

YEAR IN REVIEW



2024

CONTENTS

MESSAGE FROM THE CEO	4
2024 PRODUCT MILESTONES	6
DEFINING OUR SUCCESS	8
INDUSTRY RECOGNITION	9
PRODUCT INNOVATION AND ENHANCEMENT	10
QUALITY ASSURANCE	11
WORDS FROM OUR CLIENTS	13
CULTURE AND WELL-BEING	14
PRODUCT STRATEGY	16
VISION FOR 2025	17
FINANCIAL RISK STATISTICS	18
COMPANY FAILURES	20
ISG	21
HOMEBASE (HHGL LIMITED)	22
OCTAGON DEVELOPMENTS LTD.	23
INSIGHTS FROM PHILIP KING	24
LOOKING AHEAD	26

MESSAGE FROM THE CEO

“With our new scores, advanced AI capabilities, and a continued focus on transparency and collaboration, we are ready to help businesses navigate uncertainty and build future resilience.”

Craig Evans
CEO



As we begin 2025, it's an opportune moment to reflect on a year of milestones and challenges in the financial risk and fraud prevention landscape, and at Company Watch.

This past year underscored the fragility of even the most established businesses. The collapse of ISG, one of the most significant business failures of the past decade, was a stark reminder of the importance of proactive risk detection. For me, it reaffirmed our mission to provide clients with the tools to identify financial vulnerabilities before they escalate.

A key highlight of the year has been our exceptional collaboration with Companies House as a BIPA member. The enhanced powers granted under the Economic Crime and Corporate Transparency Act (ECCTA) have allowed Companies House to play a pivotal role in improving corporate transparency and accountability. We've worked closely with them to incorporate these new regulatory standards into our own datasets, mirroring their changes and ensuring our insights remain comprehensive and up-to-date. This partnership

“At Company Watch, we believe a thriving team is the foundation of exceptional client outcomes.”

demonstrates our commitment to supporting more robust frameworks for business insights and financial risk.

In response to an increasingly complex environment, we've continued to innovate. The launch of Vigilance™ in April last year has been transformative, offering clients unparalleled insights into suspicious fraud indicators and emerging threats.

Only in the past few weeks has this been followed by the beta release of our game-changing AI product, Stela – AI Report. Stela is our first AI product release, which will continue leveraging cutting-edge machine learning to deliver real-time analytics and predictive capabilities at a scale never seen before. The positive early feedback on this new release excites us for its full launch in early 2025.

Our focus on innovation extends to creating all-new scores, set to also launch in 2025. These scores combine the power of large language models (LLMs), advanced computational resources, and enhanced datasets, making them more predictive and reliable than ever. This initiative will further solidify our leadership in financial risk analytics.

Operationally, we transitioned from legacy infrastructure to a 100% cloud-based platform, enhancing efficiency, scalability, and security.

Additionally, our revamped client onboarding process has made it easier for new clients and their users to access our tools and insights quickly, reinforcing our commitment to seamless user experiences.

Client satisfaction has been a cornerstone of our efforts. Our annual survey revealed outstanding results, with a Net Promoter Score® (NPS) of 53, a testament to clients' trust and value in our solutions. Feedback highlighted our responsiveness, innovation, and ability to adapt to their evolving needs - qualities we prioritise.

Behind all of this lies a culture that prioritises our people. At Company Watch, we believe a thriving team is the foundation of exceptional client outcomes. This year, we expanded our focus on well-being with initiatives like Wellness Days, ensuring our employees feel supported, energised, and ready to innovate.

As we move into 2025, we are poised for even more significant achievements. With our new scores, advanced AI capabilities, strengthened datasets, and a continued focus on transparency and collaboration, we are ready to help businesses navigate uncertainty and build future resilience.

Here's to a prosperous and impactful 2025 ahead.

2024 PRODUCT MILESTONES



This past year has been a landmark year for Company Watch, marked by a series of ground-breaking product releases designed to empower businesses and unlock their full potential.

We've listened to our clients' needs and harnessed the power of cutting-edge technology to deliver a comprehensive suite of solutions that address today's most pressing challenges.

We sat down with Chris Oatts, Head of Data and Product Strategy at Company Watch, to talk about some of the key product highlights, and what his hopes are for the future.

How have you built on providing clients with access to rich and accurate data?

In 2024, Company Watch significantly expanded its data offerings to provide even more comprehensive and actionable insights for our clients. One of our key developments was the launch of Payments Data. This innovative tool provides real-time insights into companies' payment behaviours, enabling businesses to make more informed decisions about credit risk and supplier relationships.

In addition, we've introduced Data Search, a powerful search engine that allows users to delve deeper into our extensive database. With advanced filtering capabilities and customisable search parameters, Data Search streamlines

“The idea behind Vigilance™ is to give businesses a proactive defence against fraud.”

the process of finding specific company information. We've also made the tool incredibly user-friendly, so clients can search and filter with precision.

How has Company Watch enhanced traditional scoring functionality?

We've built on our scoring functionality with the introduction of our groundbreaking Scoring API. Our Scoring API allows you to submit your own financial data and accounts, and receive our detailed financial scores, including H-Score®, applied to your data.

Clients can now assess international companies and assess risks globally. This functionality aligns with our goal to make data more accessible, and encourage data-driven financial decisions across the country.

2024 saw the launch of Vigilance™. Can you share what it is and the vision behind it?

Vigilance™ is one of our biggest innovations, designed to help businesses stay ahead of fraudsters. It's essentially a smart tool that scans vast amounts of data, looking for unusual patterns and red flags. Think of it as a digital detective, always on the

lookout for suspicious activity. The idea behind Vigilance™ is to give businesses a proactive defence against fraud. Rather than waiting for something bad to happen, it helps identify potential risks early on.

This way, companies can take preventative measures and protect their assets. With Vigilance™, businesses can rest easy, knowing they have a powerful tool to safeguard their operations and maintain their reputation.

How are AI Reports by Company Watch set to revolutionise financial analytics?

Stela - AI Reports by Company Watch are set to completely change the game for financial analysts. We've recently released AI Reports in beta, and it's already showing incredible promise. Stela - AI Report, as it is known, is designed to provide a comprehensive overview of a company's financial health, all in one easy-to-understand report. By automating much of the data analysis process, Stela - AI Report will save risk managers countless hours of manual work. It will highlight potential risks, opportunities, and areas that need further investigation.

This will allow them to focus on strategic decision-making, rather than getting bogged down in data crunching.



DEFINING OUR SUCCESS

We reflect proudly on a year defined by innovation, growth, and recognition as a trusted leader in financial risk management.

INDUSTRY RECOGNITION

BRITISH CREDIT AWARDS 2024

We were honoured to be highly recommended by the Chartered Institute of Credit Management (CICM) at the British Credit Awards, highlighting our commitment to industry-leading solutions. For 2025, Company Watch is shortlisted for two prestigious awards.

THE TELEGRAPH

Company Watch was proudly featured in the prestigious Finance & Business Guide published by The Telegraph. This prominent inclusion further reinforces our standing as a trusted and leading provider of innovative financial risk management solutions.

WORLDWIDE FINANCE AWARDS

Company Watch was recognised as the Most Trusted Financial Risk Management Enterprise in 2024 at the Worldwide Finance Awards.

G2 HIGH PERFORMER

G2 recognised Company Watch as a High Performing Financial Risk Management Platform in both its Fall 2024 and Winter 2025 Reports.



PRODUCT INNOVATION AND ENHANCEMENT



DATA SEARCH

The re-launch of Data Search empowered users with advanced search capabilities, enabling them to uncover critical insights and make informed decisions.



NEW ALERTS

We implemented daily inbox alerts for Payment Practices data and Withdrawn WUPA data, enabling our clients to stay ahead of potential risks and make timely decisions.



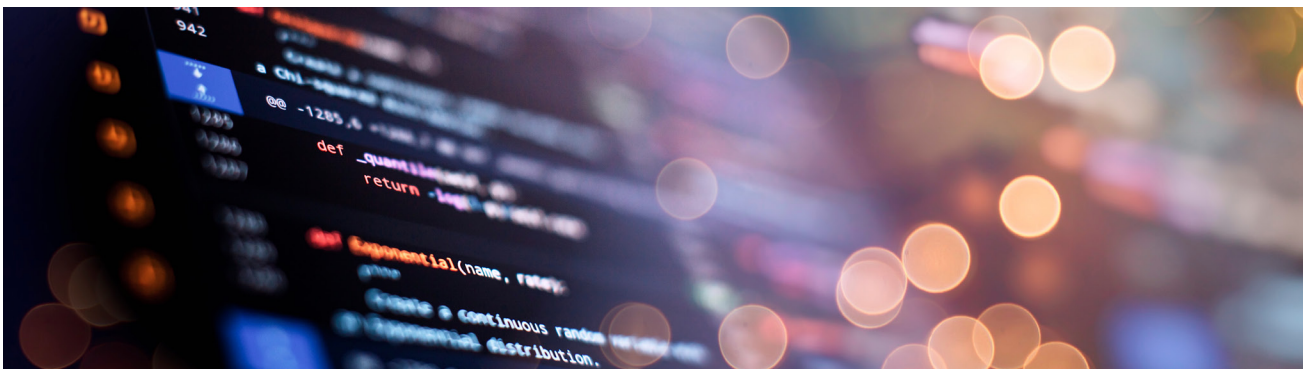
VIGILANCE™ LAUNCH

The introduction of Vigilance™ fortified our commitment to data security, providing robust protection against fraud and safeguarding sensitive information.



STELA - AI REPORT

Our ground-breaking AI-powered financial report, currently in beta testing, is poised to revolutionise the way financial professionals analyse and interpret data.



QUALITY ASSURANCE



G-CLOUD 14 APPROVED

Our appointment to the G-Cloud 14 framework highlights our commitment to delivering innovative solutions to the public sector.



GOOGLE CLOUD PLATFORM

By making our data accessible via the Google Cloud Platform, we have further enhanced the efficiency and scalability of our solutions.



ISO 27001 CERTIFICATION

We have renewed our ISO 27001 certification, aligned with the 2024 standard. This certification underscores our unwavering commitment to information security and data protection.



NET PROMOTER SCORE®

Our Net Promoter Score (NPS) of 53, maintained above 50 for two years in a row, demonstrates our unwavering commitment to customer satisfaction and delivering exceptional value.

MAKING AN IMPACT

At Company Watch, we work closely with businesses across industries to provide intelligent and actionable insights for unbeatable financial risk management.



WORDS FROM OUR CLIENTS

Our vision for 2025 is to continue pushing the boundaries of business intelligence and risk management.

We're focused on providing our clients with even more powerful tools to make informed decisions. One of our key priorities is building on our existing functionalities to make them even more powerful.



Nexus Trade Credit is a specialist trade credit underwriter and a global, multi-class Managing General Agent (MGA) with 1.1m insureds on their books.

We've worked with Nexus Trade Credit for over a decade, helping them protect their clients from financial risk.

Ian Selby, Chief Underwriting Officer, describes our market-leading H-Score® tool as the key value add for Nexus. H-Score® is one of our tools that sets us apart from the competition. It uses cutting-edge technology to predict insolvencies in advance. Ian and the team use H-Score® to scrutinise a company's

financials from all angles to get a clear and accurate risk profile for their clients. 'We've worked with Company Watch for more than 10 years now. I am impressed with how they are always ahead of the curve, exploring innovative new ways to add value to the risk analysis process.'

At Company Watch, we're committed to making risk management fast, accurate, and accessible to the companies we work with. We're proud to help companies like Nexus Trade Credit assess risk as efficiently and transparently as possible.

Our platform automates much of the risk management process, saving valuable time for teams like Ian's, and giving them confidence when presenting their decisions to policyholders.



Ian Selby
Chief Underwriting Officer

CULTURE AND WELL-BEING



When people feel valued and supported, they can achieve extraordinary things.

We're committed to fostering a positive and supportive work environment where our team can thrive.

Employee well-being is essential for creating a thriving and positive work culture. That's why we adopt an employee-first approach in all our operations.

Our philosophy at Company Watch is simple: when individuals feel inspired and valued, they perform at their best. That's why we prioritise well-being and foster a workplace that encourages growth and connection.

We understand that work is more than just a pay cheque; it's an opportunity to grow, learn, and contribute to something meaningful.

That's why we're committed to providing our employees with the resources and support they need to thrive both personally and professionally.

Wellness Days

We believe that a happy and healthy workforce is a productive one. That's why we've introduced Wellness Days, a quarterly initiative designed to encourage our employees to prioritise their well-being.

These dedicated days off allow our team to recharge, relax, and pursue their passions. Whether it's spending time with family and friends, exploring the great outdoors, or simply unwinding at home, Wellness Days offer a much-needed break from the daily grind.

By investing in our employees' well-being, we're not only improving their quality of life but also enhancing their job performance. Studies have shown that regular breaks can boost productivity, creativity, and overall job satisfaction. We are dedicated to cultivating a positive, supportive workplace where our team can excel and thrive.

Annual Sports Day

2024



PRODUCT STRATEGY

“Our goal is to continue to build and innovate, keeping in mind the needs of our clients and the industry as a whole.”

VISION FOR 2025

“Our vision is to continue pushing the boundaries of business intelligence and risk management.”



Chris Oatts

Head of Data & Product Strategy

Our vision for 2025 is to continue pushing the boundaries of business intelligence and risk management. We're focused on providing our clients with even more powerful tools to make informed decisions. One of our key priorities is building on our existing functionalities to make them even more powerful.

In the first half of the year, we're excited to introduce a new feature called Footprints. This will allow users to track interest on a

subject company allowing them to react to specific market trends.

We will also look to broaden our risk data coverage including insights, functionality and research on tax defaulters, acquisitions, cyber risk and PE/VC backed companies. Additionally, we'll be expanding our Vigilance™ API to include more flags, enhancing its fraud detection capabilities. We are also thrilled to be launching our Ideas Portal to stimulate co-creation and allow customers to get further involved in our development ideas, plans and feedback.

In the second half of the year, we'll unveil a powerful new scoring model to provide even more accurate risk assessments. We're investing in AI to create a powerful knowledge base that can answer specific client questions and provide quick responses.

So, lots planned for 2025 at Company Watch. Our goal is to continue to build and innovate keeping in mind the needs of our clients and the industry as a whole. We're very excited for what's in store, and looking forward to unveiling everything in due time throughout the year.

FINANCIAL RISK STATISTICS

Each month, we analyse key financial risk statistics in the UK, generated by the Company Watch database. These statistics offer a comprehensive look into current trends in insolvency and industry performance. As we dive into the new year, it is worthwhile to see what risk trends have defined 2024, and what this means for the year ahead.

2024 WRAP UP

5,666,022

Total Live Companies

1,124,779

In Warning Area

(H-Score® 25 or less)

267,912

Zombie Companies

Zombies are companies that earn just enough money to continue operating and re-pay the interest on their debt. With strong economic headwinds in 2025, it is likely that many of these zombie companies will be forced into liquidation.

11,283

Phoenix Incorporations

Phoenixism is the practice of setting up multiple businesses to avoid paying debts. When a business becomes insolvent, a company director can set up a new one, transfer the old assets and continue trading. The debts are left with the old business, meaning they can be written off when the business declares bankruptcy. Sometimes Phoenixism can help bolster the economy, and companies avoid mass layoffs. But directors can repeat this process many times, often with the intention of defrauding creditors.

23,872

Registered Company
Insolvencies

1 in 191

Companies Entered
Insolvency in 2024

10,009

WUPAs Filed

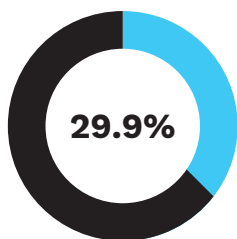
A winding-up petition (WUPA) is a legal action that can be taken against a company by one of its creditors or by the government if the company owes money.

2,162

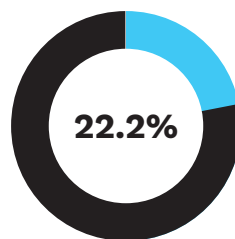
NOIAAs Filed

A notice of intention to appoint administrators (NOIAA) is when a company files a document to the court, to outline that it intends to go into administration if a solution cannot be found to its immediate financial problems.

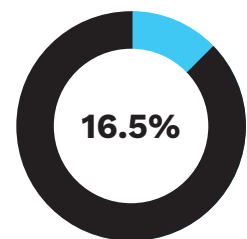
Percentage of companies in Warning Area by industry:



Real Estate



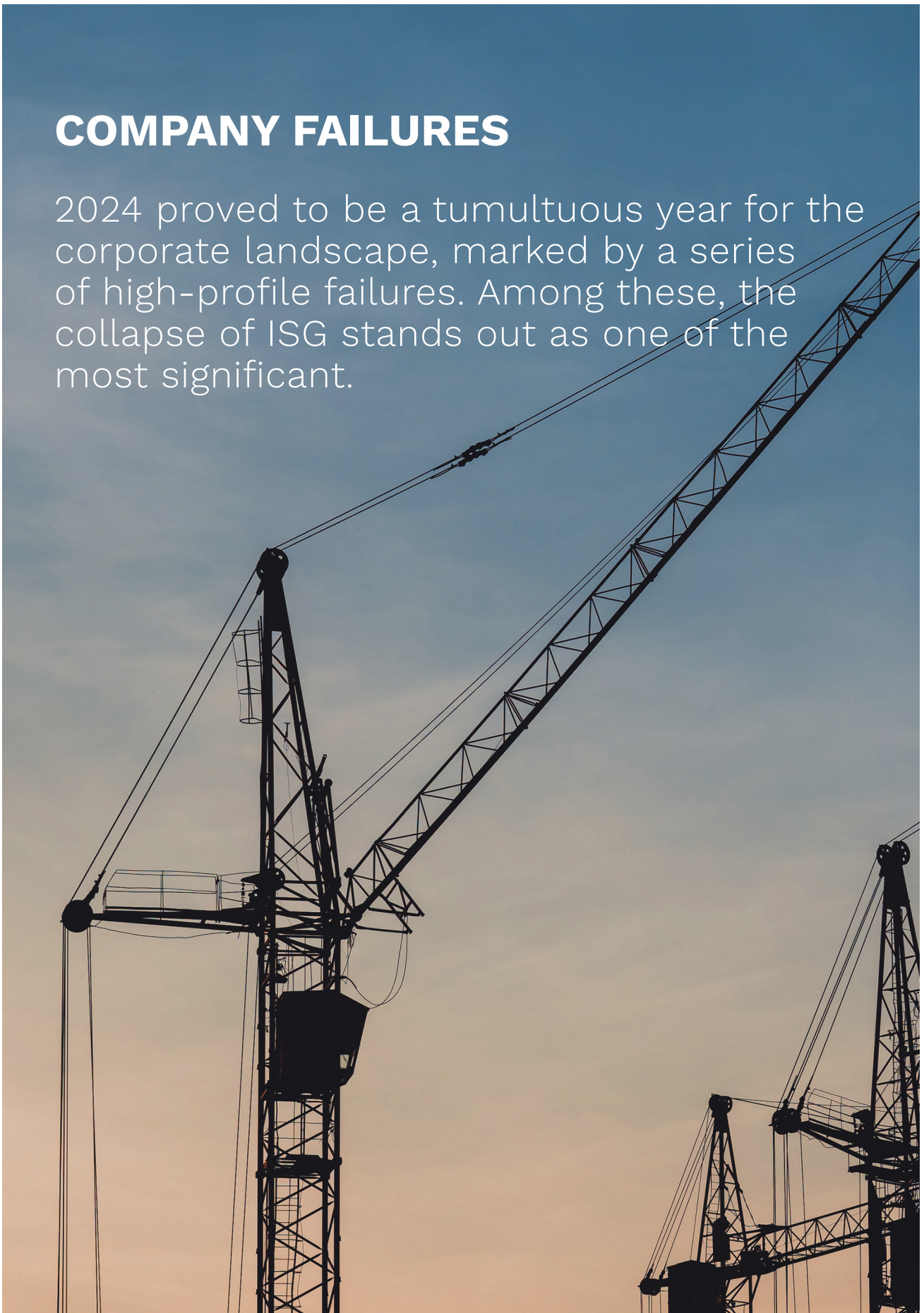
Manufacturing



Health & Education

COMPANY FAILURES

2024 proved to be a tumultuous year for the corporate landscape, marked by a series of high-profile failures. Among these, the collapse of ISG stands out as one of the most significant.



ISG

Last year, one of the UK's largest construction companies, filed for administration. ISG's dramatic collapse sent shockwaves through the industry, leaving thousands of employees jobless and numerous projects in limbo.

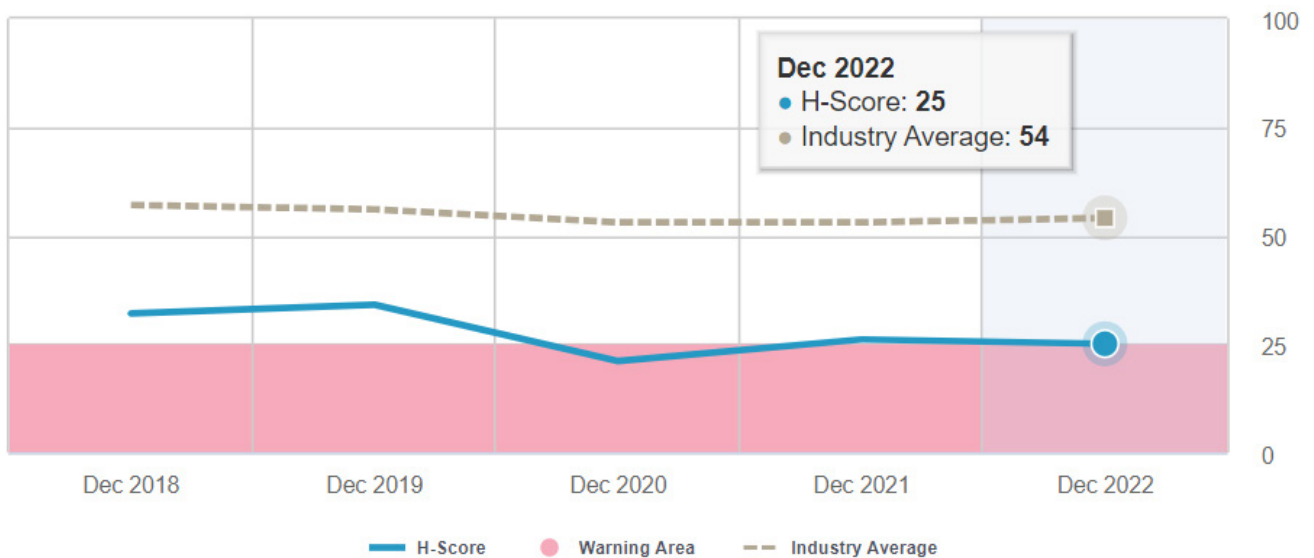
The demise of ISG serves as a stark reminder that even well-established companies can succumb to financial distress. The company had been grappling with various challenges, including supply chain disruptions, inflationary pressures, and a challenging economic climate.

Interestingly, ISG had been flagged as a company of concern by Company Watch well in advance. The company's H-Score®, a proprietary metric that assesses a company's financial health, had been consistently below industry averages, indicating a heightened risk of insolvency.

In December 2020, ISG's H-Score® fell into the Warning Area and was significantly lower than the industry average of 52. This underscores the importance of proactive risk management and the value of early warning signals.

With a turnover of £2.2 billion and approximately 3,000 employees, ISG's collapse highlights the far-reaching impact of corporate failures, affecting not only the company itself but also its suppliers, customers, and the wider economy.

ISG H-Score®



Company Watch Limited

HOMEBASE (HHGL LIMITED)

Homebase, a long-standing retailer of hardware, paints, and glass, fell into administration, putting approximately 2,000 jobs at risk. Established in 1954, the company has faced significant financial challenges in recent years, as evidenced by its financial data spanning from 2018 to 2023.

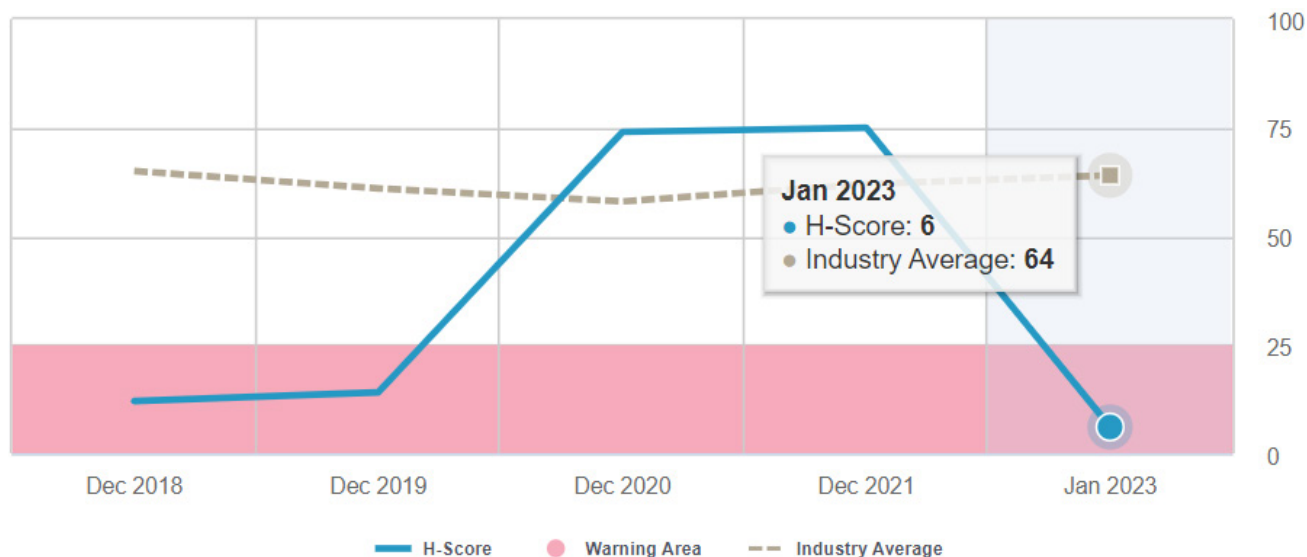
Homebase entered the Company Watch Warning Area in January 2023, with an H-Score® of just 6, significantly below the industry average of 66. The company's TextScore®, derived from the text of its financial reports, had been in the Warning Area since October 2020, with a score of only 11. TextScore® analyses language used in company filings to predict future financial distress.

Moreover, a CCJ of £10,284 was registered against Homebase on July 17, 2024, indicating a failure to meet financial obligations. This often precedes more serious financial difficulties, such as insolvency.

Lastly, a change in accounting reference date can signal potential operational issues or weak financial performance. According to our database, Homebase made such a change in the previous financial year.

These factors, highlighted by Company Watch's advanced analytics, provide valuable insights into the factors that contributed to Homebase's collapse

Homebase (HHGL Limited) H-Score®



Company Watch Limited

OCTAGON DEVELOPMENTS LTD.

Octagon Developments Ltd. was founded 45 years ago and specialises in luxury family homes within London and the Home Counties. The company showed a turnover of £31.1m for the year 2023, generating a pre-tax loss of £4.3m. At the time, Octagon employed 93 staff and £11.5m was owed to trade creditors. The company filed for administration on 22nd November 2024.

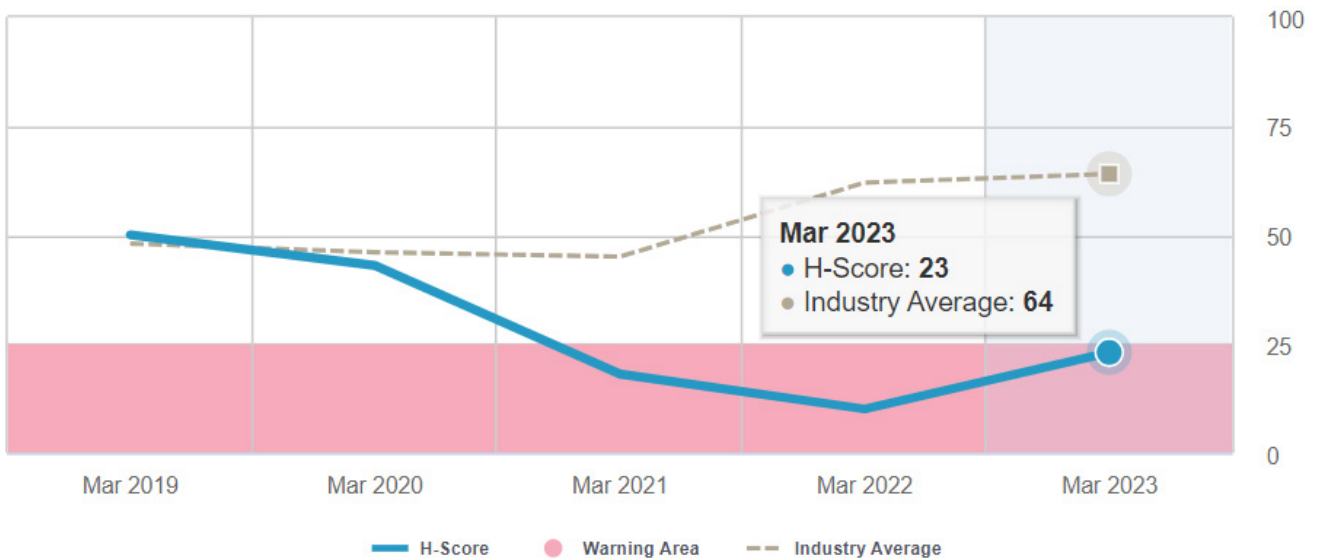
Octagon Developments fell into the Company Watch Warning Area in March 2021, and has remained there since. In its latest filing in March 2023, Octagon had an H-Score® of just 23, significantly trailing an industry average score of 64.

Both the immediate parent company (OCTAGON GROUP LIMITED: H-Score® 22) and ultimate parent company (OCTAGON GROUP HOLDINGS LIMITED: H-Score® 21) had been in the Company Watch Warning Area since March 2023, also displaying signs of significant risk.

Our powerful anomaly detection tool, Vigilance™, flagged that a new, potentially phoenix company has now been incorporated and is associated with Octagon Developments by directorship.

Legitimate restructuring or insolvency processes may result in the formation of a new entity to continue operations responsibly. However, some directors use phoenix companies to avoid paying creditors, employees, or tax liabilities incurred by the previous company.

Octagon Developments Ltd. H-Score®



Company Watch Limited

INSIGHTS FROM PHILIP KING



Philip King
Cash Flow Consultant

Philip King has 46 years of credit management experience, including 26 in front-line operational roles, 14 as Chief Executive of the Chartered Institute of Credit Management, and 18 months as the interim Small Business Commissioner for the UK.

We invited Philip to share his insights on 2024 and his perspective on the year to come. This past year continued to be shaped by tension and uncertainty.

Political Uncertainties

Continuing conflicts have created difficulties for those trading globally, and political turmoil in the UK, US, France and elsewhere has undermined confidence across the business community. More than anything, businesses need to know what to expect from their government, and elections detract from whatever certainty there might have been.

In the UK, the Labour Party's promise that tax on workers would not be increased in its first budget was undermined by the increase to employers' National Insurance contributions. This has led to accusations of a disingenuous approach, and an acknowledgment by the politicians concerned that the wording used was perhaps unfortunate. To that end, employers begin the year nervous about the impact of increases to National Insurance contributions and the National Minimum Wage. As a result, their willingness and ability to grow, invest and create more employment is hampered.

Across the pond, Trump's victory in the US and what his impending second presidential term might mean for businesses outside the US is unknown, but the signs are not positive. Swingeing tariffs are likely to negatively impact trade with the US and cause repercussions around the global market.

Interest Rates

Interest rates in the UK started the year at 5.25%, falling to 4.75% in November, but the frequent and greater cuts predicted by many have not happened and most commentators see the current level, or close to it, becoming the norm for a while. The cost of raising finance is higher, while mortgage rates remain high as well, so there is less money floating around the economy to drive UK GDP growth, which has been sluggish.

Insolvencies

Insolvencies remain high with UK business failures expected to hit over 29,000, a 12-year high, peaking at 43% above pre-covid levels. Construction, hospitality, and retail appear to be most affected. All too often, individual insolvency numbers get ignored but we shouldn't forget that the significant numbers of people entering personal insolvency procedures will include micro businesses and sole traders.

Fraud

In the first half of 2024, the number of reported fraud cases rose 15% compared to the same period in 2023. While we've seen business awareness of the risks ostensibly improving, too many are not taking sufficient preventative action.

Banks are expected to show greater responsibility to protect and reimburse for losses incurred, but businesses still suffer and much of fraud is not simply financial. Neal's Yard Dairy being scammed out of £300,000 of its cheese earlier in the year was a great example of the different ways in which fraudsters can strike.

Cyber fraud is another area increasing exponentially that can cause huge damage. In 2024 alone, 7.78 million cyber attacks were reported by UK businesses. In total, 50% of UK businesses experienced some form of cyber attack with the average cost of a cyber-attack to a UK business amounting to £10,830.

Late payment continues to be a millstone for a huge number of Britain's 5.5m small businesses, with Smart Data Foundry research claiming that SMEs are owed on average £22,000 a year. The incoming Labour government promised to address the issue and has wasted no time in launching its Fair Payment Code, which it claims is more ambitious, aspirational and robust than the Prompt Payment Code it has replaced.

This is much needed, though I have several reservations about its complexity and processes. I fear it will prove to be less successful than is hoped but I would love to be proved wrong and to see it make a real difference to the quantity and timeliness of cash flowing into the supply chain.

Conclusion

Business owners are resilient and determined. They are innovative and use their initiative. As a result, many are surging forward despite the difficulties they face. But, for many other businesses, confidence and optimism are lower than they were at the beginning of last year. While 2025 may bring a lot of challenges, it also shows promise for businesses that engage in smart and robust anti-fraud and payment mechanisms.

LOOKING AHEAD



As we embark on 2025, we're excited about the future of Company Watch and the industry as a whole. 2024 saw significant progress under the Economic Crime and Corporate Transparency Act. With more changes likely to be implemented in 2025, good things are to be expected as far as data quality and reduction in fraud are concerned.

Our vision at Company Watch is to revolutionise the way businesses assess and manage risk, empowering them to make informed decisions and drive sustainable growth.

We're committed to delivering innovative solutions that cater to the evolving needs of our clients. By deepening our data capabilities and expanding into new areas like cyber risk, we'll continue to provide unparalleled insights.

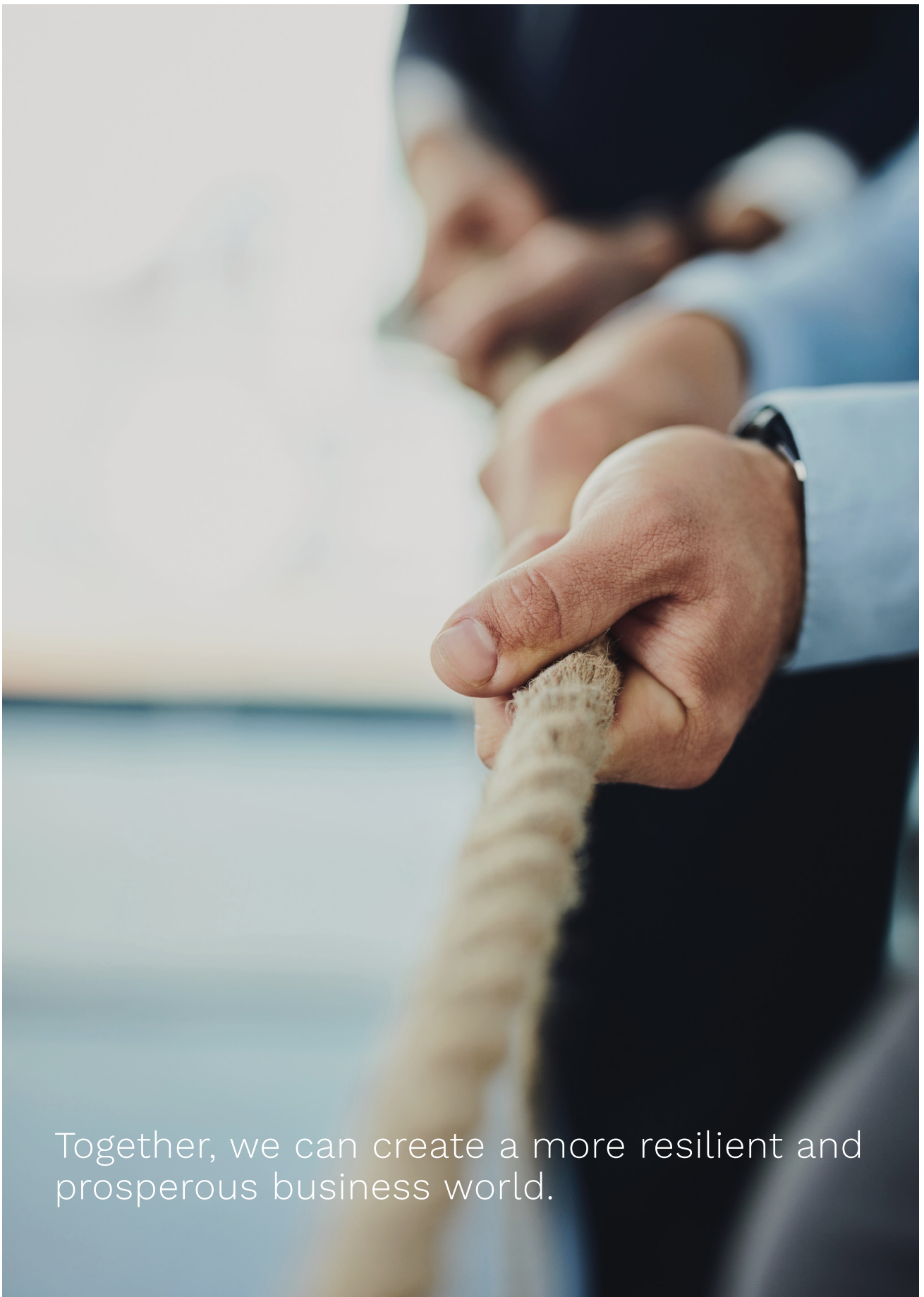
Our next-generation scoring model,

powered by advanced machine learning, will deliver even more accurate and timely risk assessments. This cutting-edge technology will set a new industry standard for financial intelligence.

We believe that by empowering businesses with the tools they need to make informed decisions, we can help them navigate the complex landscape of modern finance. Whether it's identifying emerging risks, optimising credit decisions, or streamlining operations, Company Watch is your partner in driving business success.

As we look to the future, we're excited about the opportunities to collaborate with our clients and partners to shape the future of risk management. Together, we can create a more resilient and prosperous business world.

Here's to 2025!



Together, we can create a more resilient and prosperous business world.



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