plan ("JSOP") and Enterprise Management Incentive ("EMI").

Share Incentive Plan ("SIP")

The SIP is an HMRC-approved scheme plan open to all employees. The plan was established on 1 August 2020. Employees were invited to buy shares in the Company at a price, of 17.5 pence, being the market price immediately prior to the date of establishment of the plan. The acquisition of the shares is funded through a salary sacrifice scheme with monthly deductions taken through payroll over a twelve-month accumulation period. At the end of the accumulation period (31st July 2021) the SIP Trust used the contributions to acquire the shares on behalf of the employees ("partnership shares"). Further tranches were rolled out on the 1 August 2021, 1 August 2022, and 1 August 2023 operating on the same basis as the original, however with a share purchase price of 34.0 pence, 23.5 pence and 44.5 pence respectively. At 31 March 2024 employees had accumulated contributions of £56,102 on the FY24 scheme (2023: £52,200 in relation to FY23 scheme).

Employees are also awarded a matching share for each partnership share acquired. Once awarded these shares are held in trust, and are subject to forfeiture, in accordance with the scheme rules, for three years. The retention rate has been estimated as 82%.

The SIP is considered a hybrid financial instrument with characteristics of both share and option awards and linked to a twelve-month accumulation contract. The obligation of the Company arose when the plan was established, at the beginning of the accumulation period. The employee pays the market value for the partnership shares and therefore no share based payment charge is recognised. The matching shares give rise to a share based payment charge based on the market value of the shares at the date the plan was established adjusted for the risk of forfeiture.

Company Share Option Plan ("CSOP")

The CSOP is open to all employees at the discretion of the Remuneration Committee. In the year ended 31 March 2021, the Company issued four CSOP awards totalling 1,772,142 ordinary shares at market prices ranging from 20.50 pence to 35.00 pence.

The vesting period is for three years, during which the holder must remain in the employment of the Group. There are no performance conditions attached to the awards. At 31 March 2024, 1,402,142 CSOP awards had vested but had not been exercised.

The CSOP and EMI schemes were valued using the Black Scholes model. The use of this model to calculate a charge involves using a number of estimates and judgements to establish the appropriate inputs to be entered into the model, covering areas such as the use of an appropriate interest rate and dividend rate, exercise restrictions and behavioural considerations. A significant element of judgement is therefore involved in the calculation of the charge.

28. Share based payments continued

Joint Share Ownership Plan ("JSOP")

The JSOP is open to certain senior executives at the discretion of the Remuneration Committee. In the year ended 31 March 2021, the Company issued two JSOP awards, 250,000 ordinary shares of 10 pence each on 21 December 2020 at the market price of 26.0 pence and 2,242,858 ordinary shares of 10 pence each on 5 March 2021 at the market price of 35.0 pence, to three senior executives. There were no JSOP awards in the year ended 31 March 2024 (2023: nil).

Under the JSOP, shares in the Company were jointly purchased at fair market value by the participating executives and the trustees of the JSOP trust, with such shares held in the JSOP trust.

Under IFRS, the awards are treated as a share based payment arrangement. The JSOP trust holds the shares of the JSOP until such time as the JSOP shares are vested and the participating executives exercise their rights under the JSOP.

The JSOP trust is granted a non-interest-bearing loan by the Company in order to fund the purchase of its interest in the JSOP shares. The loan held by the trust is eliminated on consolidation in the financial statements of the Group.

The Company funded portion of the share purchase price is deemed to be held as own shares until such time as they are transferred to the employee and is recorded as a reduction in equity and subject to board discretion.

The award on 21 December 2020 had no performance conditions. The awards on 5 March 2021 vest based on certain non-market conditions and specific fair market share price hurdles, as defined by the plan. 2,492,858 shares have vested at 31 March 2024 (2023: nil) but have not been exercised.

Under the JSOP, participating executives will, when the JSOP shares are sold, be entitled to a share of the proceeds of sale equal to the growth in market value of the JSOP shares versus the exercise price, net of executives' cash contribution at inception, as agreed for each grant (the "Carry Charge").

The balance of the proceeds will remain to the benefit of the JSOP trust and will be applied to the repayment of the loan originally made by the Company to the JSOP trust. Any funds remaining in the JSOP trust after settlement of the loan and any expenses of the JSOP trust are for the benefit of the Company.

The JSOP awards are valued based on the component conditions comprising each of the awards. Components of awards containing non-market-based conditions and awards with no performance conditions are valued using the Black Scholes model. Components of awards with market-based performance conditions are determined by the Monte Carlo simulation.

A number of estimates and judgements are required to establish the appropriate inputs to be entered into the model, covering areas such as the use of an appropriate interest rate and dividend rate, exercise restrictions and behavioural considerations. A significant element of judgement is therefore involved in the calculation of the charge.

Having established the full value of the JSOP awards using the Black Scholes model and Monte Carlo simulation outlined above, a deduction is made in respect of the anticipated Carry Charge in order that the expense recorded in the financial statements only represents the participating executives' net interest in the awards.

Enterprise Management Incentive Scheme ("EMI")

The EMI options scheme was open to all employees at the discretion of the Remuneration Committee. In the year ended 31 March 2023, no grants were awarded and the majority of the grants have now been cancelled.

The vesting period is for three years, during which the holder must remain in the employment of the Group subject to the discretion of the Remuneration Committee. They can be exercised at any time from the date of vesting to the day before the tenth anniversary of their grant and are not subject to performance conditions.

The net charge recognised for share based payments in the year was £103,000 (2023: £103,000) analysed as follows:

	2024 £'000	2023 £'000
SIP	**45**	32
CSOP	**15**	24
JSOP	**43**	47
	103	103

All share based employee remuneration will be settled in equity. Options are generally exercisable at a price equal to the market price of the Kinovo plc shares on the day immediately prior to the date of the grant. Options are forfeited if the employee leaves the Group before the Options vest except in specific circumstances allowed by the terms of the schemes.

28. Share based payments continued
Enterprise Management Incentive Scheme ("EMI") continued

	SIP	CSOP	JSOP	EMI/ unapproved	Total
Number					
At 1 April 2022	639,190	1,427,142	2,492,858	500,000	5,059,190
Granted	541,340	50,000	—	—	591,340
Exercised	(194,713)	—	—	—	(194,713)
Lapsed	(15,849)	—	—	—	(15,849)
At 31 March 2023	969,968	1,477,142	2,492,858	500,000	5,439,968
Granted	470,026	—	—	—	470,026
Exercised	(346,073)	—	—	—	(346,073)
Lapsed	(84,779)	(75,000)	—	—	(159,779)
At 31 March 2024	**1,009,142**	**1,402,142**	**2,492,858**	**500,000**	**5,404,142**
Weighted average exercise price (pence)					
At 1 April 2023	—	25.0	34.1	95.0	
Granted	—	—	—	—	
Lapsed	—	31.5	—	—	
At 31 March 2024	**—**	**24.8**	**34.1**	**95.0**	
Assumptions used in estimating the fair value					
Exercise price (pence)	17.5–44.5	20.5–35.0	26.0–35.0	95.0	
Expected dividend yield	n/a	1.00%	1.00%	2.15%	
Risk free rate	n/a	0.50%	0.50%	4.00%	
Expected volatility	n/a	35.00%	35.00%	45.70%	
Expected life	4 years	3 years	3 years	6.5 years	

Expected volatility for the CSOP and JSOP awards is based upon the historical volatility as adjusted for management expectations over the life of the schemes. The expected life is based upon scheme rules and reflects management's best estimates for the effects of non-transferability, exercise restrictions and behavioural considerations.

The risk free interest rate for the CSOP and JSOP awards is based upon the expected yield of UK gilts over the expected life of the awards.

The Company has applied an expected dividend yield of 1% for the CSOP and JSOP awards as the Company anticipates making dividend payments during the expected life of the awards.

29. Deferred tax

The following are the significant deferred tax liabilities and assets recognised by the Group and the movements thereon during the current and prior reporting period.

	Intangible assets acquired £'000	Unused tax losses £'000	Short-term timing differences £'000	Right-of-use assets £'000	Lease liabilities £'000	Share based payments £'000	Total £'000
At 1 April 2022	(72)	306	(3)	(150)	151	74	306
Credit/(charge) to Statement of Comprehensive Income or recognised directly through shareholders, equity	72	209	3	(28)	28	20	304
At 31 March 2023	—	515	—	(178)	179	94	610
Credit/(charge) to Statement of Comprehensive Income or recognised directly through shareholders, equity	—	973	—	(118)	121	26	1,002
At 31 March 2024	**—**	**1,488**	**—**	**(296)**	**300**	**120**	**1,612**

	2024 £'000	2023 £'000
Deferred tax asset	**1,908**	788
Deferred tax liability	**(296)**	(178)
Net deferred tax asset	**1,612**	610

30. Discontinued operations

Following its rebranding and strategic review, Kinovo determined that DCB (Kent) Limited ("DCB"), the Group's construction business, was non-core and was disposed in the year ended 31 March 2022.

On 16 May 2022, DCB filed for administration and as at the date of the financial statements Kinovo has limited expectation of recovery of amounts owed under the terms of the disposal of DCB.

Kinovo had residual commitments under various parent company guarantees for the DCB construction projects and working capital support. Under the terms of the parent company guarantees, Kinovo is responsible for the completion of the projects.

The activities of DCB are presented as discontinued operations.

There are nine projects in total, five have been completed by Kinovo and one project is in progress on site and scheduled to be completed by Kinovo in July 2024. Another was completed directly by the client and another client itself was placed into administration with no further obligation expected. On the remaining project Kinovo has agreed, in principle, to settle, for £2.2 million, payable over eighteen months, the obligation under the construction contract and parent company guarantee, releasing Kinovo from its obligations to complete the project. £860,000 of the £2.2 million settlement is payable in three equal monthly instalments from July 2024. The balance is payable by fifteen equal monthly instalments thereafter.

Three of the nine DCB contracts originally had performance bonds, which were indemnified by Kinovo plc, totalling £2.10 million. Only one bond of £860,000 remains outstanding relating to the final project. The bond was called at the end of February 2024 but with Kinovo's continuing engagement with the insurer, underwriter and client and the ongoing discussions between the parties, the bond holder agreed to defer payment obligations. The settlement in principle of the final project will include the cancellation of the performance bond once Kinovo has fulfilled, after three months, the equivalent value of the bond to the client.

On 8 March 2024 the Group announced that it expected the overall net cost to complete the construction projects to be approximately £8.7 million, an increase of £3.4 million on the costs to complete forecast reported at 31 March 2023 of £5.3 million, resulting from unexpected remedial works partly related to the adverse weather of winter 2023/24 but mainly as a result of poor legacy workmanship.

The net costs to complete of £8.7 million included anticipated claims made by Kinovo as a result of poor sub-contractor workmanship and other contractual recoveries which had not been confirmed at the date of signing of the financial statements. The potential recoveries, of up to approximately £2.6 million are required to be recognised in future periods, when they have been realised.

With the settlement in principle on the final project (net of £0.9 million already provided in the expected cost to complete provision) and the deferral of the recognition of potential recoveries to future periods, the reported pre-tax costs to complete all the projects has increased to a total of £12.9 million with a £7.6 million (FY23: £5.3 million) pre-tax loss reported in the year ended 31 March 2024.

A total of £9.0 million has been paid in FY23 and FY24 on the fulfilment of the project obligations with a further £1.7 million paid in the first quarter of FY25. Other than the outstanding amounts on the settlement in principle of the final project, Kinovo has paid, at the end of the first quarter almost all of the gross costs to complete the projects. The settlement on the final project will be payable during FY25 and FY26 set off by final account recoveries, claims and retentions.

At 31 March 2024 the outstanding balance on the costs to complete provision was £3.2 million representing the balance of the total £12.9 million due to be fulfilled. £0.7 million costs had been incurred at 31 March 2024 that were paid after the year end. An analysis of the movement on the provision is set out below.

	2024 £'000	2023 £'000
At the beginning of the year	**3,478**	—
Cost to complete provision	**7,649**	5,260
Costs incurred	**(7,974)**	(1,782)
At the end of the year	**3,153**	3,478

The fulfilment of the remaining cost to complete commitments are expected to be funded from cash flows from the strong cash generation from the underlying operations and existing banking facilities which were renewed post year end.

In 2023, £1.2 million was also paid to DCB for contracted working capital support which is in addition to the £12.9 million costs to complete the DCB projects. The total amount paid relating to DCB in 2023 including the working capital support of £1.2 million was £2.7 million.

The disposal of DCB allowed the Group to harmonise its operations and increase the focus on its three strategic workflow pillars: Regulation, Regeneration and Renewables as demonstrated by the results delivered for FY24. These pillars are centred on compliance-driven, regulatory-led specialist services that offer long-term contracts, recurring revenue streams and strong cash generation.

30. Discontinued operations continued

Financial performance and cash flow information from discontinued operations

	2024 £'000	2023 £'000
Revenue	**3,878**	532
Cost of sales	**(11,527)**	(5,792)
Gross loss	**(7,649)**	(5,260)
Underlying administrative expenses	**—**	—
Operating loss	**(7,649)**	(5,260)
Finance costs	**—**	—
Loss before taxation	**(7,649)**	(5,260)
Income tax credit	**1,912**	999
Loss for the period	**(5,737)**	(4,261)
Loss per share from discontinued operations		
Basic (pence)	**(9.17)**	(6.86)
Diluted (pence)	**(9.17)**	(6.86)
Cash flows from discontinued operations		
Net cash outflow from operating activities	**(7,428)**	(2,750)
Net cash outflow from investing activities	**—**	—
Net cash outflow from financing activities	**—**	—
Net reduction in cash generated by the subsidiary	**(7,428)**	(2,750)

31. Ultimate controlling party

The Directors consider that there is no ultimate controlling party of Kinovo plc.

32. Events after the balance sheet date

Details of the status of the DCB projects and post period end agreed in principle the settlement of the final project and outstanding performance bond is set out in note 30.

There have been no other post balance sheet events.

Independent auditor's report to the members of Kinovo plc

for the financial year ended 31 March 2024

Opinion

We have audited the parent company financial statements of Kinovo plc for the year ended 31 March 2024 which comprise the Parent Company Statement of Financial Position, the Parent Company Statement of Changes in Equity, the Parent Company Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the parent company financial statements:

- give a true and fair view of the state of the parent company's affairs as at 31 March 2024;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

An overview of the scope of our audit

Our Company audit was scoped by obtaining an understanding of the Company and its environment, including Company controls, and assessing the risks of material misstatement at the Company level. The Company was audited by one audit team, led by the Senior Statutory Auditor. Our approach in respect of key audit matters is set out in the table in the Key Audit Matters Section below.

Emphasis of matter

We draw attention to note 3.2 in the parent company financial statements, which describe the judgements around inclusion of contract renewals in the assessment of carrying value of investments. Given the long-standing relationship with a customer and past history of contract renewals, the Directors have factored in an extended period of cash flows beyond the contract expiration of March 2025 in their impairment model to assess the carrying value of an investment in subsidiary with a carrying value of £8.7 million. The customer contract is individually significant to the impairment assessment and therefore, as the extension assumption is a judgement which is material to the parent company financial statements, we consider it necessary to highlight this to the users of the parent company financial statements. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters continued

A description of each matter together with our audit approach is set out below.

Audit area and description	Audit approach
Completeness of onerous contract provisions Due to the parent company guarantee put in place prior to the disposal of DCB (Kent) Limited, the group is liable for completion of the contracts originally undertaken by DCB (Kent). Management estimated the total provision required for the losses for the 9 projects to be approximately £12.9 million, out of which £3.2 million remains outstanding as at 31 March 2024.	Our audit work included, but was not limited to, the following procedures: • We held discussions with management to understand the latest position of each project. • We reviewed and critically assessed relevant documentation and correspondence in relation to the projects, including reviewing an expert report prepared by management's external qualified surveyors detailing the latest position and estimated costs to complete of each project. We challenged management and the surveyors on the contents of the report, critically assessing the methodology and key assumptions made. • We confirmed amounts included in the provision at settlement value to the draft settlement agreement from the customer, subject to contract. • We considered advice provided by management's legal advisers to establish if future claims were likely on specified contracts. • We considered evidence which contradicted the assertions made by management as part of this process, as well as evidence which corroborated them. • We substantively tested transactions incurred pre-year end in respect of projects for which work had commenced in the year. • We reviewed the accounting treatment and related disclosures in the financial statements to ensure they complied with the relevant requirements of UK-adopted International Accounting Standards. • We concluded that the approach adopted by management in determining the amount of the provision as at the reporting date was acceptable and in accordance with the requirements of UK adopted International Accounting Standards, specifically IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.
Carrying value of investments in subsidiaries As at 31 March 2024, the carrying value of investments in subsidiaries is £18.7m (2023: £18.6m). The carrying value of these investments is material to the parent company financial statements.	Our audit work included the following procedures: • Confirming ownership of investments held by the Parent Company to underlying documentation. • Obtaining the impairment review for investments prepared by management and challenging management in respect of the assumptions & judgements made. • Comparison of projected performance against historic performance for each subsidiary. • Considering contracted and expected duration of contracts with customers and considering if these are appropriately reflected in projected performance. • We reviewed the accounting treatment and related disclosures in the financial statements to ensure they complied with the relevant requirements of FRS 101.

Our application of materiality

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

Due to the nature of the Company we considered expenditure to be the main focus for the readers of the financial statements, accordingly this consideration influenced our judgement of materiality. Based on our professional judgement, we determined materiality for the Company to be £73,000, based on two percent of expenditure.

On the basis of our risk assessments, together with our assessment of the overall control environment, our judgement was that performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Company was 50% of materiality, namely £36,000.

We agreed to report to the Audit Committee all audit differences in excess of £3,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also reported to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included, but was not limited to:

- evaluating management's forecasting accuracy based on historical budgets versus actual performance;
- reviewing and critically assessing the detailed cash flow projections up to September 2025;
- comparison of projected performance to past performance;
- reviewing and critically assessing the Board's assessment of the group and parent company's obligations resulting from the administration of DCB (Kent) Limited and timing thereof;
- reviewing the terms of the working capital facilities available to the group and parent company and assessing headroom available in the projections;
- sensitising cash flows for variations in trading performance and the group and parent company's obligations from the administration of DCB (Kent) Limited;
- understanding the most recently available trading results for the group and parent company after the reporting date; and
- reviewing the appropriateness of the disclosures in the financial statements.

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the parent company's financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the parent company financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the parent company's financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the parent company's financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006. Based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 66, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

https://wwww.frc.org.uk/auditors/auditor-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor's-responsibilities-for

The description forms part of our auditor's report.

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

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

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

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

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Other matter

We have reported separately on the group financial statements of Kinovo plc for the year ended 31 March 2024. That report includes details of the group key audit matters, how we applied the concept of materiality in planning and performing our audit and an overview of the scope of our audit.

Use of our report

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

Colin Turnbull
(Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor
6th Floor
9 Appold Street
London
EC1A 2AP
9 July 2024

Parent company statement of financial position

as at 31 March 2024

Registered number 09095860

	Notes	2024 £'000	2023 £'000
Fixed assets			
Investments	6	**18,655**	18,608
Intangible assets	7	**29**	47
Property, plant and equipment	8	**118**	94
Total non-current assets		**18,802**	18,749
Current assets			
Trade and other receivables	9	**896**	1,205
Cash and cash equivalents		**810**	1,016
Total current assets		**1,706**	2,221
Creditors: amounts falling due within one year	10	**(11,443)**	(6,338)
Net current liabilities		**(9,737)**	(4,117)
Total assets less current liabilities		**9,065**	14,632
Creditors: amounts falling due after more than one year	11	**(29)**	(86)
Net assets		**9,036**	14,546
Equity			
Ordinary shares	13	**6,279**	6,213
Share premium	14	**9,289**	9,245
Merger reserve	15	**2,251**	2,251
Share based payment reserve		**183**	113
Retained earnings		**(8,966)**	(3,276)
Total shareholders' funds		**9,036**	14,546

As permitted by Section 408 of the Companies Act 2006 the Company has not included its own Statement of Comprehensive Income in these financial statements. The parent company loss for the financial year was £5,690,000 (2023: profit £3,455,000).

The notes on pages 110 to 119 are an integral part of these financial statements.

The financial statements on pages 107 to 119 were approved by the Board and authorised for issue on 9 July 2024 and signed on its behalf by:

Clive Lovett
Group Finance Director
9 July 2024

Parent company statement of changes in equity

for the financial year ended 31 March 2024

	Called up share capital £'000	Share premium £'000	Share based payment reserve £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2022	6,213	9,245	74	2,251	(6,731)	11,052
Profit and total comprehensive income for the year	—	—	—	—	3,455	3,455
Issue of share capital	—	—	(64)	—	—	(64)
Share based payment charge	—	—	103	—	—	103
Total transactions with owners recognised directly in equity	—	—	39	—	—	39
At 31 March 2023	6,213	9,245	113	2,251	(3,276)	14,546
Loss and total comprehensive loss for the year	—	—	—	—	(5,690)	(5,690)
Issue of share capital	66	44	(33)	—	—	77
Share based payment charge	—	—	103	—	—	103
Total transactions with owners recognised directly in equity	66	44	70	—	—	180
At 31 March 2024	**6,279**	**9,289**	**183**	**2,251**	**(8,966)**	**9,036**

Parent company statement of cash flows

for the financial year ended 31 March 2024

	Notes	12 months ended 31 March 2024 £'000	12 months ended 31 March 2023 £'000
Net cash (used in)/generated from operating activities	16	**(31)**	1,777
Cash flow from investing activities			
Purchase of property, plant and equipment		**(72)**	(23)
Purchase of intangible assets		**—**	(18)
Net cash used in investing activities		**(72)**	(41)
Cash flow from financing activities			
Proceeds from share issue for SIP		**77**	—
Repurchase of own shares for SIP		**—**	(64)
Repayment of borrowings		**(57)**	(2,591)
Interest paid		**(123)**	(203)
Net cash used in financing activities		**(103)**	(2,858)
Net decrease in cash and cash equivalents		**(206)**	(1,122)
Cash and cash equivalents at beginning of year		**1,016**	2,138
Cash and cash equivalents at end of year		**810**	1,016

The cash and cash equivalents at the year ended 31 March 2024 are represented by the cash balance of £810,000 (2023: £1,016,000).

Notes to the parent company financial statements

for the financial year ended 31 March 2024

1. Basis of preparation

1.1. Statement of compliance

The financial statements of Kinovo plc have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101"). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

These financial statements are presented in Pounds Sterling, rounded to the nearest thousand.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

1.2. Going concern

Accounting standards require that Directors satisfy themselves that it is reasonable for them to conclude whether it is appropriate to prepare the financial statements on a going concern basis. The Group's business activities, together with factors that are likely to affect its future development and position are set out below and in the Group Chief Executive Officer's Review on pages 6 and 7.

The continuing business traded strongly in the year ended 31 March 2024, continuing to grow, improve margins and maintain a net cash position at the end of the year.

It is expected to grow further, extending its' client base, developing the new contracts it has won and securing new business opportunities through its placing on various framework agreements and from the work of the business development team.

In assessing the Company's ability to continue as a going concern, the Board reviews and approves the annual budget and longer-term strategic plan, including forecasts of cash flows.

In building these budgets and forecasts, the Board has considered market challenges and uncertainties including the availability of labour and supply chain resources to grow the business activities.

Kinovo had residual commitments under various parent company guarantees for its former construction business, DCB. Under the terms of the parent company guarantees, Kinovo was responsible for the completion of nine projects.

Five projects have been completed by Kinovo and another has been substantially finished with completion due during July 2024. One project was completed directly by the client and another client was placed into Administration with Kinovo not expecting to have any further commitment on the project. Kinovo has reached a settlement in principle of £2.2 million on the final project which will be payable by instalments over an eighteen month period from July 2024. A performance bond amounting to £860,000 is outstanding on the final project but as part of the settlement this will be cancelled once Kinovo has paid cumulative amounts to the client equivalent to the value of the bond.

Other than the outstanding amounts on the settlement of the final project, Kinovo has paid, at the date of signing of the financial statements almost all of the gross costs to complete the projects, with net recoveries expected in future periods.

The HSBC Bank UK plc overdraft and purchasing card facilities were renewed after the year end, through to the end of April 2025. The facilities are expected to be utilised during the going concern period.

The Directors expect that the cash generated by the continuing business and the renewal of the HSBC facilities will provide the financial capacity to facilitate the growth of the core operations and support the completion of the DCB project liabilities.

After taking into account the above factors and possible sensitivities in trading performance, the Board has reasonable expectation that Kinovo plc and the Group as a whole have adequate resources to continue in operational existence for the foreseeable future.

For these reasons, the Board continues to adopt the going concern basis in preparing the consolidated financial statements. Accordingly, these accounts do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Company were unable to continue as a going concern.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

2.1. Investments

Investments held by the Company are stated at cost less provision for diminution in value and are reviewed for impairment annually.

Expenses incurred relating to acquisitions are expensed to profit or loss.

2.2. Intangible assets other than goodwill

Software expenditure is capitalised as an intangible asset if the asset created can be identified, if it is probable that the asset created will generate future economic benefits and if the development cost of the asset can be measured reliably.

Following initial recognition, the carrying amount of an intangible asset is its cost less any accumulated amortisation and any accumulated impairment losses. Amortisation expense is charged to administrative expenses in the Statement of Comprehensive Income on a straight line basis over its useful life. Software costs are being amortised over 4 years, on a straight line basis.

2. Significant accounting policies continued

2.3. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

- Office and computer equipment – 25% reducing balance.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit or loss.

2.4. Impairment of tangible and intangible assets

At each reporting end date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

2.5. Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. Appropriate provisions for estimated irrecoverable amounts are recognised in the Statement of Comprehensive Income when there is objective evidence that the assets are impaired. Interest income is recognised by applying the effective interest rate, except for short-term trade and other receivables when the recognition of interest would be immaterial.

2.6. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and other short-term highly liquid investments that have maturities of three months or less from inception, are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.7. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

2.8. Trade and other payables

Trade payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method; this method allocates interest expense over the relevant period by applying the "effective interest rate" to the carrying amount of the liability.

2.9. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

2.10. Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit reported in the Statement of Comprehensive Income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

2. Significant accounting policies continued

2.10. Current and deferred tax continued

(b) Deferred tax

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying value of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is charged or credited to the Statement of Comprehensive Income except when it relates to items credited or charged directly in equity, in which case the deferred tax is also dealt with in equity.

Deferred tax is calculated at the tax rates and laws that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2.11. Share based payments

The Company issues equity-settled share based payment transactions to certain employees. Equity-settled share based payment transactions are measured at fair value at the date of grant. The calculation of fair value at the date of grant requires the use of management's best estimate of volatility, risk free rate and expected time to exercise the options. Details regarding the determination of the fair value of equity-settled transactions are set out in note 28 to the Group accounts.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Company 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 profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

3. Critical accounting estimates and judgements

The preparation of these financial statements in conformity with FRS 101 requires the Directors to make certain critical accounting estimates and judgements. In the process of applying the Company's accounting policies, management has decided the following estimates and assumptions have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognised in the financial statements.

3.1. Share based payment charge

The Black Scholes model and the Monte Carlo simulation have been used to calculate the appropriate charge for the share options issued across the Company's share option plans in the current and previous years. The use of these models to calculate a charge involves using a number of judgements to establish the appropriate inputs to be entered into the models, covering areas such as exercise restrictions and behavioural considerations of scheme members. Full details of judgements used within the calculation to derive the charge are given within note 28 to the Group accounts. Underlying estimates and a full sensitivity analysis have not been disclosed as management does not feel that any reasonable change would materially influence the interpretation of the charge.

3.2. Carrying value of investments

In determining whether investments are impaired, the Directors consider whether the investment is supported by the underlying net assets of the subsidiary company, and if not whether the value in use supports the valuation. The value in use calculation involves an estimate of the future cash flows of the cash-generating unit ("CGU") and also the selection of appropriate discount rates to calculate present values. Future cash flows are estimated based on contract value and duration, together with margin based on past performance. The Directors also consider the past history of renewals and the length of the total relationship when projecting the duration of future contracts incomes that may go beyond the contractual life. Change in contract values and duration, together with margins achieved, could result in variations to the carrying value of the investment. In addition, an adverse movement in the discount factor due to an increased risk profile or a change in the cost of debt (increase in interest rates) would also result in a variation to the carrying value of the investment.

3.3. Costs to complete legacy DCB construction projects

As part of the obligations under the terms of the sale of DCB, the Group continues to provide parent company guarantees (PCG's) on nine construction projects of DCB which run through to their practical completion. On administration of DCB the outstanding obligations under the PCG's were assumed by Kinovo plc. At the date of signing the financial statements seven of the projects were finalised, one was in progress on site due for completion in July 2024 and settlement of £2.2 million on the final project was agreed in principle. The total expected cost to complete all the projects, including the settlement on the final project has been determined as £12.9 million which has been fully provided at 31 March 2024.

At 31 March 2024, the outstanding provision for completion of the projects was £3.2 million which includes £2.2 million in respect of the settlement in principle on the final project. Management have made the judgement that the settlement on the final project will be completed in accordance with the agreed commercial terms and conditions. Furthermore they have judged that the project in progress on site will be completed in line with the forecast cost and that there is unlikely to be material post completion remediation work required on the projects.

4. Auditor's remuneration

	2024 £'000	2023 £'000
Audit fees payable by the Company	**65**	60

5. Employee expenses

The average number of employees (including Directors) employed during the period was:

	2024 No.	2023 No.
Management	**14**	14

	2024 £'000	2023 £'000
Wages and salaries	**2,075**	1,869
Social security costs	**250**	269
Pension costs	**102**	92
	2,427	2,230

The remuneration of the Directors and other key management personnel of the Company is shown in the Remuneration Committee Report and note 27.1 of the consolidated financial statements of the Group.

6. Investments

	2024 £'000	2023 £'000
At 1 April 2023	**18,608**	18,566
Share option charge for subsidiaries	**47**	42
At 31 March 2024	**18,655**	18,608

The Directors have undertaken a detailed impairment review in the current year. As a result of this process no impairment has been identified as required as at 31 March 2024. Please see note 15.2 of the Kinovo plc consolidated financial statements for full details of the impairment review performed.

The principal subsidiaries of the Company as at 31 March 2024 are shown below:

	Percentage of voting rights	Country of residence	Nature of business
Purdy Contracts Limited	100%	England & Wales	Provision of mechanical, electrical and building services
Spokemead Maintenance Limited	100%	England & Wales	Provision of electrical services
Dunhams (UK) Limited	100%	England & Wales	Provision of electrical services
P&R Installation Company Limited	100%	England & Wales	Provision to complete long-term construction contracts novated from other Group companies

7. Intangible assets

	Software costs £'000
Cost	
At 1 April 2023	104
Additions in the year	–
At 31 March 2024	**104**
Amortisation	
At 1 April 2023	57
Charge for the year	18
At 31 March 2024	**75**
Net book value	
At 31 March 2023	47
At 31 March 2024	**29**

8. Property, plant and equipment

	Office and computer equipment £'000
Cost	
At 1 April 2023	158
Additions in the year	72
At 31 March 2024	**230**
Depreciation	
At 1 April 2023	64
Charge for the year	48
At 31 March 2024	**112**
Net book value	
At 31 March 2023	94
At 31 March 2024	**118**

9. Trade and other receivables

	2024 £'000	2023 £'000
Due within one year:		
Amounts due from Group undertakings	**–**	274
Prepayments and other debtors	**896**	931
	896	1,205

Included in other debtors is £850,000 (2023: £850,000) owing from the JSOP trust in relation to own shares purchased in the year ended 31 March 2021. Amounts owing are interest free with no fixed date of repayment.

Amounts due from Group undertakings are unsecured and interest free, have no fixed date of repayment and are repayable on demand.

10. Creditors: amounts falling due within one year

	2024 £'000	2023 £'000
Bank loans and overdrafts (note 11)	**57**	57
Trade payables	**213**	149
Amounts due to Group undertakings	**7,753**	4,737
Other taxes and social security	**242**	474
Accruals	**3,178**	921
	11,443	6,338

Amounts due to Group undertakings are unsecured and interest free, have no fixed date of repayment and are repayable on demand.

11. Loans and other borrowings

Bank loans and overdrafts repayable, included within creditors, are analysed below:

	2024 £'000	2023 £'000
Current borrowings		
HSBC mortgage loan	**57**	57
	57	57
Non-current borrowings		
HSBC mortgage loan	**29**	86
	29	86
Total borrowings		
HSBC mortgage loan	**86**	143
	86	143

11.1. Loans

Mortgage loan

A ten-year mortgage loan of £570,000 with HSBC UK Bank Plc was drawn down in July 2015, with interest payable at 1.9% above base rate. The mortgage is held over the freehold property of Purdy known as Brooklyn Lodge, Mott Street, Chingford, London E4 7RW. £85,500 remained unpaid at the end of the period.

11.2. Security

Bank loans are secured on related property, plant and equipment and debtor books of the Group.

In respect of bank debt there is an Unlimited Composite Company Guarantee given by Kinovo plc, Purdy, P&R, Spokemead and Dunhams to secure all liabilities of each borrower.

12. Share based payments

As at 31 March 2024 the Company maintained four share based payment schemes for employee remuneration, a Share Incentive Plan ("SIP"), Company Share Option Plan ("CSOP"), Joint Share Ownership Plan ("JSOP") and Enterprise Management Incentive ("EMI"). Options are generally exercisable at a price equal to the market price of Kinovo plc shares on the day immediately prior to the date of the grant. Options are forfeited if the employee leaves the Group before the options vest.

Please see note 28 to the Group accounts for full details of each of these schemes.

The Black Scholes option model is used to calculate the appropriate charge for the share options with the exception of the SIP, due to the hybrid nature of this scheme. The use of the Black Scholes model to calculate a charge involves using a number of estimates and judgements to establish the appropriate inputs, covering areas such as the use of an appropriate interest rate and dividend rate, exercise restrictions and behavioural considerations. A significant element of judgement is therefore involved in the calculation of the charge. The total charge for the year to 31 March 2024 was £57,000 (2023: £61,000).

12. Share based payments continued

Share options issued and the inputs used in the Black Scholes option model are detailed in note 28 to the consolidated financial statements of the Group. Share options outstanding at the end of the year have the following exercise dates and exercise prices. There are no share options exercisable at the reporting date.

				No. of options				
	Grant date	Exercise date	Exercise price in £ per share	2023	Granted in year	Exercised in year	Forfeited in year	**2024**
EMI	July 2015	July 2018	0.95	500,000	–	–	–	**500,000**
SIP	August 2020	August 2024	0.18	332,487	–	–	(43,825)	**288,662**
SIP	August 2021	August 2025	0.34	193,949	–	–	(23,455)	**170,494**
SIP	August 2022	August 2026	0.24	443,532	217,974	(346,073)	(17,499)	**297,934**
SIP	August 2023	August 2027	0.45	–	252,052	–	–	**252,052**
CSOP	October 2020	October 2023	0.23	890,000	–	–	(25,000)	**865,000**
CSOP	October 2020	October 2023	0.21	180,000	–	–	–	**180,000**
CSOP	December 2020	December 2023	0.26	100,000	–	–	–	**100,000**
CSOP	March 2021	March 2024	0.35	257,142	–	–	–	**257,142**
CSOP	April 2022	April 2025	0.32	50,000	–	–	(50,000)	**–**
JSOP	December 2020	December 2023	0.26	250,000	–	–	–	**250,000**
JSOP	March 2021	March 2024	0.35	2,242,858	–	–	–	**2,242,858**
				5,439,968	470,026	(346,073)	(159,779)	**5,404,142**

13. Share capital

Ordinary shares of £0.10 each	**2024 £'000**	2023 £'000
At 1 April	**6,213**	6,213
Issued in the year	**66**	–
At 31 March	**6,279**	6,213
Number of shares		
At 1 April	**62,137,757**	62,137,757
Issue of consideration shares in connection with SIP	**650,457**	–
At 31 March	**62,788,214**	62,137,757

Issued in the year

During the year the Company issued a total of 650,457 ordinary shares to be held in trust on behalf of the members of the SIP scheme. See note 24.1 of the group financial statements for further details of the issue of shares.

14. Share premium

	2024 £'000	2023 £'000
At 1 April	**9,245**	9,245
Issued in the year (net of share issue costs)	**44**	–
At 31 March	**9,289**	9,245

15. Merger reserve

	2024 £'000	2023 £'000
At 1 April 2023 and 31 March 2024	**2,251**	2,251

16. Note to the Statement of Cash Flows

	2024 £'000	2023 £'000
Cash flow from operating activities:		
(Loss)/profit before income tax	**(5,692)**	3,455
Adjustments for:		
Net finance cost	**124**	203
Share based payments	**57**	61
Amortisation	**—**	18
Depreciation	**66**	37
Impairment of investment	**—**	—
Movement in receivables	**309**	902
Movement in payables	**5,105**	(2,899)
Net cash (used in)/generated from operating activities	**(31)**	1,777

17. Financial instruments

The Company's principal financial assets are cash and cash equivalents and other receivables. All financial assets are classified as loans and receivables.

The Company's principal financial liabilities are financing liabilities and trade and other payables. All financial liabilities are held at amortised cost.

The Company is exposed to the risks that arise from its use of financial instruments. The objectives, policies and processes of the Company for managing those risks and the methods used to measure them are described in note 26 of the consolidated financial statements. Further quantitative information in respect of these risks is presented throughout the consolidated financial statements.

The Company held the following financial assets at each reporting date:

	2024 £'000	2023 £'000
Loans and receivables:		
Other receivables	**896**	931
Amounts due from Group undertakings	**—**	274
Cash and cash equivalents	**810**	1,016
	1,706	2,221

The Company held the following financial liabilities at each reporting date:

	2024 £'000	2023 £'000
Held at amortised cost:		
Bank loans and overdrafts	**86**	143
Accruals	**3,178**	921
Trade payables	**213**	149
Amounts due to Group undertakings	**7,753**	4,737
	11,230	5,950

17. Financial instruments continued
The table below shows the maturity profile of the Company's financial liabilities as at 31 March:

2024	Within 1 year £'000	Within 1–2 years £'000	Within 2–5 years £'000	Total £'000
Non-derivative financial liabilities				
HSBC mortgage	**57**	**29**	**–**	**86**
Trade payables	**213**	**–**	**–**	**213**
Accruals	**3,178**	**–**	**–**	**3,178**
Amounts due to Group undertakings	**7,753**	**–**	**–**	**7,753**
	11,201	**29**	**–**	**11,230**

2023	Within 1 year £'000	Within 1–2 years £'000	Within 2–5 years £'000	Total £'000
Non-derivative financial liabilities				
HSBC mortgage	57	57	29	143
Trade payables	149	–	–	149
Accruals	921	–	–	921
Amounts due to Group undertakings	4,737	–	–	4,737
	5,864	57	29	5,950

See note 26 of the consolidated financial statements for details of the maturity profile of the loans and overdrafts held with the Group's principal bank provider.

17.1. Capital management risk
The capital structure of the Company consists of net debt as disclosed below and equity as disclosed in the Statement of Changes in Equity.

	2024 £'000	2023 £'000
Net debt comprised as follows:		
Cash at bank and in hand	**810**	1,016
Bank borrowings and overdrafts	**(86)**	(143)
	724	873

The movement in the net debt position for the year can be reconciled as follows:

	2023 £'000	Cash movements £'000	2024 £'000
Cash and cash equivalents	1,016	(206)	**810**
Bank borrowings and overdrafts	(143)	57	**(86)**
	873	(149)	**724**

18. Related party transactions

18.1. Transactions with Group undertakings

During the year the Company entered into the following transactions with its Group undertakings.

	Management charges to subsidiaries £'000	Dividends £'000
Year ended 31 March 2024	**3,800**	**3,750**
Year ended 31 March 2023	4,130	3,750

As at 31 March 2024 there were no amounts owed by Group undertakings (2023: £274,000) and owed to Group undertakings totalled £7,753,000 (2023: £4,737,000).

19. Ultimate controlling party

The Directors consider that there is no ultimate controlling party of Kinovo plc.

20. Parent company guarantee

Parent company guarantees are in place supporting some selected contracts entered into by trading subsidiaries. The form of guarantee provided by Kinovo obliges the Group to undertake the work of the service provider in the event the trading subsidiary is unable to fulfil the services provision required: indemnify the customer against any losses incurred due to failure of the trading subsidiary to fulfil the service and give a duty of care to the customer as if Kinovo itself was the service provider.

21. Post balance sheet events

Please see note 32 of the Group accounts for details of post balance sheet events.

Corporate information

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Website
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Registered number
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Listing information
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Date of Annual General Meeting
28 August 2024

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Nominated adviser, financial adviser and broker
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Shareholder enquiries
Our website contains a wide range of information of interest to investors, including: latest news and press releases, Annual Reports and investor presentations. For further information please contact info@kinovoplc.com

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