Annual Report & Financial Statements

For the year ended 31 May 2024

Helping UK businesses thrive and survive

Contents of the consolidated **financial statements**

for the year ended 31 May 2024

Our Business

"We are clear about remaining completely focused on our strategic objectives that will enable us, quite simply, to keep driving growth and value for our stakeholders"

Company Information

Non-Executive Directors
T Raynes (Chair)
TE Watkinson
PGS Hird

Directors
EJ Rimmer (Chief Executive Officer)
JMA Roberts (Chief Financial Officer)

Company Secretary
JMA Roberts

Registered Office
St James House, The Square
Lower Bristol Road, Bath, BA2 3BH

Registered Number
05845866 (England and Wales)

Independent Auditors
Moore, Bath

Nominated Advisor & Broker
Cavendish Securities plc, London

Principal Solicitors
Simmons & Simmons, Bristol

Financial Public Relations
Walbrook PR Ltd, London

Registrars
Neville Registrars Ltd, Halesowen

Principal Bankers
NatWest plc, London

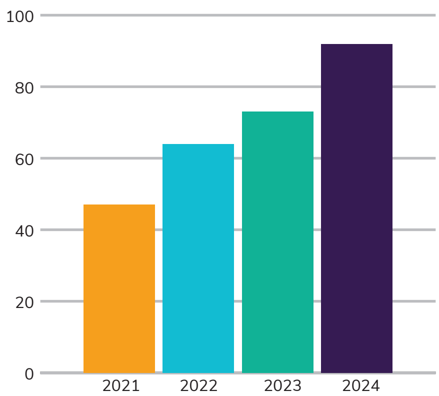
Time Finance PLC ordinary shares are listed on the Alternative Investment Market of the London Stock Exchange

Highlights

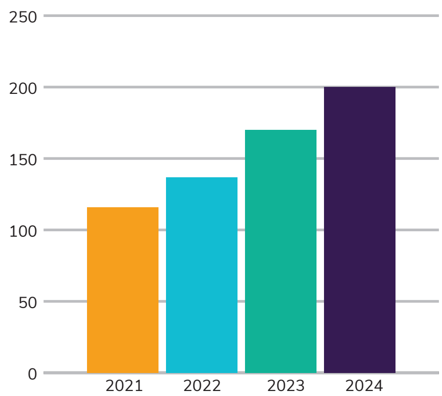
£5.9M
PROFIT BEFORE TAX
(2022/23: £4.2M)

AWARD WINNING

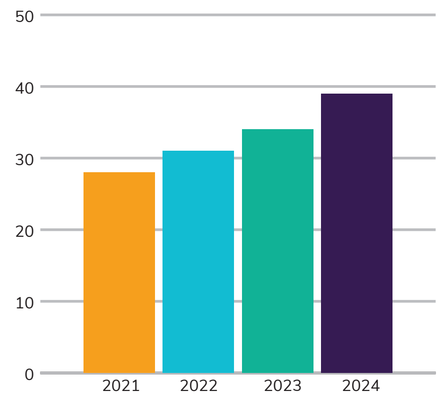
Net Lending Advanced (£'m)



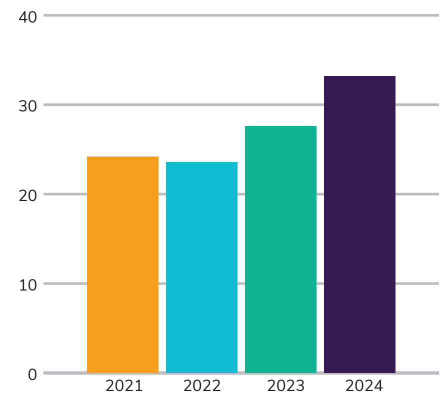
Lending Book (£'m)



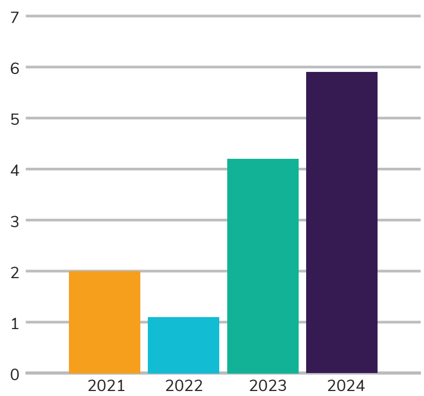
Net Tangible Assets (£'m)



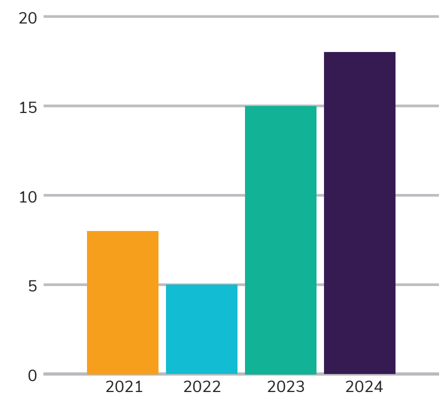
Revenue (£'m)



Profit before Tax (£'m)



PBT Margin (%)



Time Finance at a glance

Who we are and what we do

Time Finance is an award-winning non-bank alternative finance provider. It helps UK businesses through the provision of flexible funding facilities in the shape of Asset Finance, Invoice Finance, Business Loans, and Asset Based Lending.

Currently we are helping over 10,000 UK businesses to access the finance they need. Primarily this is done by lending on our own balance sheet, but the business does have the flexibility to broke-on deals to other funders where potential deals do not meet our stringent lending criteria, or where the margins are too thin.

Through our multi-product offering, speed of service, flexibility and personal approach, Time Finance stands out from the crowd in the UK business funding space.

Our values and purpose

Time Finance's purpose is to help UK businesses to thrive and survive. Our values underpin everything we do and are at the heart of our business.

We put people first

We are bold

We are flexible

We are genuine

Supporting approximately

10,000

UK businesses

Lending UK businesses

£200m

at 31 May 2024

Helping to arrange over

£90m

of new funding to UK businesses during the twelve months to 31 May 2024

Some businesses we have helped

Invoice Finance

Husband and wife duo, Russ and Gemma, set up Two Drifters, a rum distillery, in their home county of Devon in 2019. They had a vision of creating a distillery which was carbon negative and partnering with suppliers to ensure they deliver the best quality product with the least amount of environmental impact. Their commitment to running an electric distillery on 100% renewable energy, as well as considering the finer details such as printing bottle labels close to their delivery location to avoid excess carbon footprint, is what sets them apart as a carbon-negative small business.

Fast forward to 2024, and the thriving business has doubled its profits year-on-year, having recently secured contracts with a major airline, multiple restaurants, bars, and other stockists across the UK taking their business from strength to strength.

Time Finance's funding injection will now allow the business to expand its production and also to build an on-site bar to serve customers as the business opens its distillery to the public for tours.

Asset Finance

DARL Engineering took out a facility with Time Finance to accelerate its investment in new and leading machinery. The Coventry-based family-run firm specialises in precision engineering solutions to the automotive and industrial sectors. With a workforce of highly skilled and experienced engineers, DARL is equipped to manufacture high quality products in its 2,500 sq ft factory space and has established itself as a trusted name in the precision engineering sector, renowned for its commitment to excellence and innovation. With a meticulous focus on craftsmanship, cutting-edge technology and growing client base, DARL turned to Time Finance to finance a specialised machine capable of manufacturing replacement engines for the iconic Porsche RSR that would help them to fulfil new contracts.

Asset Based Lending

Time Finance recently completed a facility which has been used to facilitate the management-buy-in (MBI) of established wastewater services provider Active Pump Services Limited.

After 25 years of trading, the founding shareholders of the West Sussex business were seeking retirement. To ensure continuity of the business and its operational success, a capable buyer was found who in turn brought in Time Finance. The funding package, which comprised a property-backed loan, an invoice finance facility and an asset finance agreement, enabled access to essential working capital necessary to facilitate the MBI.

The multi-product facility, secured by commercial property, receivables and moveable assets, demonstrates Time Finance's expertise in creating tailored financial solutions that support business growth plans and acquisitions.

"The deal set up with Time Finance was to manage one specific area of our business, and that's the need for regular payment of tax duty. For every £35 bottle of rum we sell, £12 of that is tax, and that cost for our business is constant. It needs to be paid on the day our rum leaves the distillery, so while the business is thriving and profitable, we have taken on major new stockists which means payment and cashflow have become less predictable for the business. This year we were proud to feature on the very last Hairy Bikers episode and within two minutes of the programme airing we had thousands and thousands of website orders. With a business model typically centred around stockists of our rum, this influx of website orders from direct consumers was a great surprise for us. The business is growing at a fantastic rate, and we want to keep it that way, and with the facility from Time Finance we can continue to create the very best, carbon negative rum."

"We are grateful to Time Finance for their support. The asset finance facility has empowered us to invest in the necessary machinery to take on this new and exciting contract."

Our people – meet the team

Plc Board

Statutory Directors

Tanya Raynes
Non-Executive Chair

Tanya joined Time Finance in early 2021 becoming Chair in October 2021. She has held a variety of CEO and senior executive roles within both blue-chip corporations and SMEs and is currently Non-Executive Chair for Pula Aviation Services and Courier Facilities Limited. Tanya is a qualified Chartered Accountant and sits on the Audit, Remuneration, Nomination, and Risk Committees.

Paul Hird
Non-Executive Director

Paul joined Time Finance in September 2023 as a Non-Executive Director. Paul has over 45 years' experience in financial services and specifically the Asset based lending industry, including time as a CEO of a start-up, AIM-quoted company and CEO of a subsidiary of an overseas Bank. He has extensive experience of acquisitions as well as organically building successful companies. Paul sits on the Audit, Remuneration, Nomination, and Risk Committees.

Tracy Watkinson
Non-Executive Director

Tracy joined Time Finance in September 2023 as a Non-Executive Director. Having begun her career with PwC, Tracy is currently COO of Finance at NatWest Group. As a transformation expert, she brings over two decades of experience in the financial sector having worked in senior roles with a variety of major financial institutions such as Barclays, UBS and Credit Suisse. Tracy has held previous NED and independent chair roles. She sits on the Audit, Remuneration, Nomination, and Risk Committees.

Ed Rimmer
Chief Executive Officer

Ed was appointed CEO in June 2021. Ed has over 25 years' experience within financial services including over 20 years at Bibby Financial Services, where he was UK CEO for 5 years. Ed joined Time Finance in May 2017, initially as Managing Director of its Invoice Finance division before becoming the Group COO and, more latterly, the Group CEO.

James Roberts
Chief Financial Officer

James joined Time Finance as CFO in May 2017. Having started his career in the City with PwC, James has over 20 years' experience in financial services and has held leadership positions within a variety of AIM-listed, start-up and global companies. He has significant experience in mergers and acquisitions and is a qualified Chartered Accountant.

Leadership Team

Executive Committee and Senior Management Team

Lorraine Neyland
Group Risk Director

Lorraine joined Time Finance in 2019. With more than 30 years' experience in Asset Finance, Lorraine has managed and led credit teams within major financial institutions including Bank of Scotland, Lloyds Bank and Bibby Leasing.

Phil Chesham
Managing Director - Invoice Finance

Phil joined Time Finance in 2017 when the business he co-founded, Positive Cashflow Finance, was acquired by the Group. He has over 30 years of experience in financial services and, in particular, Invoice Finance. Phil leads the Group's Invoice Finance division driving it to achieve its ambitious growth aspirations.

Steve Nichols
Managing Director - Asset Finance

Steve joined Time Finance at the start of 2022 to head up the combined Asset division for the Group. He is responsible for driving the division forward to hit its growth plans. Steve has nearly two decades of experience in the financial services sector having held a variety of senior roles with companies including Simply Asset Finance, Close Brothers and Barclays Bank.

Sharon Bryden
Group Head of Operations

Sharon joined Time Finance in 2021. She brings with her a wealth of experience having worked in financial services for over two decades. Sharon has worked across multiple funding sectors from Loans to Invoice Finance and brings this skillset to overseeing and improving the Group's operational efficiencies and processes.

Fozia Riaz
Head of Business Improvement

Fozia joined Time Finance as the Head of Business Improvement in 2024. With over 20 years of industry experience, she has held various roles in operations, sales, risk management, and more recently in data and change management. Fozia will help support the Group's strategy through her focus on continuous improvements in technology, data management, processes, and procedures.

Caroline McDonald
Head of Marketing

Caroline joined Time in 2024. She has a twenty-year marketing career in business finance and has worked across several independent finance providers and challenger banks, holding several leadership marketing roles. Caroline is a member of the Chartered Institute of Marketing and holds a CIM post-graduate diploma in marketing.

Julian Mann
Senior Compliance Manager

Julian joined Time Finance in 2022 as a Compliance Officer and was appointed Senior Compliance Manager in 2024. With nearly a decade's experience in compliance and financial services, Julian ensures the Group meets its regulatory obligations successfully.

Laura Dun
HR Manager

Laura joined Time Finance in 2023 as HR Manager. With over five years' experience in HR across various sectors, she previously worked for KPMG as the People Advisory Lead for the Audit division. Laura holds CIPD Level 7 accreditation, and her primary focus is delivering the People Plan and fostering an inclusive, people-first culture across the Group.

Strategic Report

"With a clear focus on providing exceptional levels of service to our clients, customers and introducers, we have been able to position the business as a leading player in the market"

Chair's Report

for the Year Ended 31 May 2024

Performance and dividend

The macroeconomic and political headwinds continue to create an uncertain and evolving environment for the UK and globally. Whilst there has been a slowing of inflation in recent months, energy prices continue to be high, interest rates remain at pre-2008 levels, and it has been another period shaped by the cost-of-living challenges. It has also been a year of election campaigns so far in 2024, including the call for a general election in the UK resulting in a change to the party in power.

UK economic growth remains sluggish, compounded by supply chain issues across the globe, which creates a particularly challenging environment for our customers against the backdrop of rapidly increasing costs. We are focused on how we can best provide flexible funding solutions to enable our customers to thrive and survive through these times.

This financial year concluded the third full year of our four-year strategy, and it is very pleasing to report Revenue of £33.2m (2023: £27.6m) with Profit Before Tax of £5.9m (2023: £4.2m). Fully diluted Earnings Per Share were 4.80p (2023: 3.73p). Our balance sheet was further strengthened during the year with Net Tangible Assets rising to £38.6m (2023: £34.2m). At the same time, net deal arrears remained broadly consistent in the 5% to 6% of gross exposure range. This demonstrates the continued effectiveness of our credit risk policy, which seeks to appropriately balance the needs of both our customers and our business.

Our strong financial performance reflects the strategic decision to pursue growth through aggressive own book lending targets. This is facilitated by utilising our available cash resources to leverage our funding facilities to maximum effect. Our lending objectives remain focused on the growth of shareholder value rather than dividend distribution. Hence, we continue to view cash resources as being best deployed to support lending growth rather than being used for dividend payments. This will be kept under review.

Our strategy

Time Finance is recognised as an alternative finance provider offering highly relevant and flexible business finance products for a diverse and expanding base of UK SMEs. Our core products are primarily Asset Finance and Invoice Finance, further details are set out in the Chief Executive Officer's Report on page 11.

Our Purpose is to "*help UK businesses to thrive and survive*" and it is at the centre of everything we do, underpinning our aspiration to support the needs and ambitions of UK businesses.

A revised four-year strategy was rolled out just over three years ago and it has been another pleasing year of strong delivery against targets, both financially and operationally. Work has commenced on the strategic planning for the next cycle and we shall look forward to sharing this with our stakeholders in due course.

I am delighted to confirm that renewed and extended funding facilities were successfully secured during the financial year, and these will now support ambitious growth into the medium term which provides a solid platform for our next cycle of strategic planning.

Our current strategy is built around the core objective of significantly growing our secured own-book lending, and the momentum has continued with own-book origination of £91.6m during the financial year (2023: £73.4m). This focus is key as it produces a compounding pipeline of future income and is hence significant in driving the underlying value of the Company.

In a world that presents such a complex and uncertain environment (political, economic, technological, environmental), we are clear about remaining completely focused on our strategic objectives that will enable us, quite simply, to keep driving growth and value for our stakeholders.

As we develop and roll out our next three-year plan, you can expect this to include objectives with respect to cost to income efficiencies, as this is another significant lever in driving company value as we continue to scale.

Governance and culture

The business operates in a regulated environment and a key responsibility for the Board is to ensure that strong and effective governance operates throughout the Group. The Board has four sub-committees, namely 'Audit', 'Remuneration', 'Nomination', and 'Risk'. Membership comprises only of non-executive directors with the committees meeting on a regular basis and, as and when appropriate, inviting members of the senior management team to enable well informed discussion and decision making, as well as gaining appropriate levels of assurance.

The culture within Time Finance is of utmost importance to us and our values represent a cohesive and relevant statement of who we are and what we stand for. This is important as these values guide our behaviours and decisions as we go about our daily business of helping UK businesses. Our values - putting People First, being Bold, being Flexible, and being Genuine – set a clear framework to enable us to deliver excellent outcomes for our customers. They enable us to be responsive and agile, whilst also ensuring highly responsible attitudes and behaviours in every member of our team.

Chair's Report (continued)

We continue to embed Environmental, Social and Governance ("ESG") as part of our business strategy. The themes of our ESG approach include a good working environment for our colleagues, doing great work within our local communities, addressing our carbon footprint impact, and investment in systems and training – with the benefits being long-term sustainable growth, improved service levels and enhanced operational resilience.

Further details on both our culture and our ESG work can be found in the Culture and Environmental, Social and Corporate Responsibility Report on page 19.

Our people

Our colleagues throughout the business comprise a highly skilled, resourceful, driven, and committed team, whose efforts and achievements serve to mutually benefit our customers and investors. On behalf of the Board, I wish to express our sincere appreciation and admiration for their dedication and results.

Last year significant effort went into identifying and rolling out an authentic set of values that truly define the organisation and its culture. I am very pleased to be able to report that these values drive a culture within Time that is central to sustainable growth and profitability. We conducted an Employee Engagement Survey during this year and the results confirmed that great progress has been made over the last couple of years in terms of Time being a rewarding place to work and our colleagues feeling valued. The survey highlighted that we could focus more on the development of our people and there is a clear plan in place to harness this opportunity. An event was held in the spring for all colleagues to enjoy a much deserved coming together for a day of fun and celebration of their hard work and success over the year.

It is important to note that the team at Time Finance continue to demonstrate such remarkable commitment to charity work and the wider community, and I remain truly humbled at what is achieved by so many of our colleagues.

Tracy Watkinson and Paul Hird were welcomed to the Board as Non-Executive Directors in September 2023 and they have brought a wealth of skills, insight and valuable contribution in their roles to date. I look forward to continuing to work with them during the year ahead. Their biographies can be found on page 6.

I extend my thanks to Ed Rimmer, our CEO, and James Roberts, our CFO, for their ongoing leadership and execution, ensuring delivery of our strategic plan for the year.

Outlook

Amidst the turmoil of the external economic and political environment, our financial results for the year to 31 May 2024 are above our initial expectations and we head into this next financial year feeling confident that the team will deliver another strong outcome.

The main pillars of focus remain unchanged. We look after our customers' needs in a responsible and agile way, supporting and empowering our people to be the best they can be, in order to achieve strong and sustainable growth of the business, for the benefit of all our stakeholders.

With the range of financial products and spread of lending across multiple business sectors, we are confident Time Finance has no overweight dependence on any specific business category. Our balance sheet continues to strengthen, and we have recently secured enhanced funding facilities, providing access to cash resources sufficient for our growth plans. Hence, we feel very positive about the future performance of the business.

To conclude, I remain grateful to all of our stakeholders for their continued support and look forward to another year of Time Finance playing a key role within the vital community of UK SMEs.

Tanya Raynes
Chair

Chief Executive Officer's Report

for the Year Ended 31 May 2024

Introduction

Time Finance is a multi-product, alternative finance provider to UK SMEs, predominantly funding transactions on its own book, but with the ability to broke-on business that falls outside of its credit policy. The business offers two core products, Asset Finance and Invoice Finance, and, to a smaller degree, Commercial Loans along with an Asset Based Lending solution that combines all these product offerings.

The trading period was the third year of our four-year strategic plan put in place when I was appointed as CEO in June 2021. Good progress has continued to be made which is reflected in our financial results. The changing market conditions outlined in the Chair's Report have provided many challenges for SMEs but also good opportunities for independent lenders such as Time Finance, who provide the flexibility that can be needed due to the differing needs of small businesses across a wide range of sectors. With a clear focus on providing exceptional levels of service to our clients, customers and introducers, we have been able to position the business as a leading player in the "Tier 2", non-bank market.

The positive results achieved are due to the commitment and hard work shown by all our colleagues across the business. We have carried out significant work in embedding our cultural values outlined below, and these are all very much apparent in the day-to-day workings of the business rather than simply being words nicely displayed on office walls. The colleague engagement survey conducted in November 2023 showed some very positive results, along with useful feedback of where improvements could be made. As a result, we have launched a training & development plan to invest in our people and it was very rewarding to bring all our 150 or so colleagues together in May 2024 for our Spring Conference. Fundamentally, we are a "people" business which SME clients, customers and introducers continue to value highly.

Sustainable, robust business model

Time Finance has maintained sound operational principles designed to develop a robust business including:

- **a widely spread lending book** with security taken to support lending facilities and a suitable margin achieved on each deal to justify the risk taken.
- **fixed interest rates** are charged for the term of the lending for both the Asset Finance and Loan product offerings. Interest rates incurred on borrowings drawn down are also fixed for the term in these divisions. Our policy is, wherever possible, to match the term of borrowings drawn to the term of lending provided and this has been of utmost importance given the further increase in interest rates seen at the start of our trading period.
- **underwriting is carried out by people** as opposed to automated systems for credit decisions. Although an essential element of the business's development continues to be the deployment of IT systems and improved efficiencies, it is essential that the end credit decisions are taken by people, given the markets we operate in.
- **a realistic approach to provisioning** with total provisions carried in the balance sheet at 31 May 2024 amounting to £4.7m, representing approximately 3% of the net lending portfolio. A detailed internal review of provisioning is undertaken on a quarterly basis, led by our Group Risk Director and our CFO, and the recommendations made are presented to the Board for approval.

Market positioning and new business origination

Time Finance provides the main finance products that UK SMEs require for their day-to-day working capital requirements and fixed asset investments in order to grow their businesses over the longer term. Since the global financial crisis in 2008, the lending market has transformed with the traditional banks no longer being the automatic port of call for small business finance. Many alternative finance providers have emerged in the form of challenger banks, fin-tech lenders and independent providers such as Time Finance, who generally offer more flexibility and a higher level of focus on customer service. As we are not a retail deposit taker, wholesale funding facilities are utilised at competitive rates. In order to make an acceptable margin on lending, the business chooses to operate in the "Tier 2" market segment, therefore serving SMEs typically at the smaller end of the market.

New business own-book origination for the year to 31 May 2024 amounted to £91.6m, 25% up on the £73.4m achieved the previous year. 97% of all origination was funded on our own balance sheet with only 3% broked-on, which emphasises the delivery of one of our key strategic objectives; this is commented on further in the Group Strategic Priorities on page 16.

Chief Executive Officer's Report (continued)

Financial results

Revenue for the year to 31 May 2024 was £33.2m, an increase of £5.6m (20%) year-on-year. Profit before tax was £5.9m, a significant increase on the previous year (£4.2m). Total gross receivables stood at £201.2m, a record level, compared with £170.1m on 31 May 2023, reflecting an 18% increase and a key part of our strategy to grow own-book lending. Total active borrowing facilities as at 31 May 2024 amounted to £196m (2023: £148m), of which £130m was drawn (2023: £98m). Consolidated Net Tangible Assets stood at £38.6m (2023: £34.2m), an increase of 13%. Net cash and cash equivalents held at 31 May 2024 was £1.6m (2023: £3.8m), an expected reduction as our lending book grows. Further details can be found in the Chief Financial Officer's Report on page 14.

The strength of the balance sheet, together with its liquidity in the form of available operational debt facilities for lending and cash held, ensure we are well-placed to take advantage of future opportunities over the short to medium term. A full review of the financial results is included in the Chief Financial Officer's Report on page 14.

Operational progress

The year to 31 May 2024 saw further progress made with respect to our four-year strategic plan. Our focus on secured, Business-to-Business lending has continued with strong growth coming from both the Invoice Finance division (lending up 16% on the previous year to £65m) and the "Hard Asset" offering within the Asset Finance division (up 37% to £85m). Over the last three years we have accelerated the transition from the business historically being a soft asset, unsecured small ticket lender to a secured lender providing mainly Hard Asset and Invoice Finance. At the start of the plan in June 2021, 49% of our lending book related to these two products. This has increased to 75% by 31 May 2024. We also took the decision in January 2024 to exit the regulated market for new deals; the amount of origination that fell into this side of the business had continued to decline over the last three years to a level where it was no longer viable given the increased amount of administration required to operate in this market.

One of our key differentiators is our multi-product offering, and the newest part of this, our Asset Based Lending ("ABL") proposition which launched in April 2023, delivered positive results with a number of large transactions completed. This offering is targeted at the smaller end of the market where there is less competition and less pressure on margins. As well as providing the customer with a wider range of funding solutions, it also allows the business to retain client and customer relationships for a longer period.

The Invoice Finance division had a highly successful year, benefiting from increasing interest rates. Record new business volumes were seen with a number of larger facilities taken on, including a £3.5m facility in November 2023 for a temporary recruitment business, which represented the single largest facility put in place. The Asset Finance division also had a successful year, delivering record new business origination and increasing the average hard asset deal size from £36,000 to £45,000, in line with our strategic plan. There has also been an increase over the same timeframe in the single customer exposure limit from £750,000 to £1,000,000.

Business Improvement remained a key focus during the year. As we continue to expand, it is important we do so with a lower cost:income ratio, and hence bring efficiencies into the business through the use of technology, process improvements and changes in the way we do things which is key to enhancing the customer journey. A number of benefits have been delivered over the last twelve months in this regard including the launch of an electronic identification and verification system to better combat fraud, online document signing, and a number of upgrades to our core Asset Finance operating system. At the end of the year, a new Head of Business Improvement was recruited who has significant experience in this area and within our core markets, so further progress will be made in this important aspect of the business over the new financial year.

One of the highlights of the year was the fantastic range of charity events our team delivered. More than £7,000 was raised for our chosen charity, Tommys, which supports families who have lost babies though miscarriage, still birth and premature birth. The commitment and enthusiasm of all colleagues in supporting such causes is truly inspiring.

As mentioned in the Chair's Report, the composition of our board evolved during the year with two new Non-Executive Directors appointed. We have a highly effective board in place, and I am grateful for the support and challenge they provide.

Culture, compliance and governance

Our purpose is "*to help UK businesses thrive and survive*" and we utilise our cultural values to ensure effective delivery of this. These values were launched in May 2023 and are as follows:

- **We Put People First** - we are a "people business", empowering all our colleagues to make a difference.
- **We Are Bold** - we have the courage to do things differently and make the most of our opportunities.
- **We Are Flexible** - we have a can-do attitude and take a commercial approach to business.
- **We Are Genuine** - integrity and transparency are at the heart of how we build trust and foster great relationships

As mentioned above, we are very focused on demonstrating these values through our day-to-day work and behaviours, so it was highly fitting to recognise a number of examples with awards for "living our values" at our Spring Conference in May.

Regardless of our decision to exit the writing of new regulated business, we continue to have high standards for compliance and governance for all our activities, referenced to the principles and guidelines of the Financial Conduct Authority and the codes of conduct of the relevant industry bodies.

All colleagues are required to act in accordance with our cultural values to uphold the following:

- to act with integrity, due skill, care and diligence
- to be open and cooperative with regulators
- to pay due regard to the interests of customers and clients and treat them fairly

Further details on our culture can be found in the Culture and Environmental, Social and Corporate Responsibility Report on page 19.

Outlook

SMEs continue to face a number of significant challenges, and this presents both opportunities and threats to alternative lenders such as Time Finance. Getting the balance right in how these are managed will significantly impact our financial performance and future success. With the changes made over the last three years to the business, including the people tasked with delivering our strategy, and the work we are doing to deliver growth in a more efficient way, I am confident we will continue to see the business deliver shareholder value.

Ed Rimmer
Chief Executive Officer

Chief Financial Officer's Report

for the Year Ended 31 May 2024

Overview

The financial year ended 31 May 2024 marked a successful third year of the Group's four-year medium-term strategic plan. Revenue, Gross Profit and Profit Before Tax ("PBT") all increased, standing at £33.2m, £19.2m and £5.9m respectively. This growth is particularly pleasing given the wider macro-economic headwinds mentioned earlier in the Chair's Report and the Chief Executive Officer's Report. These improved results reflect the strategy of own-book lending bearing fruit, with a clear focus on larger deal sizes and increasing levels of security taken where possible. Given the compound nature of revenue generation from a growing lending book, which now stands at approximately £200m, and with arrears under tight control, the benefits of this strategy can be expected to continue into the future.

Review of Income Statement

Revenue increased in the year by 20% from £27.6m to £33.2m. This increase is mainly attributable to growth in the two key strategic divisional pillars, Invoice Finance and the 'Hard' sub-section of Asset Finance.

Whilst revenues are higher, gross margins are slightly lower. Gross Profit of £19.2m was earned in the year. This is £3.0m, or 19%, higher than £16.2m for the previous year but with a slightly reduced margin of 58% compared to 59% in the prior year. This is to be expected given the strategic move into larger, more secured lending which attracts a slightly lower headline rate due to the reduced risk profile. Combined with the significant increased interest rates seen over the last two years, which have impacted funding costs, the gross margin has slightly reduced year-on-year.

In contrast, the focus by the business on the cost to income ratio means PBT of £5.9m was earned, well ahead of the prior year's £4.2m, and importantly at a margin of 18% up from 15% the year before. This reflects favourably on management's focus on its operational cost base. A focus that will continue in future years.

Review of the Statement of Financial Position

Goodwill remained static at £27.3m as no acquisitions were made in the year and no impairments were required. Goodwill is highly significant due to its size following a historic buy and build strategy pursued between 2015 and 2018. To determine whether there is any requirement for an impairment charge, goodwill is tested rigorously on a regular basis. The current year's review saw careful consideration given to any lingering effects of the pandemic and the wider macro-economic malaise that the country has faced and continues to face, as these factors could have a potential impact on future cashflows. Having reviewed the assumptions used in the calculation, and having performed wide-ranging sensitivity analysis, it was concluded that there was sufficient headroom in the carrying value of the Asset and Invoice Finance divisions. This meant no impairment was necessary in those areas. As we continue with our stated strategy and expect to continue to grow over the coming years, both these key divisions are expected to trade profitably, generate free cash and underpin the remaining carrying goodwill values.

Gross Trade and Other Receivables, as detailed in Note 15, amounted to £201.2m at the year-end. This is an increase of 18% or £31.1m compared to the prior year of £170.1m. This increase is attributable to the continued embedding of the strategy of, wherever possible, writing new business on our own-book rather than broking business on. This is reflected by the fact that the ratio of own-book lending to broked-on business was 97%:3% (2023: 96%:4%). Within these receivables balances will be amounts that are classed as being in arrears. These are lends that are not progressing to plan. They are not, however, write-offs and could be anything from those that are one payment down that may be 'cured' very quickly and easily and so could be brought back in line in days or weeks, all the way through to deals that have proved harder to make work as planned and could even be in the process of being recovered through legal means. While the lending book is growing, it is key the level of arrears doesn't materially alter upwards as this could mean issues are potentially being stored up for the future. It is, therefore, particularly encouraging to see the level of arrears at the year-end remain broadly in the 5%-6% range that it has for the past two years. Importantly, this is significantly lower than the mid-teen levels seen by the Group back in the pre-pandemic era of 2019 and earlier. These arrears positions and the recovery history over the last few years highlights the robust nature of this business and the ability of the lending book to weather significant economic downturns and is testament to the hard work and skill of my colleagues in our Risk team.

Within the Trade and Other Receivables balance sits the Credit Risk Provision ("CRP"). This balance is in place to cover any lends within the lending book that may eventually need to be written-off as they cannot be recovered. As at the financial year-end, the CRP stands at £4.7m, higher than the prior year level of £4.2m. This increase is to be expected given the larger lending book with the percentage of arrears remaining broadly static. As such, the CRP continues to represent approximately 3% of the year-end net lending portfolio. The CRP is determined by a combination of IFRS9 statistical modelling and an overlay to cover any specific provisions identified independently by the Risk department. The IFRS9 model element of the provision assesses the likelihood of a deal falling into arrears and, in such cases, the amount that could then reasonably be expected to be recovered. The model also overlays the impact of any expected future changes to the wider macroeconomic environment that could affect the recoverability of the business' debts. This includes assessments of potential changes in interest rates, the cost-of-living crisis and the continued impact of the war in Ukraine amongst others. At the financial year-end, the statistical model required a provision representing approximately 2% of the net lending book with an overlay for specific provisions adding a further 1%. A CRP of £4.7m remains the best estimate of the required provisioning level given current information available. Further details can be found in Note 29.

Trade and Other Payables largely relate to operational borrowings the Group has taken out enabling it to lend on to UK businesses. As detailed in Note 19, the balance at 31 May 2024 has increased to £141.3m when compared to prior year levels of £118.0m. This is largely due to increased drawdowns from funding partners associated with the increased levels of own-book lending seen within Trade and Other Receivables.

The trading divisions continue to be funded as before with each having their own dedicated facilities. Pleasingly, during the year the facilities which have traditionally required the business to put between 10% and 20% of its own cash reserves into each deal funded, have been improved and now require between 5% and 15% of own cash reserves for each deal. This has a significant positive knock-on effect on the cash utilisation of the group. Asset Finance (which includes Commercial Loans) is funded by a number of wholesale "block funding" lines, including a recently increased £64m facility from the British Business Bank plus a dedicated Secured Medium-Term Loan Note Programme. At the year-end, 'Asset' had active facilities of £154m (2023: £106m) with headroom of £68m (2023: £35m). Crucially, these facilities do not have any non-utilisation fees attaching to them and, as the rates are fixed once drawn, business already written is not impacted by any future changes in underlying interest rates. Invoice Finance continues to be funded by a back-to-back facility from NatWest. As at the end of May 2024, this comprised a facility of £42m (2023: £42m) with an additional 'accordion' uplift available of £8m which would increase the facility to £50m should it be needed. As at 31 May 2024 there was headroom of £12m (2023: £15m), excluding the accordion.

Net Assets stood at £66.1m as at 31 May 2024, up from £61.7m the year before. Net Tangible Assets, which removes both Goodwill and Intangible Assets, had increased from £34.2m to £38.6m as at 31 May 2024.

It can be seen, therefore, that the balance sheet continues to strengthen year on year which is one of the key tenants of the Group's four-year medium-term strategy.

Review of the Consolidated Statement of Cashflows

Cash and cash-equivalents as can be seen on the Consolidated Statement of Cash Flows stand at £1.6m at the year-end, a decrease from £3.8m at 31 May 2023. This decrease is to be expected given the growth in the lending book during the period. We also have £1.8m (2023: £1.3m) of 'paper'. This paper relates to lease and loan deals written and paid out that could be converted into cash within approximately 24 to 48 hours via our various funding facilities. This combined cash and cash-equivalents balance equates to £3.4m, compared to £5.1m as at 31 May 2023. This slight decrease is to be expected as we utilise our cash resources to grow the lending book over the timeframe of our medium-term strategic plan and beyond. It still remains, however, in line with management's expectations and is a solid footing to fund lending to UK SMEs for the foreseeable future.

Conclusion

The financial year to 31 May 2024 has produced another pleasing set of numbers and marks a successful third year in the group's four-year plan. Revenue, Net Tangible Assets and the lending book are all at record highs. Crucially though, arrears are well controlled while, prudently the CRP has been increased. Combined, this has all led to significant increases in PBT. Our funding partners remain extremely supportive, and we continue to look ahead with increased optimism.

James Roberts
Chief Financial Officer

Group Strategic Priorities

for the Year Ended 31 May 2024

Time Finance is an independent alternative provider of finance to the high-street and challenger banks, serving predominantly SMEs with finance requirements ranging from £5,000 to £5,000,000. The Group provides Invoice Finance and Asset Finance, Commercial Loans and an Asset Based Lending solution that combines these product offerings. It lends mainly from its own balance sheet but with the ability to broker-on business that does not meet lending parameters. This would mainly be due to the size of a transaction, pricing or credit quality.

In June 2021, a new, four-year strategic plan was put in place. At the time, the UK economy was still recovering from the Covid-19 pandemic, with all businesses facing significant uncertainty. Whilst in general there has been a significant recovery from the pandemic, businesses have continued to face many challenges over the last three years with high inflation, wage growth, supply chain difficulties and increasing interest rates. SMEs however have proved to be extremely resilient though this period, in part due to the support provided by lenders such as Time Finance and we are proud to play our part in helping UK businesses thrive and survive.

Strategic Objectives

The key objectives of the four-year plan to 31 May 2025 are to:

- Double the Group's gross lending book from £115m as at June 2021
- Achieve Revenue and PBTE levels in excess of the pre pandemic levels of £30m and £7m respectively

This is to be achieved through the following strategic initiatives:

- Focusing on core own-book lending products
- Predominantly focusing on secured lending with an increasing average deal size
- Investing in key people
- Continuing to reposition the brand and invest in marketing
- Bringing further liquidity into the business as and when required

Good progress has continued to be made in delivering the plan during the year and summaries on each of the above initiatives are set out below.

Focus on core own-book lending products

The value of the gross receivables increased during the year by 18% to £201m. This was driven by a clear focus to expand Hard Asset Finance which grew by 37% to £85m, and Invoice Finance which grew by 16% to £65m. Combined, these two offerings now make up £150m (75%) of our lending book; a significant increase from the comparative 49% at the start of the plan in June 2021. 97% of all new business origination was placed onto our own book with the 3% balance broked-on to other lenders. The Asset Based Lending ("ABL") proposition launched in April 2023 delivered some larger facilities that we otherwise would not have won without our multi product offering. This is aimed at businesses who need to raise finance against a wider range of assets, including debtors, plant & machinery, property and stock and has been well received in the market.

Predominantly focus on secured lending with an increasing average deal size

In the vast majority of cases, tangible security is taken to underpin our lending. This involves taking title to professionally valued fixed assets or book debts, supported by registering debentures and/or property charges. A key aim since the start of our plan was to increase the average ticket size of the 'Hard' asset business which reduced significantly during the pandemic when market demand led to smaller assets being funded. I am pleased to report that this has been achieved with the average deal size increasing from £36,000 in FY 2022/23 to £45,000 in FY 2023/24 which represents a doubling from the £22,000 in June 2021 at the start of our strategic plan. The maximum limit to any one customer within the Hard Asset division also increased from £750,000 to £1,000,000. In addition, we took the decision to exit the regulated business market which mainly included smaller, soft asset deals. There had been a gradual reduction in this business over the last three years and the move away from this sector was consistent with our strategic plan. The one exception to the increasing average deal size is the 'soft' asset subdivision where the Group has a niche position in funding smaller transactions that provide a wide spread of risk at higher yields, funding business critical assets. This area targets lends up to £15,000 with an auto-decline system implemented to improve efficiencies and is badged as our "Fastrack" product offering. The overall financial contribution in relation to the risk and workload attached to operating in this market continues to be attractive with regular analysis conducted to ensure this remains the case. The majority of future growth, however, will continue to come from the Hard Asset and Invoice Finance businesses, along with the ABL offering.

Investment in key resources

The Group has invested in a number of key recruits since the start of our current strategy in June 2021. We appointed a new HR Manager in August 2023 who has been instrumental in moving forwards our increased focus on training & development as a result of the feedback obtained from our engagement survey undertaken in November 2023. At the end of the trading period, we also appointed a new Head of Business Improvement, focusing on improving efficiencies and the customer experience with the overall objective of growing the business in conjunction with reducing the cost:income ratio.

Reposition the brand and investment in marketing

Further progress was made during the year to position the Time Finance brand at the forefront of our target markets. Key to this are the introducer partners we work with having a clear understanding of our market offerings and where we can add value. We therefore operate a targeted PR strategy designed to promote client case studies, testimonials and our core business news to the commercial finance world with the aim of increasing our profile, the understanding of what we do and ultimately the amount of business we write. We continue to invest in our in-house marketing team, combined with external PR and digital agency partnerships, to further strengthen the Time Finance brand within the commercial finance market.

Bring further liquidity into the business as and when required

During the financial year, a healthy liquidity position was maintained with sufficient cash resources in place to deliver our current plan. Two independent funding reviews were undertaken during the year to assess the market, benchmark our facilities and provide recommendations of where improvements could be made. The findings confirmed that our current funding structure is optimized for a business of our size to deliver the current strategy. As further growth is achieved, we will continue to review the market to ensure long-term liquidity is in place at sensible pricing.

Key performance indicators

The Board and the Executive Committee regularly review and monitor key metrics in assessing the performance of the Group. Some of these key metrics used to track the Group's meaningful progress are detailed below.

- Continuing Operations Revenue – £33m (prior year £27m)
- Continuing Operations Gross Profit margin - 58% (prior year 59%)
- Continuing Operations Profit Before Tax– £5.9m (prior year £4.1m)
- Continuing Operations Diluted Earnings Per Share – 4.80p (prior year 3.63p)
- Own-Book New Business Origination – £91.6m (prior year £73.4m)
- Core business own book vs broked-on ratios – 97:3 (prior year 96:4)

Refreshed Strategy

As we enter the final year of our current four-year plan, the process to formulate a refreshed strategic plan started towards the end of the trading period. Further work will be done to agree and finalise this as we travel through the new financial year, in order to communicate this to our stakeholders. The underlying theme of the next cycle will though still be focused on growing the business in order to maximize value to our shareholders.

Principal risks and uncertainties

'Principal risks' are defined as a risk or a combination of risks that, given the Group's current position, could potentially materially affect the business model, reputation, performance, solvency or liquidity, or prevent the delivery of the strategic objectives outlined above. The Board has overall responsibility for ensuring that risk is appropriately managed across the Group and, through the Risk Committee, has established the Group's appetite to risk; approved its structure, methodologies and policies; and management roles and responsibilities.

As well as regular external reviews and audits from the Group's statutory auditors and the quarterly audits from a number of its funding partners, the Group has numerous internal checks and balances. Initial responsibility rests with the Executive Committee and Senior Management Team which manage the business divisions and functions with line managers responsible for identifying and managing risks arising in their business areas. This is augmented by the Group's central and independent Compliance, Finance and Risk functions with responsibility for reporting to the Board. The Group has a Director of Risk who reviews all significant credit exposures and a Senior Compliance Manager who ensures adherence to regulatory requirements.

The key risks identified and which the Board has reasonable expectation are appropriately mitigated are:

- **Credit Risk**

The risk of default, potential write-off, disruption to cash flow and increased recovery costs on a debt that is either not repaid individually or if there is a wider market deterioration. This is mitigated by the Group adopting prescribed lending policies and

Group Strategic Priorities (continued)

adhering to strict credit and underwriting criteria specifically tailored to each business area. The Group also has the ability to 'broke-on' certain business rather than write it on its own-book if it is deemed necessary to manage risk.

- **Funding Risk**

The risk of the Group not being able to meet its current and future financial obligations over time, specifically that funding is not available to meet the Group's growth targets. The Group has funding facilities across Block Discounting, a Secured Loan Note programme and back-to-back invoice finance facilities, with ample headroom to meet its growth targets for the medium future. As detailed elsewhere, should the opportunity arise to grow considerably faster than the medium-term plan anticipates, then the Group could decide to augment its funding with additional liquidity.

- **Regulatory Risk**

The risk of legal or regulatory action resulting in fines, penalties and sanctions that could arise from the Group's failure to identify and adhere to regulatory requirements in the UK. In addition, there is the risk that new or enhanced regulations could adversely impact the Group. The Group employs a Senior Compliance Manager with oversight from the Group CFO and further support from external advisors. The compliance department looks both internally at the Group ensuring its practices are appropriate and externally at future developments to ensure the Group is prepared to adopt any changes in regulation as and when they arise. Whilst the decision was taken during the trading period to move away from writing new regulated business, there is still a relatively small proportion of the book that is regulated business which requires the Group to retain suitable permissions from the FCA and adhere to their required standards.

Summary

The business remains on track to deliver the strategic objectives set out in our four-year plan and the transition from being a provider of small, soft asset finance to a leading independent provider of Hard Asset and Invoice Finance. Whilst SMEs continue to face significant challenges, access to finance is more important than ever in order for them to function and grow. This will continue to provide good opportunities for Time Finance. We are now well positioned to take advantage of these and continue the successful journey the business has been on for the last three years.

Ed Rimmer
Chief Executive Officer

Culture and Environmental, Social and Corporate Responsibility Report

for the Year Ended 31 May 2024

Dear Shareholder

I am pleased to present the Culture and Environmental, Social and Corporate Responsibility Report ("ESG") for the year to 31 May 2024.

This report shows what being a responsible business means to us – our purpose and values, where we have focused our efforts for both our business and our local communities over the past few years, and the importance of working together in the interests of and for the benefit of all our customers, our employees, our shareholders and our local communities as we further embed a proportional ESG mindset across the Group.

Culture

Our Purpose

Time Finance exists "*to help UK businesses thrive and survive*". The business is a non-bank, alternative finance provider, that supports UK small and medium sized businesses. We offer a multi-product range of flexible funding solutions, focusing primarily on Asset Finance and Invoice Finance. We aim to be the UK's preferred independent SME funder and we feel that our 'People First' approach and the resulting personal touch continues to help differentiate us from the competition.

Our Values

Our Values are at the very heart of our business. They underpin our culture and have also helped set our ESG strategy.

As mentioned earlier in this report and accounts, our values are:

- **We Put People First**

We are a "people business", empowering all our colleagues to make a difference

- **We Are Bold**

We have the courage to do things differently and make the most of our opportunities

- **We Are Flexible**

We have a can-do attitude and take a commercial approach to business

- **We Are Genuine**

Integrity and transparency are at the heart of how we build trust and foster great relationships

We monitor and measure how we put these standards into practice through:

- regular, group-wide, celebrated people recognition, often focusing on those demonstrating that they embody our values
- a bi-annual appraisal process for all employees which includes assessment of bringing our values to life
- open and transparent communication with our employees. This is through monthly "Team Talk" newsletters and regular, office-based "Huddle" meetings. Employees are also encouraged to share their views and for managers to adopt an 'open door' policy
- review and feedback on our external TrustPilot score to establish what our clients think of our products and services and where we can look to improve

Our ESG Strategy

Compared to some industries, the financial services sector tends to not have a huge impact on the environment. Despite this we are still conscious of the environmental impact that our business does have and, therefore, we try to play our part in minimising our impact on the environment and in creating sustainable business practices wherever practical. We very much believe in "substance over form" and in making demonstrable undertakings rather than just adding soundbites and "green washing".

We align ourselves with the United Nations Sustainable Development Goals ("UN SGDs") and, in following our substance over form mantra, we decided to adopt and focus on four key UN SDGs where we feel we can really help to make the biggest impact. These are numbers 4, 8, 11 and 12, namely Quality Education; Decent Work and Economic Growth; Sustainable Cities and Communities, and Responsible Consumption and Production. In real terms this means our focus will be on the training and development of our employees; on our systems and reporting; on increasing our community contributions, and on proactively managing our environmental footprint.

Our ESG vision, therefore, focuses on:

- continually developing our employees and offering positive employment opportunities
- developing systems which allow our customers to deal with us in as easy and, where possible, environmentally friendly way as possible
- controlling our carbon footprint
- positively impacting the local communities near to our offices

To help deliver on these commitments we have an internal ESG Committee which was established in 2023. The Committee's focus is to help embed an appropriate and proportionate ESG mentality across the business by promoting environmental responsibility internally. The Committee helps to devise and implement our ESG policy and drives it forward each year. Set out below are the steps we have taken:

Culture and Environmental, Social and Corporate Responsibility Report (continued)

Environmental

We are committed, wherever possible, to minimising the environmental impact of our business. Environmental initiatives that have already been put in place and are making a difference include:

- reducing printing levels and, therefore, the amount of paper used across our offices
- where paper is used, we ensure we use recycled paper
- reducing the energy outputs across our offices. This includes moving our on-premises IT servers to cloud-based solutions and using LED lighting and motion sensitive lighting in our offices wherever possible
- implementing green travel options. These include reducing the travel impact of our commuting to work and reducing our business travel impact through initiatives such as our Cycle to Work scheme; our Electric Car Scheme; adopting hybrid working arrangements in all of our offices, and, where appropriate, by replacing intra-office 'face to face' meetings with online meetings
- establishing green lending facilities with some of our funding partners. This enables us to provide funding for certain renewable assets
- encouraging increased recycling with the provision of recycling facilities in each of our offices
- reducing single use plastic through the provision of onsite drinking water dispensers
- planting trees across the UK for every employee and any future new joiners
- reducing the use of paper communications by defaulting our communications to email wherever possible
- further embedding new technology, e-sign, to enable us to move from 'wet' signature, hard copy legal documents to digital versions and so further reducing printing

Future Environmental initiatives being put in place include:

- working with our landlords to switch to green energy providers wherever possible
- launching a Disposal of IT Equipment Policy

We will continue to further add to the plan as we move forward.

Social

We are committed to providing a positive working environment for all our colleagues and to, wherever possible, positively impact the local communities surrounding our offices. The Group has:

- 154 employees, an increase of 18% in comparison to last year's 130
- Women make up 58% of our workforce and men 42% (consistent with last year's ratio of 57:43)
- The Leadership Team which comprises 54% women and 42% men
- 15% of our employees are in the 18-25 age bracket, 27% are 26-35, 21% 36-45, 23% 46-55, 12% 56-64, and 2% are 65 and over

We have a strong desire to develop our employees and see them progress and have the opportunity to succeed. In doing so we try to look after their well-being; ensure they are safe and appropriately cared for; and that they work in an environment in which they are valued and respected. We hope our colleagues feel that they can really make a difference and are not simply a cog in a corporate machine. Our business itself also supports the wider community by providing funding solutions to small and medium sized businesses throughout the UK. In addition, through our various charity focused initiatives, we are able to support a wide range of causes in a variety of ways including fundraising, volunteering and raising awareness at both a local and national level.

Social initiatives that have already been put in place and are making a difference include:

- formalised hybrid working arrangements in all our offices. We feel this helps the well-being of our employees, striking the right balance between the benefits of home working and the benefits of collaboration, idea sharing and face-to face interactions that are gained from working in an office-based environment
- focusing on the financial wellbeing of our employees. We are a Living Wage Employer; we have benchmarked pay reviews; continued to provide support with cost-of-living assistance; provide pension and life assurance; provide private medical insurance, and introducing annual bonus schemes to reward exceptional performance
- having a well-established Social Committee ensuring regular and wide-ranging social events for anyone who wishes to participate

- holding company-wide strategy conferences. These enable all our colleagues to come together to celebrate their successes, share ideas and best practice, and further understand the strategy and plans of the Group
- regularly celebrating people recognition for those excelling in a variety of fields
- embedding an open and transparent communication culture with the distribution of monthly "Team Talk" newsletters and the holding of office-based "Huddle" meetings
- provision of funding solutions to some 10,000 UK businesses. This also included essential support during the pandemic. After receiving accreditation for Government backed funding, this was through the provision of new funding to those businesses affected by the Covid-19 pandemic
- undertaking annual Equality, Diversity & Inclusion training for everyone
- focusing appropriately on vulnerable clients by supporting our employees in understanding the range of indications of actual and potential vulnerability, and the needs that can arise from these vulnerabilities
- continuing the excellent work of our Charity Committee, which was established in 2022. This body is responsible for coordinating and driving forward our fundraising and volunteering initiatives. During the year our colleagues chose Tommy's as our charity partner. Over £7,000 was raised for this deserving cause in helping fund research into miscarriage, stillbirth and premature birth.
- support local schools and local youth sports teams. Work experience placements were offered for local children from secondary schools near our Bath and Manchester offices; while sponsorship was made to under 14s, under 13s and under 11s sports teams, including Cheshire, Staffordshire and Somerset based football teams, a Greater Manchester based rugby league team and Somerset based rugby union team.
- Launched a graduate programme to recruit and train future high performers in the business

Future Social initiatives being put in place include:

- formalising the Vulnerable Customers policy to ensure that frontline teams have the skills to engage with these clients to understand their vulnerability, and embed an escalation process so that our colleagues are supported appropriately
- launching a charity volunteering day whereby employees will be able to volunteer at local charities near our offices should they wish to

Governance

Leading by example is a key tenant for us. In doing so we believe we show commitment to strong governance and high ethical standards.

Companies listed on AIM are required to adopt a recognised corporate governance code. We have adopted the Quoted Companies Alliance ("QCA") code. Focusing on board composition, board effectiveness and accountability. This is explained further on page 26.

In respect of the governance aspect particularly relating to ESG, we continually strive for good business practice, and we always try to do the right thing. It is the same with our employees, and they are encouraged to speak up and challenge the way we do things so that we can create open and honest relationships. All employees have a range of mandatory training sessions to complete through our HR and Compliance platforms, ensuring understanding across a broad spectrum of topics, many of which relate to ESG.

Governance initiatives that have already been put in place and are making a difference include:

- established our ESG Committee to provide employees from within the Group with a voice and the ability to input into how our ESG strategy is embedded and should evolve
- only dealing with UK businesses as clients and in striving hard to ensure we comply with all the relevant legislation. This is the same with our tax status where all our income arises in the UK and we ensure that we meet all the obligations expected of us
- not working with industries where we believe making funds available to them may have a detrimental impact on the wider community. These include, amongst others, gambling, pornography and arms-dealing
- ensuring that we comply with our obligations under the Bribery Act 2010. This means we conduct our business in a way that is transparent and fair to all
- ensuring our clients feel confident that we will safeguard their data appropriately as we know data protection is extremely important to them. As such, we ensure we adhere to all current legislation
- focusing on Financial Crime to protect both our customers and our business. Everyone undertakes continual learning and development, so that they are up to speed with the latest rules and techniques in spotting Financial Crime. We are also involved in financial crime prevention within our industry so that we can help others in the wider financial services community to stop further criminal activity wherever possible

Culture and Environmental, Social and Corporate Responsibility Report (continued)

Future Governance initiatives being put in place include:

- Upskilling our colleagues by increasing training throughout the year and also when new employees are inducted

This report reflects our ESG journey so far. All our developments are underpinned by the aim of, wherever possible, minimising any environmental impact we create as a business; providing as positive a place to work as is reasonably possible for all our people; trying to positively impact the local communities around our offices where we can; and in leading by example from the top in holding ourselves to account in terms of strong governance and by operating to high standards.

James Roberts
Chief Financial Officer

Section 172 Statement and Stakeholder Engagement

for the Year Ended 31 May 2024

Section 172 ("s172") of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefits of its members as a whole. In doing this s172 requires a director to have regard, amongst other matters, to:

- the likely consequences of any decisions in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct;
- the need to act fairly with members of the company.

The Directors give careful consideration to the factors set out above in discharging their duties under s172. This includes the Board receiving regular training on their obligations as Directors from advisors and on an ongoing basis from the Company Secretary. Board Papers are also prepared with this in mind, ensuring Directors have all the relevant information required to enable them to properly reflect and consider the factors set out above in their decision making.

Our decisions

The key decisions, many of which were taken in light of the ongoing impact of the pandemic and the emerging wider macroeconomic environment challenges, made by the Board during the year were:

i. **Continue to focus on a strengthened balance sheet with a particular aim of growing the more secured lending arms of the business and in controlling arrears.** This approach continues to see growth in the Invoice Finance and Hard Asset parts of the business. Both areas operate in the more secured lending space and help drive a controlled level of arrears and bad debts. It remains the hope an ever-strengthening balance sheet will increase shareholder value

ii. **Hiring experienced and high-calibre individuals.** The financial year under review saw the completion of the hiring of the group's senior management with, in particular, a new Head of Business Improvement joining the group. With the hires in place, one of the key aims of the management team will be to focus on and continually improve the cost:income ratio.

Further detail on the medium-term strategy and the Board's decision-making that drives this, can be found in the Chair's Report, Chief Executive Officer's Report and Chief Financial Officer's Report on pages 9, 11 and 14 respectively, as well as the Strategic Objectives section within the Group Strategic Priorities on page 16.

The Board sees the value of building and maintaining strong relationships with all its key stakeholders, who are identified below.

Our employees

The business is committed to open and transparent communication with its staff members. For more information about our people, please see the Culture and Environmental, Social and Corporate Responsibility Report on page 19.

Our customers, suppliers and investors

Focusing solely on providing commercial lending, our customers fall into one distinct category, the business-to-business ("B2B") sector. We are committed to servicing this sector effectively with a network of dedicated broker or relationship managers working tirelessly to ensure that all parties are satisfied with the management of the relationship. We work with a number of key suppliers, primarily providers of IT, marketing support services and expert advisers. Each relevant function has dedicated colleagues who work closely with these suppliers to ensure the successful delivery of these services for both parties. In addition, we invest in our technology infrastructure to enable our customers and key suppliers to have a constantly improving experience with the aim to eventually become market-leading.

We have adopted a more proactive policy with regards to our interactions with investors during the past two years. This approach will continue, as we aim to foster an open and ongoing dialogue with shareholders regularly. Our Chair, CEO and CFO have and will continue to make themselves available to meet and talk to investors, as well as provide updates through investor presentations on the Investor Meet Company platform. Roadshows, presenting at shareholder events and the publication of regular RNS updates augmented the standard programme throughout the year. We hope this will continue to help manage the expectations of shareholders and understand the motivation behind shareholder voting decisions whilst striving to make the right decisions as we navigate the macro-economic environment in which we operate. We continually aim to strike an appropriate balance between long-term shareholder value and short-term business needs.

Section 172 Statement and Stakeholder Engagement (continued)

Our communities and the environment

Whilst we have limited direct impact on the environment, we are mindful of our responsibility in this regard. To this end, a committee was established during the year under review to focus specifically on the ESG agenda and the impact the business has on these important areas. Further details can be found in the Culture and Environmental, Social and Corporate Responsibility report on page 19.

Our standards

Being Genuine is one of our key cultural pillars as we continually strive to maintain a high standard of business conduct. All our employees are trained thoroughly and are subject to rigorous continual professional development standards.

The Strategy section of the Annual Report on pages 8-24 was approved by the Board on 25 September 2024 and signed on its behalf by:

Tanya Raynes
Chair

Governance

"To achieve good governance, companies require an efficient and effective management framework that is accompanied by clear communication to promote confidence and trust"

Chair's Introduction to Governance

for the Year Ended 31 May 2024

Dear Shareholder

On behalf of the Board, I am pleased to introduce our Corporate Governance Statement for the year ended 31 May 2024.

Corporate governance, the way in which companies are directed and controlled, is ultimately the responsibility of the Board. To achieve good governance, companies require an efficient and effective management framework that is accompanied by clear communication to promote confidence and trust. We believe that good corporate governance is vital to support long-term growth in shareholder value and, as such, the purpose of this section of the Annual Report is to set out our commitment to maintaining good corporate governance across the business.

Compliance with the QCA Corporate Governance Code

Companies listed on AIM are required to adopt a recognised code of corporate governance. We have adopted the Quoted Companies Alliance Corporate Governance Code ("QCA"). We believe that QCA is a pragmatic, principles-based tool that enhances our ability to explain our approach to corporate governance. We feel it is appropriate for the needs and circumstances of small and mid-sized quoted companies on a public market like ourselves.

QCA is based around a set of ten principles to which we must either comply or explain why we have chosen not to. The ten principles of the code are set out in the table on page 29 and I can confirm that, to the best of our knowledge, we are in compliance with the requirements and the table provides signposts to the relevant disclosures and explanations.

Shareholder engagement

An important part of QCA concerns engagement and communication with our shareholders. We welcome open and regular dialogue with our shareholders and the Investor Relations section of our website provides many useful reports and presentations highlighting how we have sought to do this.

As with previous years, it remains our intention to give shareholders the opportunity to attend our AGM face-to-face in November 2024. I would, therefore, like to extend an invitation to all our shareholders to join the Board at our AGM and to engage with the Board who will all be in attendance.

Tanya Raynes
Chair

Governance Statement

for the Year Ended 31 May 2024

Board composition

The Board comprises the Non-Executive Chair, two independent Non-Executive Directors and two Executive Directors. Their biographies can be found on page 6.

There is a clear separation of the roles of Non-Executive Chair and Executive Directors. The Chair, Tanya Raynes, is responsible for the running of the Board and for ensuring that all directors are fully informed of matters sufficient to make informed judgements. As Executive Directors, Ed Rimmer and James Roberts have responsibility for implementing the strategy agreed by the Board and managing the day-to-day running of the business. James also supports the Board, as Company Secretary, with compliance and governance matters. Ed and James are supported in their roles by the Leadership Team – a team of experienced leaders across the business (refer to page 7 for their biographies). The Board believes this is appropriate for the size and complexity of our business. The Board view the Non-Executive Directors as independent and experienced individuals with complementary skill sets. Members of the Board maintain membership of a number of professional bodies and ensure their skill sets are constantly developed (refer to page 6 for their biographies). The Nomination Committee is responsible for considering the make-up of the Board and identifies any succession planning requirements. No individual or group dominates the Board's decision-making processes.

All directors of the Board are subject to ratification by the shareholders at the first AGM following their appointment. Aside from the CEO, all directors will then also stand for re-election by rotation at the AGM, with a minimum of one director retiring each year, or one-third retiring each year in the case that there are more than two directors subject to retirement by rotation (rounding down in the case that the number of relevant directors is not a multiple of three).

The Role of the Board

The Board sets the strategic aims of the business and its values; provides the leadership required to put them into effect; supervises and constructively challenges management, who are responsible for the day-to-day running of the business; and reports to shareholders on their stewardship. The Board is also responsible for risk management, and we have set out our approach to this in the Principal Risks and Uncertainties section of the Group Strategic Priorities. This can be found on page 17.

The Board meets 10 times during each financial year with standard meetings lasting for approximately three hours. In addition to this, all directors attend the Group's Annual General Meeting; additional meetings or conference calls are convened as and when required throughout the year. Members of the Board also chair or sit on the Board sub-committees and these each have their own time commitments.

Board effectiveness

The Chair annually reviews the contributions of Board members, with a focus on ensuring effectiveness and relevance. The Board will periodically review its effectiveness and performance as a unit to ensure that it is operating collectively in an efficient, informed, productive and open manner. The Board last conducted an effectiveness review in the second half of 2022 considering topics such as Board composition and governance, Board operations, strategy, stakeholder relations and the performance of individual directors and the various Board committees. The review concluded that the structure and governance, performance and investor relations approach was appropriate for a business of our size and complexity. The next review is planned to be held in the latter part of 2024.

Internal control

The business has appropriate policies on internal control and corporate governance. These exist in order to ensure that proper business records are maintained and reported on, which might reasonably affect the conduct of the business; monitoring procedures for the performance of the business are presented to the Board at regular intervals; budget proposals are submitted to the Board before the start of each financial year; accounting policies and practices suitable for the business' activities are followed in preparing the financial statements; and interim and annual accounts are prepared and submitted in time to enable the business to meet statutory filing deadlines. The business continues to review its system of internal control to ensure compliance with best practice, whilst also having regard to its size and the resources available. Given the size of the business, the Board continues to consider that the introduction of an internal audit function is not appropriate at this juncture.

Board committees

To assist in carrying out its duties, the Board has a number of committees, namely the Audit Committee, the Remuneration Committee, the Risk Committee, and the Nomination Committee. Each committee has formally delegated duties and responsibilities with written terms of reference. From time-to-time, separate committees may be set up by the Board to consider specific issues when the need arises. An explanation of the responsibilities and composition of the committees is set out below and the terms of reference can be downloaded from our website.

i. **Audit Committee:** The Audit Committee consists of Tanya Raynes (Chair), Paul Hird and Tracy Watkinson. It has

Governance Statement (continued)

responsibility for ensuring that the financial performance of the Group is properly reported on and reviewed, and its role includes monitoring the integrity of the financial statements of the Group (including annual and interim accounts and results announcements), reviewing any changes to accounting policies, reviewing and monitoring the extent of the non-audit services undertaken by external auditors and advising on the appointment of external auditors.

ii. **Remuneration Committee:** The Remuneration Committee consists of Tracy Watkinson (Chair), Tanya Raynes and Paul Hird. The Remuneration Committee has responsibility for reviewing the ongoing appropriateness and relevance of remuneration policy and its application to the business; reviewing and approving the remuneration packages of the Executive Directors; the grant of share awards for Executive Directors and senior management; the outcome of prior long-term incentive awards, and in monitoring the level and structure of remuneration of the senior management.

iii. **Nomination Committee:** The Nomination Committee consists of Tracy Watkinson (Chair), Tanya Raynes and Paul Hird. It has responsibility for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board, and in giving full consideration to succession planning.

iv. **Risk Committee:** The Risk Committee consists of Paul Hird (Chair), Tracy Watkinson and Tanya Raynes It has responsibility for reviewing internal control and risk management systems.

The following table shows the Directors' attendance at Board and Committee meetings during the year:

	Plc Board	Audit	Remuneration	Nomination	Risk
T Raynes	10/10	2/2	1/1	1/1	3/3
EJ Rimmer	10/10	1/2*	n/a	n/a	3/3*
JMA Roberts	10/10	1/2*	n/a	n/a	3/3*
T Watkinson**	8/9	0/1	1/1	1/1	3/3
PGS Hird**	8/9	0/1	1/1	1/1	3/3

* By invitation

** T Watkinson and PGS Hird joined Time Finance on 19 September 2023; as such, any committee meetings held before this date they were not available to attend.

JP Telling and R Russell left the business on 7 November 2023. They attended all committee meetings held between 1 June 2023 and their departure. This comprised two plc Board meetings and one Audit Committee meeting.

Accountability and stakeholders

The Board considers the 2024 Annual Report and Financial Statements, taken as a whole, to be fair, balanced and understandable, and that it provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. Details of how we do this is also explained in the Audit Committee Report at page 30.

How we comply with the QCA Corporate Governance Code

Robust governance processes ensure the Group continues to be compliant with recognised corporate governance standards, including the Senior Managers Certification Regime. Time Finance complies with the QCA and our Governance Statement.

Full details of how we comply can be found on our website www.timefinance.com/governance-statement with supplementary information detailed in this report (references are shown in the table below):

Governance principles	Reference
Deliver growth	
Principle 1: Establish a strategy and business model which promote long-term value for shareholders	• Chair's Report (page 9) • Group Strategic Priorities (page 16)
Principle 2: Seek to understand and meet shareholder needs and expectations	• Chair's Report (page 9)
Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success	• Group Strategic Priorities (page 16) • Section 172 Statement (page 23) • Culture and Environmental, Social and Corporate Responsibility Report (page 19)
Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation	• Group Strategic Priorities (page 16)
Maintain a dynamic management framework	
Principle 5: Maintain the Board as a well-functioning balanced team led by the Chair	• Chair's Report (page 9) • Governance Statement (page 27)
Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	• Chair's Report (page 9) • Group Strategic Priorities (page 16) • Section 172 Statement (page 23)
Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	• Chair's Report (page 9) • Governance Statement (page 27)
Principle 8: Promote a corporate culture that is based on ethical values and behaviours	• Culture and Environmental, Social and Corporate Responsibility Report (page 19) • Chair's Report (page 9) • Group Strategic Priorities (page 16) • Section 172 Statement (page 23)
Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	• Chair's Report (page 9) • Governance Statement (page 27)
Build trust	
Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	• Group Strategic Priorities (page 16) • Section 172 Statement (page 23)

The Audit Committee Report

for the Year Ended 31 May 2024

Dear Shareholder

I am pleased to present my report of the Audit Committee for the year ended 31 May 2024. The Group's Auditor is met with at least twice annually (and as otherwise required) by either the Audit Committee or the Committee's Chair, with the CEO and CFO attending part of the meetings by invitation. As Chair of the Audit Committee, in accordance with best practice, I also met separately with the audit partner to provide an opportunity for any relevant issues to be raised directly with me. The key findings of last year's audit were discussed, and plans put in place with a view to addressing the limited number of key areas of risk.

The main items of business considered by the Committee during the year included:

Re-appointment of external auditor

The Committee considers a number of areas when reviewing the external auditor appointment, namely their performance in discharging the audit, the scope of the audit and terms of engagement, their independence and objectivity, and their remuneration. Moore were first appointed as the Group's external auditor in 2006 and conducted the audit of the Group's financial statements for the financial year to 31 May 2007. The audit partner is changed by rotation every 5 years with the last change of partner occurring December 2021. At the Annual General Meeting in November 2023, Moore were re-appointed for the financial year to 31 May 2024. Following the completion of this year's audit, the Committee has confirmed it is satisfied with the independence, objectivity and effectiveness of Moore and has recommended to the Board that the auditors be reappointed, and there will be a resolution to this effect at the forthcoming Annual General Meeting.

The Committee also monitors the provision of non-audit services by the external auditor. The breakdown of fees between audit and non-audit services is provided in Note 6 to the financial statements. As with the previous financial year, there were, again, no non-audit fees this year.

External audit process

The external auditor prepared a plan for its audit of the full year financial statements which, this year, was presented to the Committee in April 2024. The audit plan set out the scope of the audit, areas of significant risk for the external auditor to focus their work on and the audit timetable. This plan was reviewed and agreed by the Audit Committee. No major areas of concern were highlighted by the external auditor during the year; however, areas of significant risk and other matters of audit relevance were discussed.

Critical accounting judgements

The critical accounting judgements considered by the Committee during the year are set out in Note 2 to the financial statements. In consideration of these judgements, the Committee reviewed the recommendations of the finance function and received reports from the external auditors on their findings. These key judgements comprised the following:

- *Expected Credit Losses*: The Group recognises trade receivables and accrued income in the financial statements net of an estimated provision for impairment losses. This has been calculated using an expected credit loss methodology, in line with the guidance in IFRS 9 Financial Instruments, along with individual provisions for balances where management has specific concerns. The Committee has reviewed the basis for the calculation of the provision and the underlying assumptions (explained in Note 2 and also Note 29 Credit Risk Provision) and is satisfied that the provision is appropriately valued.
- *Goodwill impairment*: Management conducted a review of the carrying value of goodwill in the consolidated financial statements to determine whether there was any requirement for an impairment charge, in accordance with IAS 36 Impairment of Assets. Despite the improving results in the year, this remains an area of key focus for the Committee given the size of the balance. Having reviewed the assumptions used in the calculation of carrying value, and the sensitivity analysis performed, the Committee was satisfied that sufficient headroom to the remaining carrying value of goodwill existed.

In summary, the Committee is satisfied that the judgements and estimates made by management are appropriate.

Going Concern

The Audit Committee has reviewed the going concern of the Group. The assessment includes detailed financial forecasts covering the Group's adopted strategy. The period considered by the forecasts is to the end of September 2025, being approximately twelve months from the date of signing of the 2024 Annual Report and Financial Statements. The key assumptions in the forecasts are a) number and size of own-book deals originated and b) the interest rates charged on these new deals. The going concern review also focuses on two key areas: the ability of the Group to fund the deals expected to be originated as well as meeting its debts as they fall due within its cash balances and funding facilities. In all of the scenarios the Group has modelled it remains within its funding covenants for the foreseeable future. The Directors, therefore, consider the going concern basis of accounting to be appropriate. Based on this review, the Committee has a reasonable expectation that the Group has adequate resources to continue in existence for the foreseeable future and has concluded it is appropriate to adopt the going concern basis of accounting in the preparation of the financial statements.

New and forthcoming accounting standards

There were no material new accounting standards adopted during the year.

Control framework

At present the Group does not have an internal audit function, but the Finance function conducts a programme of review of the financial controls operating within each of the businesses, identifying areas to be improved. The Committee believes that in view of the current size and nature of the Group's businesses, this approach is sufficient to enable the Committee to derive assurance as to the adequacy and effectiveness of internal controls and risk management procedures without a formal internal audit function. This will be kept under review as the business grows and evolves.

Tanya Raynes
Chair of the Audit Committee

The Remuneration Committee Report

for the Year Ended 31 May 2024

Dear Shareholder

I am pleased to present the report of Remuneration Committee for the financial year ended 31 May 2024.

This report is intended to help investors assess and understand the remuneration policy in accordance with Group strategy by providing a summary of the responsibilities of the Committee and detailing the amounts earned by the Group's Directors in respect of the year ended 31 May 2024. As such, the principals of the remuneration policy for the Group, as well as the rationale for any major decisions made by the Remuneration Committee during the year are set out below.

The role of the Remuneration Committee is to assist the Board in fulfilling its responsibilities in establishing appropriate remuneration levels and incentive policies for Directors and key Executives. This includes all share-based compensation. The remuneration of the Non-Executive Directors is approved by the Board of Directors who always act fairly and reasonably and in the best interests of the Company and its shareholders.

Remuneration Policy

The remuneration policy of the Group is:

- to provide a suitable remuneration package to attract, motivate and retain Executive Directors.
- to ensure all long-term incentive schemes for the Directors and Senior Management Team are aligned with the Shareholders' interests.

The Committee makes recommendations to the Board. No Director plays a part in any discussion about their own remuneration. The Remuneration Committee members are expected to draw on their experience to judge where to position the Group, relative to other similar companies' and other groups' rates of pay when considering remuneration packages for Executives. The Executive Directors have service contracts which provide for notice periods of twelve months. Each of the Non-Executive Directors has a service contract which provides for a notice period of three months.

Remuneration decisions

Basic salaries and Committee fees

For the year under review ending 31 May 2024, CEO Ed Rimmer and CFO James Roberts' salaries were set at £225,000 and £165,000 respectively. From 1 June 2024, these will increase by £5,000 each to £230,000 and £170,000 respectively, increases of approximately 2% to 3%. Given the external inflationary pressures experienced over the last few years and the awarding of an average salary increase to the Group's employees of 3%, it was felt reasonable to award broadly similar increases to the Executive Directors given they had received pay increases below that of the average Group's employees in both FY 2023/24 (3% vs 5%) and FY 2022/23 (0% vs 6%). It is also worth noting that Ed Rimmer's salary remains at approximately 5 times the average basic salary of the Group's employees.

As regards the Non-Executive Directors, Tanya Raynes, Non-Executive Chair, received a pay rise from 1 June 2024. This saw her base salary increase from £57,500 to £60,000. The Group's two other Non-Executives, Tracy Watkinson and Paul Hird, will receive salaries of £30,500 each, an increase of £500. After careful review of the market, all three Non-Executive Directors' remuneration for running the various Board sub-Committees, will be increased from £2,000 each to £5,000 each.

Annual bonuses

The annual bonus for the period through to 31 May 2024 was assessed against financial performance targets. Given the significant over-performance of the Group in respect of Profit Before Tax to market expectations, where the initial market guidance was exceeded by approximately 20% and three profit upgrades were announced during the financial year, the threshold target was achieved and therefore both Ed Rimmer and James Roberts have been awarded a bonus payment. Ed Rimmer has been awarded £225,000 and James Roberts £165,000.

Directors' Detailed Remuneration

The table below shows the remuneration of the Directors in office at the end of the year:

	Salary	Committee Fees	Pension	Benefits	Bonus	2024 Total	2023 Total
EJ Rimmer	225	-	-	16	225	466	359
JMA Roberts	165	-	7	16	165	353	273
T Raynes	58	2	2	-	-	62	55
T Watkinson	22	2	-	-		24	-
PGS Hird	22	2	-	-	-	24	-
	492	**6**	**9**	**32**	**390**	**929**	**521**

Tracy Watkinson and Paul Hird joined on 19 September 2023 and, as such, their remuneration only reflects the part of the financial year that they were employed for. Julian Telling and Ron Russell, who were directors for part of the financial year and who resigned on 7 November 2023, received total amounts for the financial year of £14k and £12k respectively, again reflecting the period they were employed for.

Directors' Share Interests

The table below shows the interests of the Directors in office at the end of the year in the share capital of the Company:

	As at 31 May 2024 number of ordinary shares	As at 31 May 2023 number of ordinary shares
Executives		
EJ Rimmer	**508,164**	66,606
JMA Roberts	**615,006**	535,550
Non-Executives		
T Raynes	**31,827**	21,156
T Watkinson	**-**	-
PGS Hird	**86,930**	-

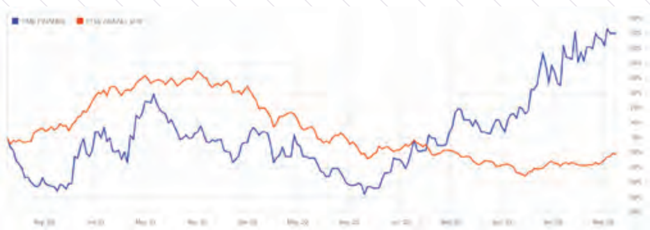
Directors' Share Options

Details of share options held by the Directors in office at the end of the year over the ordinary shares of the Company are set out below:

	Scheme	31 May 2023	Granted	Exercised	Cancelled	31 May 2024
JMA Roberts	2020 Unapproved	123,500	-	123,500	-	**-**
EJ Rimmer	2022 Unapproved	1,235,000	-	411,666	-	**823,334**

James Roberts' shares were issued as part of the Unapproved 2020 Share Option Scheme. Ed Rimmer's shares were issued under the Unapproved 2022 Share Option Scheme. Further details are provided in Note 26 to the consolidated financial statements and on the Group's website.

Performance History



The market price of ordinary shares at 31 May 2024 was 41.75p (31 May 2023: 28.50p). The range during the year to 31 May 2024 was from 24.50p to 44.25p (year to 31 May 2023: 15.30p to 29.30p). The graph shows the percentage movement in the share price of Time Finance from 1 June 2020 to 31 May 2024 compared to the FTSE AIM All-Share index.

Recent Developments

There have been no further significant developments in the Executive remuneration since the financial year-end. As explained in last year's Annual Report and Financial Statements, both a cash bonus scheme and a medium-term incentive plan were established in July 2022.

The details of which included:

- a cash bonus scheme for the Executive Directors in respect of the financial years ending 31 May 2023, 31 May 2024 and 31 May 2025. Each annual element being conditional upon the achievement of results above market expectations and capped at 100% of basic salary.
- a long-term incentive plan for members of the Group's senior management team. Under the scheme options over 1,835,000 shares were granted of which 1,235,000 were granted to Ed Rimmer and 600,000 to other senior colleagues within the Group. The awarded options vest in equal tranches over a three-year period subject to stretching annual performance conditions in excess of market expectations in respect of the Group's profitability.

It remains the expectation of the Remuneration Committee that all share options in place at year-end, should they vest, will be met from the Group's Employee Benefit Trust. As such, there should be no issuance of new shares and so no associated dilution of shareholders with regards the various share options schemes in place.

Conclusion

We are committed to a responsible and transparent approach in respect of the Executive Directors' pay. We continue to welcome any feedback from shareholders.

Tracy Watkinson
Chair of the Remuneration Committee

Directors' Report

for the Year Ended 31 May 2024

The Directors present their report with the financial statements of the Company and the Group for the year ended 31 May 2024.

Principal Activity

The principal activity of the Group in the year under review was that of providing financial services to UK businesses.

Results and Dividends

The Group's profit after tax for the year was £4.4m (2023: £3.4m). The Directors do not propose a final dividend (2023: 0.0p per share). Future dividends will be kept under review.

A review of the business, including future developments, is included in the Group Strategic Priorities on pages 16–18.

Events Since the End of the Year

Information relating to events since the end of the year is given in the Note 25 to the financial statements.

Directors

The Directors shown below have held office during the whole of the period from 1 June 2023 to the date of this report unless otherwise stated.

T Raynes	Non-Executive Chair
TE Watkinson	Non-Executive Director (appointed 19 September 2023)
PGS Hird	Non-Executive Director (appointed 19 September 2023)
EJ Rimmer	Chief Executive Officer
JMA Roberts	Chief Financial Officer
JP Telling	Non-Executive Director (resigned 7 November 2023)
R Russell	Non-Executive Director (resigned 7 November 2023)

The interest which the Directors serving at the end of the year had in the ordinary share capital of Time Finance plc at 31 May 2024 is disclosed in the Directors' Share Interests section within the Remuneration Committee Report on page 33. Details of the Directors' share options are provided in the Directors' Share Options section within the same Report on the same page.

Financial Instruments

The Group's financial instruments comprise cash and liquid resources, including receivables and payables that are also financial instruments that arise directly from operations. The main purpose of the financial instruments is to fund the Group's operations. As a matter of policy, the Group does not trade in financial instruments, nor does it enter into any derivative transactions. Further details on financial instruments are given in Note 28 to these financial statements.

Directors' Insurance and Indemnities

Throughout the year the Group has maintained Directors' and Officers' liability insurance for the benefit of the Company, the Directors and its officers. The Directors consider the level of cover appropriate for the business and it will remain in place for the foreseeable future.

Significant Shareholdings

The following parties held greater than 3% of the issued share capital of Time Finance plc at 31 May 2024:

	Number of shares	% of issued share capital
Arena Investors, LP	**18,425,000**	19.92
GPIM Limited	**16,777,972**	18.13
R Russell	**11,542,788**	12.48

Disclosure in the Strategic Report

Please refer to the Chief Executive Officer's Report, Chair's Report and Group Strategic Priorities.

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with IFRS as adopted by the United Kingdom and applicable law. The financial statements must, in accordance with IFRS, present fairly the financial position and performance of the company; such references in the UK Companies Act 2006 to such financial statements giving a true and fair view are references to their achieving a fair presentation. Under company law directors must not approve the financial statements unless they are satisfied that they give a true and fair view.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with UK-adopted IFRS
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Statement as to Disclosure of Information to Auditors

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Auditors

A number of areas are considered by the Audit Committee when reviewing the appointment and engagement of the external auditor, namely their performance in discharging the audit, the scope of the audit and terms of engagement, their independence and objectivity, and remuneration. Following the completion of this year's audit, the Audit Committee has confirmed it is satisfied with the independence, objectivity and effectiveness of Moore and has recommended to the Board that the auditors be reappointed, and there will be a resolution to this effect at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

James Roberts
Chief Financial Officer
25 September 2024

Financial Statements

"Revenues, Net Tangible Assets and the lending book are all at record highs. Crucially though, arrears are well controlled"

Report of the Independent Auditors to the Members of Time Finance PLC

Opinion

We have audited the financial statements of Time Finance plc (the "parent company") and its subsidiaries (the "Group") for the year ended 31 May 2024 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated and Company Statements of Financial Position, Consolidated and Company Statements of Changes in Equity, Consolidated and Company Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Financial Reporting Standards (IFRSs).

In our opinion, the financial statements:

– give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 May 2024 and of the Group's profit for the year then ended;

– have been properly prepared in accordance with UK-adopted IFRSs; 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 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 audit opinion.

Conclusions relating to going concern

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

Our evaluation of the Directors' assessment of the Group's and parent company's ability to adopt the going concern basis of accounting included:

– Evaluation of the available financing facilities, repayment terms and covenants;

– Assessment of the reasonableness of cash flow forecasts over the outlook period including the impact of the macro-economic environment and sensitivities;

– Testing of the clerical accuracy of those forecasts and assessment of historical accuracy of forecasts prepared by management; and

– Assessment of the adequacy of disclosure provided in Note 2.

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 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.

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.

Report of the Independent Auditors to the Members of Time Finance PLC (continued)

Area of focus	Work performed to address this risk	Conclusion of findings
Recoverability of trade receivables and valuation of the expected credit loss provision The financial statements include net trade receivables of £178m (2023:£150m), which represents 85% (2023:82%) of the Group's total assets. The credit loss provision is £4.7m (2023:£4.2m). We have assessed this area as being of significant risk to the audit due to the significance of these amounts in deriving the Group's results and because of the nature of the IFRS 9 requirements for provisioning, which is an estimate that involves judgements and assumptions.	In assessing the valuation of trade receivables, we performed the following procedures: – We tested after balance sheet date cash receipts for a sample of receivables. – We reviewed leases and loans in arrears to consider the adequacy of provisions in place and where payment plans have been entered whether they are being adhered to. – We assessed the appropriateness of the methodology applied to determine the expected credit loss provision with reference to the requirements of IFRS 9. – We have tested the mathematical accuracy of the credit risk provision model and corroborated back to underlying data and supporting documentation. – We have compared historical default rates experienced to the loss rate applied within the credit loss provision model and found them to be in agreement. – We considered the adequacy of the disclosures made in the financial statements including the Group's accounting policy over provisioning. – We considered the size and complexity of management overlays, in order to assess the reasonableness of the adjustments by challenging key assumptions, inspecting the calculation methodology and tracing a sample of the data used back to source data.	We have no matters to communicate in respect of the recoverability of trade receivables or credit loss provisioning.
Revenue recognition and the IT operating systems The IT operating systems used by the Group are central to the integrity of the allocation of income to the appropriate accounting period using the effective interest rate method.	In assessing revenue recognition, we performed the following procedures: – We tested a sample of new contracts to ensure they were entered into the system accurately and revenue recognised appropriately. – We reperformed a sample of calculations to test that the operating system was allocating interest to the correct periods. – We reviewed the disclosures in the Group's accounting policy over revenue to gain assurance they were consistent with both the conclusions from the audit testing performed as well as being in line with IFRS 15.	We have no matters to communicate in respect of revenue recognition.
Goodwill Impairment Assessment The Group has goodwill across two cash generating units ("CGUs") at 31 May 2024: £27.2 million (2023: £27.2 million). The Group's assessment of impairment in accordance with IAS 36 Impairment of Assets is a judgemental process which requires estimating future cash flows based on management's view of future business prospects. Our key audit matter focuses on the robustness of the revenue and profit forecasts. Given the significant level of judgement involved, we identified this key audit matter.	We performed the following procedures in response to the key audit matter identified: – Discussed with management to understand and critically challenge the key underlying assumptions used in the forecasts that form the basis of the Group's impairment review; – Performed an assessment of the accuracy of previously prepared forecasts; this included reviewing trading performance in 2023/24 to determine management's ability to forecast accurately and understand the reasons for any material variances; – Performed additional sensitivities, to challenge the strength of the forecasting model; this involved running combined sensitivities using increased discount rates; – Performed a model integrity check, including reviewing the model for mathematical and clerical accuracy; – Reviewed the disclosures in the financial statements.	Based on the audit procedures performed we are satisfied that the valuation of goodwill at year end is appropriate.

Area of focus	Work performed to address this risk	Conclusion of findings
Going concern During the year ended 31 May 2024 the Group saw strong growth despite the impact of in the 'cost of living' crisis which has seen arrears and credit risk provision grow. This has resulted in some customers struggling to meet their repayment obligations. Due to the potential significance of the 'cost of living' crisis and economic pressures on the Group's core customer base we consider this to be a key audit matter.	In assessing the going concern status of the Group, we have reviewed and considered the following: – We have considered the impact of the current cost of living crisis and inflationary pressures on the budgets and projections of the Group within our sensitivity testing and accompanying management assessment. – Availability of overdraft and loan facilities to ensure there is sufficient capital should management's forecast not meet expectations.	Our key observations are set out in the conclusions related to going concern section of our audit report.

Our application of materiality

In planning and performing our audit we were influenced by our application of materiality. We set certain quantitative measures and thresholds for materiality, which together with other, qualitative, considerations, helped us to determine the scope of our audit and the nature, timing and extent of the procedures performed. Based on our professional judgement, we determined materiality for the Group financial statements as a whole to be £250,000 (2023: £150,000) and £200,000 (2023: £35,000) for the Parent Company. The principal determinant in this assessment was profit before tax and exceptional items, which we consider to be the most relevant benchmark as a key metric for the directors, investors and users of the Time Finance plc financial statements. Our materiality represents 5% of the average of the last three years of this number. We have taken an average of the past 3 years as this provides the most stable and comparable profit metric given the impact of the cost of living crisis/covid and the changes to the credit risk provisions year on year.

We have agreed with the Audit Committee that we shall report to them any misstatements in excess of £12,500 (2023: £7,500) that we identify through the course of our audit, together with any qualitative matters that warrant reporting.

An overview of the scope of the audit

The scope of the audit for the financial statements has been determined by our application of our materiality to the financial statements in association to the risks of the Group when determining the level of work to be performed. All audit work was performed directly by the audit engagement team with work performed to a statutory audit scope for all trading entities within the Group.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the 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 financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

– the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

– the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of Time Finance PLC (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and 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 34, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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 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.
- 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.

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

Use of our report

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

Simon Cunningham
(Senior Statutory Auditor)
for and on behalf of Moore
Chartered Accountants & Statutory Auditor
30 Gay Street
Bath
BA1 2PA

25 September 2024

Consolidated Income Statement

for the Year Ended 31 May 2024

	Notes	Continuing Operations 2024 £'000	Discontinued Operations 2024 £'000	Total 2024 £'000	Continuing Operations 2023 £'000	Discontinued Operations 2023 £'000	Total 2023 £'000
Revenue		**33,180**	–	**33,180**	26,968	602	27,570
Other Income		**50**	–	**50**	–	–	–
Total Revenue		**33,230**	–	**33,230**	26,968	602	27,570
Cost of Sales		**(14,000)**	–	**(14,000)**	(11,172)	(227)	(11,399)
GROSS PROFIT		**19,230**	–	**19,230**	15,796	375	16,171
Administrative expenses		**(13,185)**	–	**(13,185)**	(11,371)	(277)	(11,648)
Exceptional Items	10	–	–	–	(70)	(10)	(80)
Share-based payments	26	**(61)**	–	**(61)**	(125)	–	(125)
OPERATING PROFIT		**5,984**	–	**5,984**	4,230	88	4,318
Finance costs	5	**(145)**	–	**(145)**	(152)	–	(152)
Finance income	5	**96**	–	**96**	1	–	1
PROFIT BEFORE INCOME TAX	6	**5,935**	–	**5,935**	4,079	88	4,167
Adjusted earnings before tax, exceptional items and share-based payments		**5,996**	–	**5,996**	4,274	98	4,372
Exceptional items	10	–	–	–	(70)	(10)	(80)
Share-based payments	26	**(61)**	–	**(61)**	(125)	–	(125)
PROFIT BEFORE INCOME TAX		**5,935**	–	**5,935**	4,079	88	4,167
Income tax	7	**(1,491)**	–	**(1,491)**	(720)	–	(720)
PROFIT FOR THE YEAR		**4,444**	–	**4,444**	3,359	88	3,447
Profit attributable to: Owners of the parent company		**4,444**	–	**4,444**	3,359	88	3,447
Earnings per share expressed in pence per share	9						
Basic		**4.80**	–	**4.80**	3.63	0.10	3.73
Diluted		**4.80**	–	**4.80**	3.63	0.10	3.73

The notes on pages 49 to 72 form part of these financial statements

Consolidated Statement of Comprehensive Income

For the Year Ended 31 May 2024

	Notes	Continuing Operations 2024 £'000	Discontinued Operations 2024 £'000	Total 2024 £'000	Continuing Operations 2023 £'000	Discontinued Operations 2023 £'000	Total 2023 £'000
PROFIT FOR THE YEAR		**4,444**	**–**	**4,444**	3,359	88	3,447
OTHER COMPREHENSIVE INCOME		**–**	**–**	**–**	–	–	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**4,444**	**–**	**4,444**	3,359	88	3,447
Total comprehensive income attributable to: Owners of the parent company		**4,444**	**–**	**4,444**	3,359	88	3,447

The notes on pages 49 to 72 form part of these financial statements

Consolidated Statement of Financial Position

31 May 2024

	Notes	2024 £'000	2023 £'000
ASSETS			
NON-CURRENT ASSETS			
Goodwill	11	**27,263**	27,263
Intangible assets	12	**226**	231
Property, plant and equipment	13	**286**	238
Right-of-use property, plant and equipment	13,22	**552**	573
Trade and other receivables	15	**70,015**	58,530
Deferred tax	23	**1,418**	1,236
		99,760	88,071
CURRENT ASSETS			
Trade and other receivables	15	**108,389**	91,847
Cash and cash equivalents	16	**1,590**	3,772
		109,979	95,619
TOTAL ASSETS		**209,739**	183,690
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	17	**9,252**	9,252
Share premium	18	**25,543**	25,543
Employee shares	18	**292**	231
Treasury shares	18	**(815)**	(770)
Retained earnings	18	**31,863**	27,419
		66,135	61,675
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	19	**62,973**	52,822
Financial liabilities - borrowings	20	**294**	1,319
Lease liability	22	**363**	428
		63,630	54,569
CURRENT LIABILITIES			
Trade and other payables	19	**78,303**	65,207
Financial liabilities - borrowings	20	**1,025**	1,625
Tax payable		**288**	423
Provisions	21	**173**	–
Lease liability	22	**185**	191
		79,974	67,446
TOTAL LIABILITIES		**143,604**	122,015
TOTAL EQUITY AND LIABILITIES		**209,739**	183,690

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

James Roberts
Chief Financial Officer

The notes on pages 49 to 72 form part of these financial statements

Company Statement of Financial Position

31 May 2024

	Notes	2024 £'000	2023 £'000
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	12	**212**	221
Property, plant and equipment		**11**	14
Investments	14	**21,030**	21,030
		21,253	21,265
CURRENT ASSETS			
Trade and other receivables	15	**27,056**	25,276
Tax receivable		**5**	–
Cash and cash equivalents	16	**907**	686
		27,968	25,962
TOTAL ASSETS		**49,221**	47,227
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	17	**9,252**	9,252
Share premium	18	**25,543**	25,543
Employee shares	18	**222**	194
Treasury shares	18	**(815)**	(770)
Retained earnings	18	**11,685**	8,858
TOTAL EQUITY		**45,887**	43,077
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings	20	**294**	1,319
Deferred tax	23	**50**	41
		344	1,360
CURRENT LIABILITIES			
Trade and other payables	19	**1,965**	1,602
Financial liabilities - borrowings	20	**1,025**	1,025
Tax payable		**–**	163
		2,990	2,790
TOTAL LIABILITIES		**3,334**	4,150
TOTAL EQUITY AND LIABILITIES		**49,221**	47,227
Company (loss) / profit for the financial year		**(173)**	518

As permitted by Section 408 of the Companies Act 2006, the income statement and statement of comprehensive income of the parent company is not presented as part of these financial statements.

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

James Roberts
Chief Financial Officer

The notes on pages 49 to 72 form part of these financial statements

Consolidated Statement of Changes in Equity

for the Year Ended 31 May 2024

	Called up share capital £'000	Retained Earnings £'000	Share Premium £'000	Treasury Shares £'000	Employee Shares £'000	Total Equity £'000
Balance at 31 May 2022	9,252	23,972	25,543	(820)	106	58,053
Total comprehensive income	–	3,447	–	–	–	3,447
Transactions with owners						
Sale of treasury shares	–	–	–	50	–	50
Value of employee services	–	–	–	–	125	125
Balance at 31 May 2023	**9,252**	**27,419**	**25,543**	**(770)**	**231**	**61,675**
Total comprehensive income	–	4,444	–	–	–	4,444
Transactions with owners						
Sale of treasury shares	–	–	–	(45)	–	(45)
Value of employee services	–	–	–	–	61	61
Balance at 31 May 2024	**9,252**	**31,863**	**25,543**	**(815)**	**292**	**66,135**

Company Statement of Changes in Equity

for the Year Ended 31 May 2024

	Called up share capital £'000	Retained Earnings £'000	Share Premium £'000	Treasury Shares £'000	Employee Shares £'000	Total Equity £'000
Balance at 31 May 2022	9,252	2,812	25,543	(820)	106	36,893
Total comprehensive income	–	518	–	–	–	518
Transactions with owners						
Purchase of treasury shares	–	–	–	50	–	50
Dividends	–	5,528	–	–	–	5,528
Value of employee services	–	–	–	–	88	88
Balance at 31 May 2023	**9,252**	**8,858**	**25,543**	**(770)**	**194**	**43,077**
Total comprehensive income	–	(173)	–	–	–	(173)
Transactions with owners						
Purchase of treasury shares	–	–	–	(45)	–	(45)
Dividends	–	3,000	–		–	3,000
Value of employee services	–	–	–	–	28	28
Balance at 31 May 2024	**9,252**	**11,685**	**25,543**	**(815)**	**222**	**45,887**

The notes on pages 49 to 72 form part of these financial statements

Consolidated Statement of Cash Flows

for the Year Ended 31 May 2024

	Notes	Continuing Operations 2024 £'000	Discontinued Operations 2024 £'000	Total 2024 £'000	Continuing Operations 2023 £'000	Discontinued Operations 2023 £'000	Total 2023 £'000
Cash generated from operations							
Profit before tax		**5,935**	–	**5,935**	4,079	88	4,167
Depreciation & amortisation charges		**434**	–	**434**	422	1	423
Finance costs		**145**	–	**145**	152	–	152
Finance income		**(96)**	–	**(96)**	(1)	–	(1)
Loss on disposal of property, plant and equipment		**2**	–	**2**	17	–	17
(Increase)/decrease in trade and other receivables		**(28,027)**	–	**(28,027)**	(29,201)	20	(29,181)
Increase/(decrease) in trade and other payables		**23,247**	–	**23,247**	27,056	(16)	27,040
Movement in other non-cash items		**38**	–	**38**	944	(435)	509
		1,678	–	**1,678**	3,468	(342)	3,126
Cash flows from operating activities							
Interest paid		**(145)**	–	**(145)**	(152)	–	(152)
Tax paid		**(1,703)**	–	**(1,703)**	(541)	–	(541)
Net cash from operating activities		**(170)**	–	**(170)**	2,775	(342)	2,433
Cash flows from investing activities							
Purchase of software, property, plant & equipment		**(250)**	–	**(250)**	(129)	–	(129)
Interest received		**96**	–	**96**	1	–	1
Net cash from investing activities		**(154)**	–	**(154)**	(128)	–	(128)
Cash flows from financing activities							
Payment of lease liabilities		**(233)**	–	**(233)**	(170)	–	(170)
Loan repayments in year		**(1,625)**	–	**(1,625)**	(1,025)	–	(1,025)
Changes in overdrafts		–	–	–	(254)	–	(254)
Net cash from financing activities		**(1,858)**	–	**(1,858)**	(1,449)	–	(1,449)
(Decrease)/increase in net cash and cash equivalents		**(2,182)**	–	**(2,182)**	1,198	(342)	856
Net cash and cash equivalents at beginning of year	27	**3,772**	–	**3,772**	2,574	342	2,916
Net cash and cash equivalents at end of year	27	**1,590**	–	**1,590**	3,772	–	3,772

The notes on pages 49 to 72 form part of these financial statements

Company Statement of Cash Flows

for the Year Ended 31 May 2024

	Notes	2024 £'000	2023 £'000
Cash generated from operations			
Profit before tax		**2,816**	518
Depreciation & amortisation charges		**136**	125
Finance costs		**92**	63
(Increase) in trade and other receivables		**(1,781)**	(3,286)
Increase/(decrease) in trade and other payables		**364**	(2,189)
Movement in other non-cash items		**423**	143
		2,050	(4,626)
Cash flows from operating activities			
Interest paid		**(92)**	(63)
Tax paid		**(163)**	–
Net cash from operating activities		**1,795**	(4,689)
Cash flows from investing activities			
Purchase of software, property, plant and equipment		**(124)**	(73)
Dividends received		**3,000**	5,528
Net cash from investing activities		**2,876**	5,455
Cash flows from financing activities			
Loan repayments/loans issued in period		**(4,450)**	(1,025)
Net cash from financing activities		**(4,450)**	(1,025)
Increase/(decrease) in net cash and cash equivalents		**221**	(259)
Net Cash and cash equivalents at beginning of year	27	**686**	945
Net Cash and cash equivalents at end of year	27	**907**	686

The notes on pages 49 to 72 form part of these financial statements

Notes to the Consolidated Financial Statements

for the Year Ended 31 May 2024

1. Statutory Information

Time Finance plc is a UK domiciled public company, registered in England and Wales. The company's registered number and registered office address are stated on page 2.

2. Accounting Policies

Basis of preparation

These financial statements have been prepared in accordance with UK-adopted International Financial Reporting Standards ("IFRS") and by the International Financial Reporting Interpretations Committee ("IFRIC") interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The key judgements made by management in applying the Group's accounting policies that have the most significant effect on these financial statements are in relation to the leased assets, specifically valuation and recognition. Management have selected suitable accounting policies for income recognition (see below) and have made specific provisions against bad debts.

Due to the nature of the Group's trading the Directors do not have any concerns over the key assumptions concerning the future and do not consider there to be any key sources of estimation uncertainty. The Group has ample headroom in its funding facilities. As such, the Directors are confident that the Group will continue to operate as a going concern.

The functional currency of the Group is denominated in pound sterling. The figures have been rounded to the nearest one thousand pounds.

Acquisition of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the business and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefits arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace the share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the parent company (Time Finance plc) and entities controlled by the company (its subsidiaries) made up to 31 May each year. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Going concern

Due to the nature of the Group's trading, the Directors do not have any concerns over the key assumptions concerning the future and do not consider there to be any key sources of estimation uncertainty. The Group is cash generative and has ample headroom in its funding facilities. As such, the Directors are confident that the Group will continue to operate as a going concern.

Principal activity and nature of operations

The principal activity in the year under review was that of providing financial products and services to UK businesses.

Revenue recognition

Assets leased to customers on finance leases are recognised in the Statement of Financial Position at the amount of the Group's net investment in the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. Loans are recognised when cash is advanced to borrowers. Loans are carried at their unpaid principal balances. Loan interest is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of the loans. Invoice finance facilities are recognised when cash is advanced to clients. Interest is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of those facilities.

Document fees, administration fees, facility fees and secondary rental charges are recognised in the period to which they relate.

Brokerage commission income in relation to Leases and Loans is recognised at the point the loan or lease is paid out. Brokerage commission income in relation to vehicles broking is recognised at the point when the vehicle has been delivered and the invoice to the funder has been raised.

Notes to the Consolidated Financial Statements (continued)

2. Accounting Policies (cont.)

Goodwill

Goodwill is measured as the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. Goodwill is allocated to a reporting segment, namely Asset Finance and Invoice Finance. The Goodwill in each segment is tested for impairment annually, or more frequently when there is an indication that it may be impaired. Any impairment loss for goodwill is recognised directly in the profit or loss. An impairment loss for goodwill will not be reversed in subsequent periods.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. The subsequent accounting for change in the fair value of the contingent consideration that do qualify as measurement period adjustments depends on how the contingent consideration is classified.

Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold	-	in accordance with the property lease
Improvements to property	-	20% on cost and in accordance with the property lease
Assets held for rental	-	at varying rates on cost
Fixtures and fittings	-	25% on cost
Motor vehicles	-	25% on cost
Computer equipment	-	25% on cost

All property, plant and equipment are shown at cost less subsequent depreciation and impairment, if any.

Intangible assets

Amortisation is provided at the following annual rates in order to write off each asset over its estimated useful life, which are considered to be finite.

Computer software	-	25% on cost

Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income and expense that have been shown separately due to the significance of their nature or amount.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the Statement of Financial Position date.

Deferred Tax

Deferred income tax is recognised on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax liabilities however are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax assets is realised, or the deferred income tax liability is settled.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associated and joint arrangements, except for deferred income tax liabilities where the reversal of the temporary difference is not in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

Impairment of financial assets

Expected credit losses are recognised under IFRS 9 where the credit loss provision is measured and recognised in accordance with the expected credit loss ("ECL") model. The IFRS 9 impairment model introduces a three-stage approach:

- Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses (that is, expected losses arising from the risk of default in the next twelve months) are recognised.
- Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition but are not credit impaired. For these assets' lifetime ECLs (that is, expected losses arising from the risk of default over the life of the financial instrument) are recognised.
- Stage 3 consists of financial assets that are credit impaired, which is when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred. For these assets, lifetime ECLs are also recognised.

The Company uses its historical experience, external indicators and forward-looking information to calculate expected credit losses. For detail of IFRS 9 calculations refer to Note 29.

Provision for specific debts

Provision is made for receivables in arrears after taking into account expected recovery proceeds. Any amounts where the expected recovery is less than the carrying value is allocated a specific provision against the shortfall.

Funding payables and cost of sales

Finance received from funding providers is classified as payables in the Consolidated Statement of Financial Position. Payments to the funding providers contain a capital element which reduces the amount payable, and an interest charge is debited to the cost of sales using the sum of digits method. Due to the relatively short term of the funding payables the Directors are satisfied that this method of apportioning interest is not materially different to the effective interest method.

Financial instruments

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as either financial assets, financial liabilities, or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Employee benefit

(a) Pension obligations

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the end of the reporting period are discounted to their present value.

Notes to the Consolidated Financial Statements (continued)

2. Accounting Policies (cont.)

Own shares

Own shares consist of treasury shares and shares held within an employee benefit trust. The Company has established an employee benefit trust for the granting of conditional shares to applicable employees. Own shares are recognised at cost as a deduction from equity shareholders' funds. Subsequent consideration received for the sale of such shares is also recognised in equity, with any difference between the sale proceeds and the original cost being taken to retained earnings. No gain or loss is recognised in the financial statements on transactions in treasury shares.

Share-based payments

The Group operates an equity-settled, share-based compensation plan, under which the entity received services from employees as consideration for equity instruments (options) of the Company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount expensed is determined by reference to the fair value of the options granted:

- Including any market performance conditions (for example, an entity's share price);
- Excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period);
- Including the impact of any non-vesting conditions (for example, the requirement for employees to save or hold shares for a specific period of time).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the service and non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and highly liquid interest-bearing securities with maturities of 3 months or less.

Leases

IFRS 16 'Leases' addresses the recognition of leases on the balance sheet. The standard eliminates the distinction between operating and finance leases, and results in operating leases being treated as finance leases. The lease liability is initially recognised at the present value of the lease payments which have not yet been made and subsequently measured under the amortised cost method.

The initial cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, lease payments made prior to the lease commencement date, initial direct costs and the estimated costs of removing or dismantling the underlying asset per the conditions of the contract.

Where ownership of the right-of-use asset transfers to the lessee at the end of the lease term, the right-of-use asset is depreciated over the asset's remaining useful life. If ownership of the right-of-use asset does not transfer to the lessee at the end of the lease term, depreciation is charged over the shorter of the useful life of the right-of-use asset and the lease term.

Critical estimates

The preparation of financial statements may require the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. The following are the key areas that involved a higher degree of judgement or complexity which may be more likely to be materially adjusted due to the use of assumptions which turn out to be incorrect:

a. Goodwill impairment

The Group tests annually whether goodwill has suffered any impairment by applying growth assumptions and assessing the future cash flows which are expected to arise from the continuing operation. All other assets are tested for impairment where there are indicators of impairment. Actual outcomes could vary significantly from these estimates (see Note 11 Goodwill).

b. Expected credit losses

The Group assesses its best estimate for the expected credit losses provision at each reporting date, using trends from actual historical data as well as from forward-looking information. Significant judgement is required in assessing performance, especially with delinquencies and default rates on those products in the performing category, as any changes in rates could impact the provision materially (see Note 29 Credit Risk Provision).

Accounting standards issued but not yet effective

There are currently no standards issued which will have a material impact on the Group.

3. Segmental Reporting

The Group provides a range of financial services and product offerings throughout the UK and has two core trading divisions, namely: Asset Finance and Invoice Finance. The Group's ancillary product offerings, Commercial Loans and Vehicles fleet brokering are included within the Asset Finance segment as they operate under the same management team, office locations and with the same back-office teams. Asset Based Lending is included within the Invoice Finance segment for the same reason.

The operating segments, therefore, reflect the Group's organisational and management structures. The Group reports internally on these segments in order to assess performance and allocate resources. The segments are differentiated by the type of products provided.

The segmental results and comparatives are presented with intergroup charges allocated to each division based on actual revenues generated. Intergroup expenses are recharged at cost and largely comprise; plc Board and listing costs, Marketing, Compliance, IT and Human Resource costs.

For the year ended 31 May 2024	Asset Finance £'000	Invoice Finance £'000	Other £'000	TOTAL £'000
Revenue	18,783	14,339	108	33,230
Cost of sales	(10,456)	(3,387)	(157)	(14,000)
GROSS PROFIT	8,327	10,952	(49)	19,230
Administrative expenses	(5,935)	(5,466)	(1,784)	(13,185)
Share-based payments	(12)	(5)	(44)	(61)
OPERATING PROFIT	2,380	5,481	(1,877)	5,984
Finance costs	(31)	(22)	(92)	(145)
Finance income	1	95	-	96
PROFIT BEFORE INCOME TAX	2,350	5,554	(1,969)	5,935
Intra-group recharges	(1,051)	(918)	1,969	-
PROFIT BEFORE INCOME TAX	1,299	4,636	-	5,935
Adjusted earnings before interest, tax, exceptional items and share-based payments	2,362	5,559	(1,925)	5,996
Share-based payments	(12)	(5)	(44)	(61)
PROFIT BEFORE INCOME TAX	2,350	5,554	(1,969)	5,935

Notes to the Consolidated Financial Statements (continued)

3. Segmental Reporting (cont.)

For the year ended 31 May 2023	Asset Finance £'000	Invoice Finance £'000	Other £'000	TOTAL £'000
Revenue	16,540	10,679	351	27,570
Cost of sales	(8,389)	(2,784)	(226)	(11,399)
GROSS PROFIT	8,151	7,895	125	16,171
Administrative expenses	(6,009)	(4,040)	(1,599)	(11,648)
Exceptional items	–	(34)	(46)	(80)
Share-based payments	(26)	(11)	(88)	(125)
OPERATING PROFIT	2,116	3,810	(1,608)	4,318
Finance costs	(75)	(14)	(63)	(152)
Finance income	1	–	–	1
PROFIT BEFORE INCOME TAX	2,042	3,796	(1,671)	4,167
Intra-group recharges	(855)	(816)	1,671	-
PROFIT BEFORE INCOME TAX	1,187	2,980	-	4,167
Adjusted earnings before interest, tax, exceptional items and share-based payments	2,068	3,841	(1,537)	4,372
Exceptional items	–	(34)	(46)	(80)
Share-based payments	(26)	(11)	(88)	(125)
PROFIT BEFORE INCOME TAX	2,042	3,796	(1,671)	4,167

4. Employees and Directors

	2024 £'000	2023 £'000
Wages and salaries	**8,085**	6,676
Social security costs	**864**	783
Other pension costs	**316**	252
	9,265	7,711

The average number of employees during the year was as follows:

	2024	2023
Management	**10**	10
Operational	**132**	117
	142	127

	2024 £'000	2023 £'000
Directors' remuneration	**963**	749
The number of directors to whom retirement benefits were accruing was as follows: Money purchase schemes	**2**	2
The number of directors who exercised share options during the year was as follows	**2**	1

The Directors' aggregate emoluments in respect of qualifying services were:

	Salary	Committee Fees	Bonus	Pension	Benefits	2024 £'000 Total	2023 £'000 Total
T Raynes	58	2	–	2	–	**62**	55
EJ Rimmer	225	–	225	–	16	**466**	359
J M A Roberts	165	–	165	7	16	**353**	273
P Hird *(appointed 19 September 2023)*	22	2	–	–	–	**24**	–
T Watkinson *(appointed 19 September 2023)*	22	2	–	–	–	**24**	–
R Russell *(resigned on 7 November 2023)*	15	–	–	–	–	**15**	28
J P Telling *(resigned on 7 November 2023)*	19	–	–	–	–	**19**	34
	526	**6**	**390**	**9**	**32**	**963**	**749**

The key management personnel are the same as the Directors and therefore disclosure is the same.

During the year, after meeting qualifying criteria of the Share Option Scheme, 411,666 shares vested and were exercised by E Rimmer. A further 123,500 shares vested and were exercised by J Roberts of which 65,454 were disposed of to meet associated tax liabilities.

5. Net Finance Costs

	2024 £'000	2023 £'000
Finance income:		
Bank account interest	**96**	1
Finance costs:		
Bank loan interest	**(35)**	86
Interest payable	**180**	66
	145	152
Net finance costs	**49**	151

6. Profit before Income Tax

The profit before income tax is stated after charging:

	2024 £'000	2023 £'000
Depreciation - owned assets	**298**	289
Computer software amortisation	**136**	134
Net credit loss charge	**2,194**	2,437
Funding facility interest charges	**7,490**	4,547
Introducer commissions	**3,416**	2,868
Fees payable to the Company's auditor for the audit of Company's subsidiaries	**71**	68
Fees payable to the Company's auditor for the audit of the Company	**19**	16

Notes to the Consolidated Financial Statements (continued)

7. Income Tax

Analysis of tax expense	2024 £'000	2023 £'000
Current tax:		
Tax	**1,674**	920
Deferred tax	**(183)**	(200)
Total tax expense in consolidated income statement	**1,491**	720

Factors affecting the tax expense

The tax assessed for the year is higher (2023 - lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2024 £'000	2023 £'000
Profit before income tax	**5,935**	4,167
Profit multiplied by the standard rate of corporation tax in the UK of 25% for the year to 31 May 2024 (2023: 19% for the period to 31 March 2023 and 25% for the period to 31 May 2023)	**1,484**	1,008
Effects of:		
Prior year adjustments	**(35)**	(88)
Deferred tax	**12**	(200)
Fixed Asset differences	**(395)**	–
Adjustments to b/fwd values	**425**	–
	1,491	720

Corporation tax is calculated at 25.1% (2023: 17.3%) of the estimated assessable profit for the year.

8. Dividends

	2024 £'000	2023 £'000
Ordinary shares of £0.10 each		
Final	**–**	–
Interim	**–**	–
	–	–

The Directors do not propose a final dividend relating to this financial period (2023: 0.0p per share). Future dividends will be kept under review with the next review expected at the time of the Interim results.

9. Earnings Per Share

Earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year. For diluted earnings per share, the weighted average number of shares is adjusted to assume conversion of all dilutive potential ordinary shares.

There are no dilutive items impacting the Group and, as such, the Basic EPS and Diluted EPS are identical. Any share options that are vested are fully expected to be met from the Group's Employee Benefit Trust. Therefore, issuance of new shares is not expected to be required and as a result, there is no associated dilution.

2024	Earnings £'000	Weighted average number of shares	Per-share amount pence
TOTAL			
Basic EPS			
Earnings attributable to ordinary shareholders	4,444	92,512,704	4.80
Diluted EPS			
Adjusted earnings	4,444	92,512,704	4.80
CONTINUING OPERATIONS			
Basic EPS			
Earnings attributable to ordinary shareholders	4,444	92,512,704	4.80
Diluted EPS			
Adjusted earnings	4,444	92,512,704	4.80
DISCONTINUED OPERATIONS			
Basic EPS			
Earnings attributable to ordinary shareholders	–	–	–
Diluted EPS			
Adjusted earnings	–	–	–

Notes to the Consolidated Financial Statements (continued)

9. Earnings Per Share (cont.)

2023	Earnings £'000	Weighted average number of shares	Per-share amount pence
TOTAL			
Basic EPS			
Earnings attributable to ordinary shareholders	3,447	92,512,704	3.73
Diluted EPS			
Adjusted earnings	3,447	92,512,704	3.73
CONTINUING OPERATIONS			
Basic EPS			
Earnings attributable to ordinary shareholders	3,359	92,512,704	3.63
Diluted EPS			
Adjusted earnings	3,359	92,512,704	3.63
DISCONTINUED OPERATIONS			
Basic EPS			
Earnings attributable to ordinary shareholders	88	92,512,704	0.10
Diluted EPS			
Adjusted earnings	88	92,512,704	0.10

10. Exceptional Items

During the year the Group incurred the following exceptional items:

	2024 £'000	2023 £'000
Other	–	80
	–	80

There were no exceptional items in the year (2023: £80k).

11. Goodwill

Group	£'000
COST	
At 1 June 2023 and 31 May 2024	27,263
NET BOOK VALUE	
At 31 May 2024	**27,263**
At 31 May 2023	27,263

The value of goodwill carried on the Balance Sheet is required to be monitored at the "operating segment" level. As detailed in Note 3, management consider there to be two operating segments – Invoice Finance and Asset Finance. Goodwill has therefore been allocated appropriately to two cash generating units ("CGU").

The recoverable amount of each CGU has been determined based on a value-in-use calculation. This calculation uses pre-tax cash flow projections covering an appropriate period. Cash flows beyond a four-year period are extrapolated using a constant growth rate consistent with current market conditions and recent historic growth. The risk-adjusted cash flows are discounted using a researched pre-tax discount rate of 7.9% (2023: 8.5%).

	2024 Carrying Value £'000	2023 Carrying Value £'000	Headroom* £'000	Total headroom with 1% increase in Discount Rate £'000	Total headroom with 10% reduction in cash flows £'000
Asset Finance	15,302	15,302	11,635	6,638	7,888
Invoice Finance	11,961	11,961	11,728	7,478	9,557
	27,263	**27,263**	**23,363**	**14,116**	**17,445**

*total recoverable amount which exceeds the carrying amount including goodwill

A 1% increase in the discount rate would decrease the headroom by £9.2m to £14.1m. A reduction in the forecasted cash flows of 10% per annum would reduce the headroom by £5.9m to £17.4m.

Notes to the Consolidated Financial Statements (continued)

12. Intangible Assets

2024	Group Computer software £'000	Company Computer software £'000
COST		
At 1 June 2023	**1,257**	**931**
Additions	**131**	**119**
At 31 May 2024	**1,388**	**1,050**
AMORTISATION		
At 1 June 2023	**1,026**	**710**
Charge for year	**136**	**128**
At 31 May 2024	**1,162**	**838**
NET BOOK VALUE		
At 31 May 2024	**226**	**212**
At 31 May 2023	**231**	**221**

2023	Group Computer software £'000	Company Computer software £'000
COST		
At 1 June 2022	1,192	865
Additions	71	66
Disposals	(6)	–
At 31 May 2023	1,257	931
AMORTISATION		
At 1 June 2022	894	593
Charge for year	134	117
Eliminated on disposal	(2)	–
At 31 May 2023	1,026	710
NET BOOK VALUE		
At 31 May 2023	231	221
At 31 May 2022	298	272

13. Property, Plant and Equipment

Group 2024	Short leasehold £'000	Improvements to property £'000	Assets held for rental £'000	Fixtures and fittings £'000	Computer equipment £'000	Right of Use Assets £'000	Total £'000
COST							
At 1 June 2023	73	189	336	185	804	695	2,282
Additions	–	1	–	48	70	176	295
Disposals	–	–	(128)	–	(82)	–	(210)
Revaluation	–	–	–	2	7	12	21
At 31 May 2024	73	190	208	235	799	883	2,388
DEPRECIATION							
At 1 June 2023	64	184	203	174	724	122	1,471
Charge for year	4	2	42	9	46	195	298
Disposals	–	–	(128)	(1)	(79)	–	(208)
Revaluation			(27)	2	–	14	(11)
At 31 May 2024	68	186	90	184	691	331	1,550
NET BOOK VALUE							
At 31 May 2024	5	4	118	51	108	552	838
At 31 May 2023	9	5	133	11	80	573	811

Group 2023	Short leasehold £'000	Improvements to property £'000	Assets held for rental £'000	Fixtures and fittings £'000	Computer equipment £'000	Right of Use Assets £'000	Total £'000
COST							
At 1 June 2022	73	185	456	184	837	536	2,271
Additions	–	4	–	8	46	709	767
Disposals	–	–	(120)	(7)	(79)	(550)	(756)
At 31 May 2023	73	189	336	185	804	695	2,282
DEPRECIATION							
At 1 June 2022	56	182	257	174	746	506	1,921
Charge for year	8	2	55	7	51	166	289
Disposals	–	–	(109)	(7)	(73)	(550)	(739)
At 31 May 2023	64	184	203	174	724	122	1,471
NET BOOK VALUE							
At 31 May 2023	9	5	133	11	80	573	811
At 31 May 2022	17	3	199	10	91	30	350

Notes to the Consolidated Financial Statements (continued)

14. Investment

Company

	Shares in group undertaking £'000
COST	
At 1 June 2023 and 31 May 2024	21,030
NET BOOK VALUE	
At 31 May 2024	**21,030**
At 31 May 2023	21,030

The Group has directly or indirectly through other 100% owned subsidiaries in the Group made investments in the following:

	Investment	Principal activity	Place of incorporation	Proportion of voting equity 2024	Proportion of voting equity 2023
Time Broker Finance Limited	Direct	Asset Finance	England	100	100
Time Vendor Finance Limited	Direct	Asset Finance	England	100	100
Time Hard Asset Finance Limited	Direct	Asset Finance	England	100	100
Time Property Finance Limited	Direct	Commercial Loans	England	100	100
Time Invoice Finance Limited	Indirect	Invoice Finance	England	100	100
Time Commercial Finance Ltd	Direct	Holding company	England	100	100

Time Finance plc holds 100% of Time Commercial Finance Limited which in turn holds 100% of Time Invoice Finance Limited.

Three 100% owned entities, Bell Finance Limited ("Bell"), Time Invoice Finance (South) Limited ("TIFS") and Sterling Asset Finance Limited ("SAF") were dissolved in August 2023.

The address of the registered office of all the subsidiaries is St James House, The Square, Lower Bristol Road, Bath, BA2 3BH.

15. Trade and Other Receivables

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Current:				
Trade receivables	**105,787**	90,328	**–**	–
Provision for bad debts	**(4,701)**	(4,240)	**–**	–
Amounts owed by group undertakings	**–**	–	**26,549**	24,760
Other receivables	**1,255**	956	**312**	361
Prepayments and accrued income	**6,048**	4,803	**195**	155
	108,389	91,847	**27,056**	25,276
Non-current:				
Trade receivables	**70,015**	58,530	**–**	–
Aggregate amounts	**178,404**	150,377	**27,056**	25,276

Trade receivables represent finance lease, loan and invoice finance receivables stated net of unearned income and credit risk provisions, as follows:

	2024 £'000	2023 £'000
Gross receivables from finance leases, loans and invoice finance	**201,178**	170,063
Unearned future finance income on finance leases, loans and invoice finance	**(25,376)**	(21,205)
	175,802	148,858

Of the above gross receivables, £130.4m relates to finance leases (2023: £102.5), £5.5m relates to Loans (2023: £11.2m) and £65.3m (2023: £56.4m) relates to Invoice Financing.

Of the unearned income, £24.7m relates to finance leases (2023: £18.9m) and £0.7m (2023: £2.3m) to Loans.

	2024 £'000	2023 £'000
Trade receivables, net of unearned income	**175,802**	148,858
Allowance for credit risk provision	**(4,701)**	(4,240)
	171,101	144,618

Interest is charged on trade receivables for lease, hire purchase, loan and invoice finance deals and varies by agreement. The average credit period on these agreements is approximately 41 months (2023: 39 months).

Before accepting any new customers, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Of the trade receivables balance at the end of the year no customer represents more than 0.6% of the total balance outstanding.

Movement in the credit risk provision

	2024 £'000	2023 £'000
Opening balance	**4,240**	3,618
Increase in provision	**461**	622
	4,701	4,240

16. Cash and Cash Equivalents

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Bank accounts	**1,590**	3,772	**907**	686

As at 31 May 2024, the Group had cash of £1.6m.

The Group also had £1.8m of "paper". This relates to lease and loan deals that have been written by the Group and are yet to be converted into additional cash from its funding partners but could be converted within 48 hours if needed.

Notes to the Consolidated Financial Statements (continued)

17. Called up Share Capital

The Articles of Association of the Company state that there is an unlimited authorised Ordinary share capital. Each Ordinary share carries the entitlement to one vote.

The issued Ordinary share capital of the Company is as follows:

	No. of shares No.	Ordinary shares £'000	Share premium £'000	Total £'000
At 1 June 2023 and				
At 31 May 2024	**92,512,704**	**9,252**	**25,543**	**34,795**

	No. of shares No.	Ordinary shares £'000	Share premium £'000	Total £'000
At 1 June 2022 and				
At 31 May 2023	**92,512,704**	**9,252**	**25,543**	**34,795**

There are also shares held in the Employee Benefit Trust (EBT), a discretionary trust, which are intended to be used to satisfy the exercise of any share options by employees including the Directors of the Company should the situation arise. As at 31 May 2024, the Company's EBT held a total of 1,070,140 Ordinary Shares, representing approximately 1.2% of the Company's issued share capital.

18. Reserves

The movements in share capital and reserves are shown in the Consolidated Statement of Changes in Equity and the Company Statement of Changes in Equity.

19. Trade and Other Payables

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Current:				
Trade payables	**67,668**	61,570	**–**	–
Amounts owed to group undertakings	**–**	–	**1,163**	713
Social security and other taxes	**285**	183	**30**	195
Other payables	**10,012**	3,069	**683**	493
VAT	**338**	385	**89**	201
	78,303	65,207	**1,965**	1,602
Non-current:				
Trade payables	**62,973**	52,822	**–**	–
	62,973	52,822	**–**	–
Aggregate amounts	**141,276**	118,029	**1,965**	1,602

Trade payables wholly represent funding payables, which are secured on the value of the underlying finance leases, loan agreements and invoice finance advances.

Trade payables comprise of commercial loans, invoice “back-to-back” funding facilities and numerous funding “blocks” that are repaid by monthly instalments. The length of the repayment term at inception varies from 12 to 60 months and interest rates from 5.0% to 9.75% (2023: 3.5% to 8.75%).

20. Financial Liabilities - Borrowings

	Group		Company	
	2024 £’000	2023 £’000	2024 £’000	2023 £’000
Current borrowings at amortised cost				
Bank overdrafts	**–**	–	**–**	–
Other loans	**1,025**	1,625	**1,025**	1,025
	1,025	1,625	**1,025**	1,025
Non-current borrowings at amortised cost				
Other loans	**294**	1,319	**294**	1,319
Aggregate amounts	**1,319**	2,944	**1,319**	2,344

Other loans comprise two CBILS loans payable to the Group’s principal bankers over 5 years.

The CBILS loans stand at £1.3m as at 31 May 2024 (2023: £2.3m) with rates of 2.5% over bank base rate in relation to £0.8m of the outstanding balance, and 2.6% over bank base rate in relation to £0.5m of the outstanding balance.

21. Provisions

	Group	
	2024 £’000	2023 £’000
Other provisions	**173**	–
Analysed as follows:		
Current	**173**	–

Provisions relate to amounts set aside for dilapidations relating to the Group’s various offices.

Notes to the Consolidated Financial Statements (continued)

22. Leasing

a) This note provides information for leases where the Group is a lessee.

The Group leases office premises at several sites in the UK and has some office equipment on lease hire.

Group

	Leasehold Property £'000	Other £'000	Total £'000
Right-of-use assets			
Cost			
At 1 June 2023	678	17	**695**
Additions	176	–	**176**
Revaluation	14	(2)	**12**
At 31 May 2024	868	15	**883**
Depreciation			
At 1 June 2023	118	4	**122**
Depreciation charge for the year	190	5	**195**
Revaluation	14	–	**14**
At 31 May 2024	322	9	**331**
NET BOOK VALUE			
At 31 May 2024	546	6	**552**
At 31 May 2023	560	13	**573**

Lease Liabilities

	Leasehold Property £'000	Other £'000	Total £'000
Discounted future cashflows			
Not later than one year	180	5	**185**
Later than one year and not later than five years	362	1	**363**
Later than five years	–	–	**–**
Total discounted future cash flows	**542**	**6**	**548**
Current lease liabilities	180	5	185
Non-current lease liabilities	362	1	363

Amounts recognised in Income Statement	Leasehold Property £'000	Other £'000	Total £'000
Interest on lease liabilities	46	1	**47**
Depreciation charge for right-of-use assets	190	5	**195**

	£'000
Total cash outflow for leases	**233**

b) This note provides information for leases where the Group is a lessor. The Group is a lessor providing leases for business to acquire vital equipment to support growth.

Operating lease receivables

The Group has the following future minimum lease receivables under non-cancellable operating leases:

	2024 £'000	2023 £'000
Within 1 year	**27**	61
More than 1 year but less than 5 years	**27**	53
	54	114

Finance lease receivables

The Group has the following net investment in finance leases:

	2024 £'000	2023 £'000
Within 1 year	**33,996**	25,772
More than 1 year but less than 5 years	**68,232**	54,567
	102,228	80,339

Amounts recognised in the Income Statement

	2024 £'000	2023 £'000
Operating lease income	**5**	68
Finance leases – finance income on the net investment in the lease	**13,919**	10,365
	13,924	10,433

23. Deferred Tax

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Balance at 1 June	**1,236**	1,036	**(41)**	(54)
Non-current assets timing differences	**182**	200	**(9)**	13
Balance carried forward	**1,418**	1,236	**(50)**	(41)

A deferred tax asset has been recognised on any deductible temporary differences, unused tax losses and unused tax credits.

The deferred tax asset included within the Consolidated Statement of Financial Position relates to non-current asset timing differences and is included in non-current assets.

The utilisation of the deferred tax asset is dependent upon future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences. Based on the Group's financial projections, the Directors are satisfied that there is sufficient evidence to recognise the deferred tax asset in full.

Notes to the Consolidated Financial Statements (continued)

24. Transactions with Directors

R. Russell was a Director of the Group until his resignation on 7th November 2023. He is a 25% shareholder of UK Private Healthcare Ltd ('UKPHL'). A loan with UKPHL of £600,000 which was outstanding at 31st May 2023 was fully repaid on 29th September 2023. Interest was charged at 6% per annum from 1st March 2023 and 7% per annum from 1st July 2023 and the charge in the year for the period up until it was repaid amounted to £10,093 (2023: £27,000).

25. Events after the Reporting Period

Dividends

The Directors do not propose a final dividend for this financial period (2023: 0.0p per share). Future dividends will be kept under review.

26. Share-Based Payment Transactions

The Group has two established unapproved share schemes. The first ("2020 Scheme") was established in October 2020 and the second ("2022 Scheme") in July 2022.

The 2020 Scheme

- 30% of Share Options awarded to each recipient vest in three equal annual tranches on 1 October 2021, 1 October 2022 and 1 October 2023 subject to the recipients' continued employment with the Group on those respective dates
- 70% of Share Options awarded to each recipient vest at a quoted share price of 31 pence per share, which represents a market capitalisation equal to the unaudited consolidated Tangible Net Asset Value of the Group as at 31 August 2020.

A total of 4,290,000 awards were granted but 1,575,000 lapsed as a result of leavers. 2,715,000 awards were exercised as part of the share price element and three tranches of the time-based element. There are no remaining outstanding awards at 31 May 2024.

Details of the options awarded during the year and the key assumptions used to determine the fair value for the accounting charge in accordance with IFRS 2 are as follows:

	Grant Date	Number of Options outstanding	Share Price on grant date £	Vesting Date	Expiry Date	Expiry Period (years)	Volatility %	Risk Free Interest rate %	Dividend Yield %	Weighted average fair value per option £	Nominal value per option £	Total P&L charge over vesting period £'000	P&L charge in current year £'000
Awards with continued employment condition	20/10/2020	436,000	0.177	01/10/2021 01/10/2022 01/10/2023	01/10/2023	3	n/a	-0.06%	Nil	0.177	0.010	123	4
Total		**436,000**										**123**	**4**

These awards were valued using a Monte Carlo simulation which calculates a fair value based on a large number of randomly generated projections of the Company's future share prices. The fair value of the share price element was fixed at grant.

The 2022 Scheme:

- 100% of Share Options awarded to each recipient vest in three equal annual tranches on 1 October 2023, 1 October 2024 and 1 October 2025 subject to stretching annual performance conditions in respect of the profitability of the Group and the recipients' continued employment with the Group on those respective dates.

A total of 1,835,000 awards were granted. During the period ending 31 May 2024, a total of 611,666 ordinary shares were exercised. This results in outstanding awards of 1,223,334 as at 31 May 2024.

Details of the options awarded during the year and the key assumptions used to determine the fair value for the accounting charge in accordance with IFRS 2 are as follows:

	Grant Date	Number of Options outstanding	Share Price on grant date £	Vesting Date	Expiry Date	Expiry Period (years)	Volatility %	Risk Free Interest rate %	Dividend Yield %	Weighted average fair value per option £	Nominal value per option £	Total P&L charge over vesting period £'000	P&L charge in current year £'000
Awards with continued employment condition	21/07/2022	1,835,000	0.195	01/10/2023 01/10/2024 01/10/2025	01/10/2023	3	n/a	1.99%	Nil	0.103	0.010	189	57
Total		**1,835,000**										**189**	**57**

These awards were valued using a Monte Carlo simulation which calculates a fair value based on a large number of randomly generated projections of the Company's future share prices.   The fair value of the share price element was fixed at grant.

27. Net Cash and Cash Equivalents

The amounts disclosed on the Statements of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

	Group		Company	
Year ended 31 May 2024	**2024 £'000**	**2023 £'000**	**2024 £'000**	**2023 £'000**
Cash and cash equivalents	**1,590**	3,772	**907**	686
Year ended 31 May 2023	**2023 £'000**	**2022 £'000**	**2023 £'000**	**2022 £'000**
Cash and cash equivalents	3,772	3,170	686	945
Bank overdrafts	–	(254)	–	–
	3,772	2,916	686	945

Notes to the Consolidated Financial Statements (continued)

28. Financial Instruments

The Group's financial instruments comprise cash and liquid resources, including receivables and payables that are also financial instruments that arise directly from operations. The main purpose of the financial instruments is to fund the Group's operations. As a matter of policy, the Group does not trade in financial instruments, nor does it enter into any derivative transactions.

The operations of the Group have principally been financed to date through the funds raised from the placing of shares on the Alternative Investment Market, block funding payables, secured loans notes and back-to-back facilities for providing invoice finance. The Group has an overdraft facility in place with the Group's principal bankers totalling £1,000,000 (2023: £1,000,000).

The Group's main objectives for the management of capital are to ensure there is sufficient cash available to be able to provide finance to customers and to be able to pay debts as they fall due. The Group is not subject to any externally imposed capital requirements from these finance providers. Working capital requirements are constantly monitored including the interest rates from the key providers of finance. The main risks to the Group, and the policies adopted by the Directors to minimise the effects on the Group are as follows:

Credit Risk - The Directors believe that credit risk is limited due to lending being spread over a large number of borrowers. No individual receivable poses a significant risk. Group debt collection procedures are continually assessed and robustly undertaken.

Interest rate and liquidity risk - All of the Group's cash balances and short-term deposits are held in such a way that an optimal balance of access to working capital and a competitive rate of interest is achieved. If market interest rates had been higher or lower with all other variables held constant, post-tax profits would not be materially affected.

Categories of financial instruments

	2024 £'000	2023 £'000
Financial assets		
Cash and bank balances	**1,590**	3,772
Net trade receivables	**171,101**	144,618
Financial liabilities		
Net trade payables and borrowings	**131,960**	117,336

Liquidity and interest risk table

	Within 1 year £'000	More than 1 year but less than 2 years £'000	More than 2 years but less than 5 years £'000	Over 5 years £'000	Total £'000	Net Carrying Value £'000
2024						
Gross trade payables	**71,402**	**22,290**	**22,261**	**22,020**	**137,973**	**130,641**
Borrowings	**1,105**	**317**	**-**	**-**	**1,422**	**1,319**
2023						
Gross trade payables	63,917	14,551	18,131	22,598	119,197	114,392
Borrowings	1,734	1,098	314	–	3,146	2,944

Gross trade payables include future expected interest over the life of the credit agreement.

29. Credit Risk Provision

Under IFRS 9, impairment provisions are recognised on the inception of any lending based on the probability of expected default and the typical loss arising on defaults, in effect the recognition of impairment on client receivables through an expected loss model.

As at 31 May 2024, the Group reported credit risk impairment provisions of £4.7m which is £0.5m higher than the prior year amount of £4.2m.

Credit Risk Provision	£'000
Opening Credit Risk Provision at 1 June 2023	4,240
Increase in the provision measured at an amount equal to 12-month ECLs	(71)
Decrease in the provision measured at an amount equal to lifetime ECLs	(26)
Increase in the provision for assets that were credit impaired at the reporting date	558
Credit Risk Provision at 31 May 2024	**4,701**

The Group considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information, especially incorporating the following indicators: internal credit ratings, external credit ratings, actual or expected significant changes in the borrower's circumstances or their related business and financial or economic conditions. In addition to this, macroeconomic forecasts such as changes in interest rates, GDP and inflation and The Finance and Leasing Association forecasts are incorporated as part of the Group's internal rating model.

The provision for Stage 1, the performing category, is based on the Expected Credit Loss (ECL) associated with the probability of default on the agreement in the next twelve months, unless there has been a significant increase in credit risk of the lease or loan since origination.

The Group assumes there has been a significant increase in credit risk if outstanding amounts on the agreement exceed thirty days, in line with the presumption in IFRS 9. All agreements in this category fall into Stage 2, whereby a lifetime ECL is recognised.

The Group defines a default as an agreement which has payments owing greater than ninety days. A non-performing agreement is an agreement which is credit impaired and has been passed over to the Group's legal department. These agreements typically have a trigger event which has detrimentally affected future cash flows. For these assets a lifetime ECL is recognised.

Financial assets are written off when there is no longer any reasonable expectation of any form of recovery. Where an asset has been written off, the Company may continue to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are then made, they are recognised in the Income Statement.

The initial stage of the ECL calculation is done by looking at the probability of default ("PD") multiplied by the Loss Given Default ("LGD"). The PD and LGD are calculated by looking at historical default and write off data.

The Company grouped the data into "buckets" that are most reflective of the Group's credit risk areas, namely; Soft Assets, Hard Assets, Loans and Invoice Finance. These are then further analysed by industry so as to isolate and measure any industry specific risks.

A summary of the assumptions underpinning the Company's ECL model is as follows:

Stage	Definition of stage	Basis for recognition of expected credit loss provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows.	12 month expected losses
Underperforming	Losses for which there is an increase in credit risk. An increase in credit risk is where outstanding amounts on the agreement exceed 30 days.	Lifetime expected losses
Non-performing	Interest and/or principal repayments are 90 days overdue and it is therefore assumed that there is a significant increase in credit risk.	Lifetime expected losses

Notes to the Consolidated Financial Statements (continued)

29. Credit Risk Provision (cont.)

The Group applies an internal risk rating to each category to assess credit losses on a collective basis.

At 31 May 2024	ECL rate	Basis for recognition of ECL provision	Credit loss provision £'000
Performing	1%	12-month ECL	831
Underperforming	3%	Lifetime ECL	53
Non-performing	53%	Lifetime ECL	3,817
Total			**4,701**

At 31 May 2023	ECL rate	Basis for recognition of ECL provision	Credit loss provision £'000
Performing	1%	12-month ECL	721
Underperforming	3%	Lifetime ECL	54
Non-performing	55%	Lifetime ECL	3,465
Total			4,240

The percentages applied above are based on the Group's historical performance as well as the internal and forward-looking information detailed above. The Group's assets are characterised by multiple, small deals which are secured by assets, personal guarantees and debentures. Historically the Group's internal credit and legal departments recover approximately two-thirds of all non-performing soft asset agreements, a performance which therefore accurately reflects the ECLs above. The ECL rates are applied to the net exposure in each bucket.

30. Operating Lease Arrangements

Lease payments not recognised as a liability

The Group has elected not to recognise a lease liability for short term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

The expense relating to payments not included in the measurement of lease liabilities is as follows:

	2024 £'000	2023 £'000
Short term leases (less than 12 months)	**45**	41

At 31 May 2024, the Group had one short term commitment relating to the lease in Warrington (2023: nil).

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