

**Spicerhaart Group Limited**

**Annual report and consolidated  
financial statements**

**Registered number 4081664**

**Year ended 31 December 2017**



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## **Directors and officers**

**Directors:**

P A Smith  
R Jervis  
A R Benn  
J A Spence

**Secretary:**

P A Smith

**Registered office:**

Colwyn House  
Sheepen Place  
Colchester  
Essex  
CO3 3LD

**Auditor:**

KPMG LLP  
Chartered Accountants  
Botanic House  
100 Hills Road  
Cambridge  
CB2 1AR

## Strategic report

The directors present their strategic report for the year ended 31 December 2017.

### Business review

The group's principal activity during the year was that of estate agency, together with a broad range of complementary business streams. We operate across the residential property services value chain, having specialised divisions covering estate agency, residential lettings, financial services, land and new homes and surveying.

Our market remained challenging in 2017 with consumer confidence still low due to the general economic uncertainty following the EU referendum in 2016 and the changes in stamp duty and Landlord interest tax relief also having an impact on housing transaction volumes which fell again in 2017. London and the South East saw some of the biggest reductions in volumes, which has been a key consideration in our strategy to expand the group into other less affected areas. In line with this strategy, on 1 September 2017 we acquired the Butters John Bee group, which provides a full range of property services across 17 branches covering the major towns in Staffordshire, Shropshire and Cheshire. Following the year end, in February 2018 we acquired Brian Holt Limited, a 3 branch business located in and around Coventry. The directors continue to explore opportunities to expand further in 2018.

The key performance indicators for the group are turnover and profit before tax and the directors report a £0.3m increase in group turnover to £113.4m. Excluding the acquisition, turnover dropped back by £2.7m, 2% as a result of the slow-down in the market with a fall in estate agency turnover being partly offset by strong growth in the financial services, lettings and surveying businesses, where we have continued to invest.

Profitability improved due to returns on the investment made in businesses delivering growth now being realised and actions taken by the directors to reduce costs. The group reported a profit before tax of £0.1m (2016 – loss before tax £2.1m) an improvement of £2.2m.

Restructuring costs and the partial write off of costs associated with the development of a new operating system increased operating costs in the year. After adjusting for these non-recurring items and the small profit impact of the acquisition, the group made an underlying profit before tax of £1.2m, which was £1.9m up on 2016 on a like for like basis.

After tax, the group reported a loss in the year of £52k (2016: loss of £1,829k).

Net assets remained stable at £19.3m with goodwill and other intangible assets increasing due to the acquisition, which was financed through a draw down on our revolving credit facility. The group ended the year with cash reserves of £13.1m.

The consolidated profit and loss account and other comprehensive income, balance sheet and statement of changes in equity of the group and of the company are set out in pages 7 to 11.

Trading in 2018 has started in line with expectations and whilst market activity remains low in estate agency, costs are being contained and our lettings, financial services, land and new homes and surveying businesses all continue to deliver strong growth. Given these factors the directors expect to see further improvements in trading profits and remain focused on growing market share, customer service and operating efficiency.

### Principal risks and uncertainties

The principal risk facing the group is a change in market conditions, which as noted above, is managed through constant review of market trends to enable swift cost base adjustment where needed and by our mix of services, which in addition to estate agency, include more stable and counter - cyclical services such as lettings and financial services. Expanding our geographic mix will further reduce our exposure to fluctuations in specific local markets.

As for most businesses, other risks and uncertainties include the loss of key personnel, clients, partners and suppliers.

By order of the Board

  
P A Smith  
Director

Date: 27th JUNE 2018

Colwyn House  
Sheepen Place  
Colchester  
Essex  
CO3 3LD

## Directors' report

The directors present their report, strategic report and the financial statements for the year end 31 December 2017.

### Directors of the company

The directors who held office during the year were as follows:

P A Smith  
J A Spence  
L F E Pollington (resigned 27 May 2018)  
A R Benn  
R Jervis

### Dividends

During the year Spicerhaart Group Limited declared and paid a dividend of £5,020 (2016: £4,948,380).

### Financial instruments

The group's principal financial instruments include financial assets and liabilities such as trade debtors and trade creditors, which arise directly from its operations. Companies in the group also participate in a centralised treasury function pooling cash balances and lending or borrowing funds to companies within the group to fund operations.

**Liquidity risk:** The centralised treasury function helps to maximise interest income and minimise interest expense, whilst ensuring that the group has sufficient liquid resources to meet its operating needs.

**Interest rate risk:** The group is exposed to interest rate risks on its deposits and its revolving credit facility borrowings.

**Credit risk:** Investments of cash surpluses are made through banks and other reputable financial institutions as approved by the board. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

### Employee involvement

Efforts have been made to consult with and inform employees on matters which concern them with emphasis on the continuing growth and development of the company. Communication is principally through the regional and branch management structure.

### Political and charitable contributions

The group made charitable contributions during the year of £36,696 (2016: £22,609) and political contributions of £1,735 (2016: £nil)

### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

  
P A Smith  
Director

Colwyn House  
Sheepen Place  
Colchester  
Essex  
CO3 3LD

Date: 27th JUNE 2018

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



**KPMG LLP**

Botanic House  
100 Hills Road  
Cambridge  
CB2 1AR  
United Kingdom

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPICERHAART GROUP LIMITED**

**Opinion**

We have audited the financial statements of Spicerhaart Group Limited ("the company") for the year ended 31 December 2017 which comprise the Consolidated Profit and Loss Account and Other Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity and the Consolidated Cash Flow Statement and related notes, including the accounting policies in note 1.

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 December 2017 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

**Going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

**Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPICERHAART GROUP LIMITED** *(continued)*

### **Matters on which we are required to report by exception**

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.

**Mark Prince (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Botanic House  
100 Hills Road  
Cambridge  
CB2 1AR

Date: 29 June 2018



**Consolidated Profit and Loss Account and Other Comprehensive Income**  
*for the year ended 31 December 2017*

	<i>Notes</i>	<b>2017</b> <b>£000</b>	<b>2016</b> <b>£000</b>
<b>Turnover</b>	<b>3</b>	<b>113,404</b>	<b>113,137</b>
Operating costs		<b>(112,148)</b>	<b>(115,238)</b>
		<hr/>	<hr/>
<b>Gross profit/(loss)</b>		<b>1,256</b>	<b>(2,101)</b>
Amortisation of goodwill and intangible assets	<b>9</b>	<b>(515)</b>	<b>(421)</b>
Profit on revaluation of investment properties	<b>13</b>	<b>15</b>	<b>34</b>
Loss on disposal of fixed assets and intangible assets		<b>(742)</b>	<b>-</b>
		<hr/>	<hr/>
<b>Operating profit/(loss)</b>	<b>4</b>	<b>14</b>	<b>(2,488)</b>
Interest receivable and similar income	<b>5</b>	<b>100</b>	<b>411</b>
		<hr/>	<hr/>
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>114</b>	<b>(2,077)</b>
Taxation	<b>8</b>	<b>(166)</b>	<b>248</b>
		<hr/>	<hr/>
<b>Loss for the financial year</b>		<b>(52)</b>	<b>(1,829)</b>
		<hr/>	<hr/>
Other comprehensive income for the year, net of income tax		<b>-</b>	<b>-</b>
		<hr/>	<hr/>
<b>Total comprehensive loss for the financial year</b>		<b>(52)</b>	<b>(1,829)</b>
		<hr/> <hr/>	<hr/> <hr/>

Turnover and operating profit/(loss) derive wholly from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

The notes on pages 13 to 28 form an integral part of these financial statements.

**Consolidated Balance Sheet**  
*at 31 December 2017*

	Notes	2017 £000	2016 £000
<b>Fixed assets</b>			
<i>Intangible assets</i>			
Goodwill	9	6,519	908
Other intangibles	9	3,081	881
		<b>9,600</b>	<b>1,789</b>
<i>Tangible assets</i>			
Investments	10	1,104	854
Tangible fixed assets	12	8,715	9,184
Investment properties	13	873	858
		<b>10,692</b>	<b>10,896</b>
		<b>20,292</b>	<b>12,685</b>
<b>Current assets</b>			
Debtors	14	11,332	10,146
Cash at bank and in hand		13,132	12,087
		<b>24,464</b>	<b>22,233</b>
<b>Creditors: amounts falling due within one year</b>	16	<b>(14,175)</b>	<b>(13,001)</b>
<b>Net current assets</b>		<b>10,289</b>	<b>9,232</b>
<b>Total assets less current liabilities</b>		<b>30,581</b>	<b>21,917</b>
Interest-bearing loans and borrowings	17	(8,657)	-
Provisions for liabilities	18	(2,589)	(2,525)
<b>Net assets</b>		<b>19,335</b>	<b>19,392</b>
<b>Capital and reserves</b>			
Called up share capital	19	9	9
Share premium account		240	240
Investment property revaluation reserve		82	82
Profit and loss account		18,954	19,011
Merger reserve		50	50
<b>Equity shareholders' funds</b>		<b>19,335</b>	<b>19,392</b>

These financial statements were approved by the board of directors on **27th JUNE 2018** and were signed on its behalf by:

**P A Smith**  
Director

Company registration number: 4081664

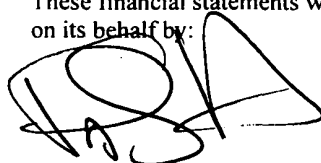
Colwyn House  
Sheepen Place  
Colchester  
Essex  
CO3 3LD

The notes on pages 13 to 28 form an integral part of these financial statements.

**Company Balance Sheet**  
*at 31 December 2017*

	<i>Note</i>	2017	2016
		£000	£000
<b>Fixed assets</b>			
Investments	10	31,923	23,550
		<u>31,923</u>	<u>23,550</u>
		31,923	23,550
<b>Current assets</b>			
Debtors	14	5,561	241
Cash at bank and in hand		1,627	3,937
		<u>7,188</u>	<u>4,178</u>
<b>Creditors: Amounts falling due within one year</b>	16	(19,268)	(13,206)
<b>Net current liabilities</b>		<u>(12,080)</u>	<u>(9,028)</u>
<b>Total assets less current liabilities</b>		<u>19,843</u>	<u>14,522</u>
Interest-bearing loans and borrowings	17	(8,657)	-
<b>Net assets</b>		<u>11,186</u>	<u>14,522</u>
<b>Capital and reserves</b>			
Called up share capital	19	9	9
Share premium account		290	290
Profit and loss account		10,887	14,223
<b>Shareholders' funds</b>		<u>11,186</u>	<u>14,522</u>

These financial statements were approved by the board of directors on 27th JUNE 2018 and were signed on its behalf by:



**P A Smith**  
*Director*  
Company registration number: 4081664

Colwyn House  
Sheepen Place  
Colchester  
Essex  
CO3 3LD

The notes on pages 13 to 28 form an integral part of these financial statements.

**Consolidated Statement of Changes in Equity**  
*for the year ended 31 December 2017*

	<b>Called up share capital £000</b>	<b>Share Premium £000</b>	<b>Revaluation Reserve £000</b>	<b>Merger Reserve £000</b>	<b>Profit and loss account £000</b>	<b>Total equity £000</b>
<b>At 1 January 2016</b>	4	19,240	82	50	6,788	26,164
<b>Total comprehensive income</b>						
Loss for the year	-	-	-	-	(1,829)	(1,829)
<b>Transactions with owners</b>						
Dividends paid	-	-	-	-	(4,948)	(4,948)
Share premium redemption	-	(19,000)	-	-	19,000	-
Shares issued	5	-	-	-	-	5
<b>At 31 December 2016</b>	<u>9</u>	<u>240</u>	<u>82</u>	<u>50</u>	<u>19,011</u>	<u>19,392</u>
<b>Total comprehensive income</b>						
Loss for the year	-	-	-	-	(52)	(52)
<b>Transactions with owners</b>						
Dividends paid	-	-	-	-	(5)	(5)
<b>At 31 December 2017</b>	<u>9</u>	<u>240</u>	<u>82</u>	<u>50</u>	<u>18,954</u>	<u>19,335</u>

The notes on pages 13 to 28 form part of these financial statements.

**Company Statement of Changes in Equity**  
*for the year ended 31 December 2017*

	<b>Called up Share capital £000</b>	<b>Share Premium £000</b>	<b>Profit and loss account £000</b>	<b>Total equity £000</b>
<b>At 1 January 2016</b>	4	19,290	(1,045)	18,249
<b>Total comprehensive income</b>				
Profit for the year	-	-	1,216	1,216
<b>Transactions with owners</b>				
Dividends paid	-	-	(4,948)	(4,948)
Share premium redemption	-	(19,000)	19,000	-
Shares issued	5	-	-	5
<b>At 31 December 2016</b>	<u>9</u>	<u>290</u>	<u>14,223</u>	<u>14,522</u>
<b>Total comprehensive income</b>				
Loss for the year	-	-	(3,331)	(3,331)
<b>Transactions with owners</b>				
Dividends paid	-	-	(5)	(5)
<b>At 31 December 2017</b>	<u>9</u>	<u>290</u>	<u>10,887</u>	<u>11,186</u>

The notes on pages 13 to 28 form part of these financial statements.

**Consolidated Cash Flow Statement**  
*for the year ended 31 December 2017*

	<i>Note</i>	<b>2017</b> <b>£000</b>	<b>2016</b> <b>£000</b>
<b>Cash flow statement</b>			
Cash flow from operating activities	25	3,345	4,113
Tax paid		(326)	(974)
Cash flows from investing activities	26	(10,718)	(3,168)
Cash flow from financing activities	26	8,744	(4,537)
Share capital issued	19	-	5
		<hr/>	<hr/>
<b>Increase/(decrease) in cash in the year</b>		<b>1,045</b>	<b>(4,561)</b>
		<hr/>	<hr/>
<b>Reconciliation of net cash flow to movement in net cash</b>			
<b>Increase/(decrease) in cash in the year</b>	27	<b>1,045</b>	<b>(4,561)</b>
		<hr/>	<hr/>
<b>Movement in net cash in the year</b>		<b>1,045</b>	<b>(4,561)</b>
Net cash at 1 January	27	12,087	16,648
		<hr/>	<hr/>
<b>Net cash at 31 December</b>	27	<b>13,132</b>	<b>12,087</b>
		<hr/>	<hr/>

The notes on pages 13 to 28 form an integral part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Spicerhaart Group Limited (the “Company”) is a private company limited by shares, incorporated, domiciled and registered in the UK. The registered number is 4081664 and the registered address is Colwyn House, Sheepen Place, Colchester, Essex, CO3 3LD.

These group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”) as issued in August 2014. The amendments to FRS 102 issued in July 2016 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### *Going concern*

The group’s business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 2.

The group and the company are expected to continue to generate positive cash flows for the foreseeable future and the directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the group and the company to continue as a going concern.

#### *Basis of consolidation*

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 December 2017. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

#### *Business combinations*

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the group recognises goodwill at the acquisition date as:

- the fair value of the consideration transferred; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

#### *Investments*

Investments are stated at cost less provision for diminution in value.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Freehold buildings	- Straight line over 50 years
Leasehold improvements	- Straight line over 5 years
Fixtures, fittings and office equipment	- Straight line over 3 or 4 years
Motor vehicles	- Straight line over 4 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

#### *Leases*

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

Leasehold premiums and rent free periods are amortised over the remaining length of the lease.

#### *Intangible assets and goodwill*

Goodwill represents the excess of cost of acquisition over the fair value of the separable net assets of business acquired. Goodwill on consolidation is amortised through the profit and loss account in equal instalments over its expected useful life of 10 years.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

#### *Brands and customer contracts*

Brands represent the fair value of the BJB Group brand separately identified and recognised at the point of the acquisition during the year. Customer contracts represent the fair value of the lettings contracts separately identified and recognised within the BJB Group at the point of the acquisition during the year.

Brands and customer contracts are amortised through the profit and loss in equal instalments over their expected useful life of 10 years.

#### *Research and development*

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

#### *Amortisation*

Other intangible assets, brands, customer contracts and goodwill	- Straight line over 10 years
Development costs on intangible assets	- Straight line over 3-5 years



## Notes (continued)

### 1 Accounting policies (continued)

#### *Cash*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

#### *Pension costs*

The company operates a defined contribution pension scheme. The assets of the scheme are invested and managed independently of the finances of the company. The pension cost charge represents contributions payable in the year.

#### *Turnover*

Commission earned on sales of residential and commercial property is recognised on the exchange of contract. Commission earned on financial services is recognised when insurance policies go on risk and when mortgage contracts complete with a provision for future clawback repayment in the event of early termination by the customer. Income from other services is recognised in the period or periods when the services are provided.

#### *Investment properties*

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost. Subsequently, investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise. No depreciation is provided in respect of investment properties applying the fair value model.

#### *Provisions*

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the parent company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the company will be required to make a payment under the guarantee.

#### *Taxation*

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

## Notes (continued)

### 1 Accounting policies (continued)

#### Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

#### Interest receivable and Interest payable

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

### 2 Acquisitions of businesses

#### Acquisitions in the current year

On 1 September 2017, the Group acquired 100% of the voting shares of Butters John Bee Group Limited for £8,123k. The company works in the same industries as the Group. The business contributed revenue of £3,019k and net profit of £269k for the period from acquisition. The effect on consolidated group net profits after amortisation of goodwill and intangibles was £36k.

#### Effect of acquisition

The acquisition had the following effect on the Company's/Group's assets and liabilities at the acquisition date.

	Book values	Fair value adjustments	Recognised values on acquisition £000
<b>Acquiree's net assets at the acquisition date:</b>			
Tangible fixed assets	663	(68)	595
Intangible assets	7,116	(7,116)	-
Stocks	63	(63)	-
Trade and other debtors	1,687	(867)	820
Cash (note 26)	(465)	-	(465)
Trade and other creditors	(1,326)	-	(1,326)
Deferred tax liabilities (note 15)	(42)	(515)	(557)
Brands (note 9)	-	1,621	1,621
Customer contracts (note 9)	-	1,410	1,410
	<hr/>	<hr/>	<hr/>
Net identifiable assets and liabilities	7,696	(5,598)	2,098
	<hr/>	<hr/>	<hr/>
<b>Total cost of business combination:</b>			
Consideration paid:			
Initial cash price paid			7,933
Costs directly attributable to business combination			190
			<hr/>
Total consideration (note 10, 26)			8,123
			<hr/>
Goodwill on acquisition (note 9)			6,025
			<hr/>

Fair value adjustments were made to the net assets to reflect the amounts which management considered to be recoverable at the date of acquisition.

The expected useful life of goodwill stemming from this acquisition is 10 years, reflecting the period over which management expects to realise returns from its investment.

## Notes (continued)

### 3 Turnover

Turnover comprises commission and fees receivable excluding VAT and is all generated in the UK. An analysis of turnover is given below:

	2017 £000	2016 £000
Rendering of services	95,156	96,286
Commission	18,248	16,851
	<u>113,404</u>	<u>113,137</u>

### 4 Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting):

	2017 £000	2016 £000
<b>Operating lease rentals</b>		
Hire of land and buildings	5,358	5,739
Hire of other assets	5,137	5,582
<b>Auditors remuneration</b>		
Audit of these financial statements	13	22
Auditing of accounts of subsidiaries of the company pursuant to legislation	127	113
Other accounting services	58	18
Tax compliance services	48	42
Other services	105	22
Depreciation of tangible fixed assets (note 12)	2,921	3,525
Amortisation of intangible assets (note 9)	515	421
Profit on revaluation of investment properties (note 13)	(15)	(34)
<b>Non-recurring items</b>		
Cost arising from liquidation of subsidiary	-	870
Costs associated with cost reduction and restructuring programme	400	876
Consideration for release of equity participation rights over a third party	-	(350)
Costs in respect of abandoned IT project	752	-
	<u>          </u>	<u>          </u>

Costs of £752k in respect of an abandoned IT project consists of £730k of capitalised intangible development costs now written off (note 9) and £22k of capitalised tangible fixed assets now written off.

### 5 Interest receivable and similar income

	2017 £000	2016 £000
Bank interest receivable	140	260
Bank interest payable	(76)	-
<b>Total bank interest receivable</b>	<u>64</u>	<u>260</u>
Other interest receivable	106	151
Other interest payable	(70)	-
<b>Total other interest receivable</b>	<u>36</u>	<u>151</u>
<b>Total interest receivable</b>	<u>100</u>	<u>411</u>

## Notes (continued)

### 6 Directors' remuneration

	2017 £000	2016 £000
Directors' emoluments	1,245	1,375
Key management personnel remuneration	969	1,021
Pension contributions	66	77
	<hr/> 2,280 <hr/>	<hr/> 2,473 <hr/>

The highest paid director received emoluments of £375,204 (2016: £409,282) and pension contributions of £20,000 (2016: £30,000).

The group contributed to pension schemes on behalf of 4 (2016: 4) of the directors.

### 7 Staff number and costs

The average number of employees, employed by the group during the year was:

	2017 No.	2016 No.
Administration and support	601	624
Sales and other	1,314	1,250
	<hr/> 1,915 <hr/>	<hr/> 1,874 <hr/>
	<hr/> £000	<hr/> £000
Staff costs, including directors:		
Wages and salaries	58,477	58,247
Social security costs	6,619	6,428
Other pension costs (note 22)	753	718
	<hr/> 65,849 <hr/>	<hr/> 65,393 <hr/>

## Notes (continued)

### 8 Taxation

#### Analysis of charge in year

	2017	2016
	£000	£000
<i>UK corporation tax</i>		
Current tax on income for the year	244	77
Adjustments in respect of prior periods	(98)	(127)
Total corporation tax	146	(50)
<i>Deferred tax</i>		
Origination and reversal of timing differences	(114)	(253)
Adjustments in respect of prior periods	134	49
Effect of tax rate change on opening balance	-	6
Total deferred tax (note 15)	20	(198)
Tax charge/(credit) on profit on ordinary activities	166	(248)

#### Factors affecting the tax charge for the current and prior year

The effective rate for 2017 is 19.25%, the weighted average of the applicable corporation tax rates during the year. The 20% rate was reduced to 19% from 1 April 2017. The effective rate for 2016 was 20%.

The total tax charge (2016: credit) is higher (2016: lower) than the standard rate of corporation tax in the UK, 19.25% (2016: 20%). The differences are explained below:

	2017	2016
	£000	£000
<i>Reconciliation of effective tax rate</i>		
Profit/(loss) on ordinary activities before taxation	114	(2,077)
Tax using the UK corporation tax rate of 19.25% (2016: 20%)	22	(415)
<i>Effects of:</i>		
Fixed asset differences	239	314
Expenses not deductible for tax purposes	824	658
Income not taxable for tax purposes	(1,009)	(742)
Adjustments in respect of prior periods (current & interco)	-	(127)
Adjustments in respect of prior periods (deferred tax)	134	66
Adjustments to tax charge in respect of previous periods	(98)	85
Deferred tax not recognised	7	(177)
Adjust closing deferred tax to average rate	-	192
Adjust opening deferred tax to average rate	-	(119)
Capital gains	5	16
Other permanent differences	34	1
R&D expenditure credits	2	-
Group relief claimed	(3)	-
Rate change on deferred tax balances	9	-
Total tax charge /(credit) included in profit and loss	166	(248)

#### Factors affecting the future tax charge

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2017 has been calculated based on these rates.

## Notes (continued)

### 9 Intangible assets and goodwill

#### Group

	Development costs £000	Other intangibles Assets £000	Brands £000	Customer Contracts £000	Goodwill £000	Total £000
<b>Cost</b>						
At 1 January 2017	881	1,520	-	-	5,973	8,374
Additions	-	-	1,621	1,410	6,025	9,056
Disposals	(730)	-	-	-	-	(730)
<b>At 31 December 2017</b>	<b>151</b>	<b>1,520</b>	<b>1,621</b>	<b>1,410</b>	<b>11,998</b>	<b>16,700</b>
<b>Amortisation</b>						
At 1 January 2017	-	1,520	-	-	5,065	6,585
Charge for the year	-	-	54	47	414	515
<b>At 31 December 2017</b>	<b>-</b>	<b>1,520</b>	<b>54</b>	<b>47</b>	<b>5,479</b>	<b>7,100</b>
<b>Net book value</b>						
At 1 January 2017	881	-	-	-	908	1,789
<b>At 31 December 2017</b>	<b>151</b>	<b>-</b>	<b>1,567</b>	<b>1,363</b>	<b>6,519</b>	<b>9,600</b>

Goodwill which has been recognised on business combinations is amortised through the profit and loss account in equal instalments over its expected useful life of 10 years.

The disposal of development costs relates to the abandonment of an IT project. The remaining costs still have a value within the business.

### 10 Fixed asset investments

#### Group

	Loan notes £000
<b>Cost</b>	
At 1 January 2017	854
Additions (note 26)	250
<b>At 31 December 2017</b>	<b>1,104</b>
<b>Net book value</b>	
At 1 January 2017	854
<b>At 31 December 2017</b>	<b>1,104</b>

## Notes (continued)

### 10 Fixed asset investments (continued)

Company	Shares in group undertakings £000	Loan notes £000	Total £000
<b>Cost</b>			
At 1 January 2017	37,378	854	38,232
Additions (note 2, 26)	8,123	250	8,373
<b>At 31 December 2017</b>	<b>45,501</b>	<b>1,104</b>	<b>46,605</b>
<b>Provision for diminution in value</b>			
At 1 January 2017	14,682	-	14,682
<b>At 31 December 2017</b>	<b>14,682</b>	<b>-</b>	<b>14,682</b>
<b>Net book value</b>			
At 1 January 2017	22,696	854	23,550
<b>At 31 December 2017</b>	<b>30,819</b>	<b>1,104</b>	<b>31,923</b>

### 11 Investment in subsidiary companies

The undertakings in which the company's interest at the year-end is more than 20% are as follows:

Shares in group undertakings	Registered office address*	Principal activity	Class of shares held
Butters John Bee Group Limited	A	Estate agency and property services	Ordinary £1 shares
Butters John Bee Limited	A	Estate agency	Ordinary £1 shares
BJB (Lettings) Limited	A	Property Management Services	Ordinary £1 shares
BJB Financial Services Limited	A	Financial Services	Ordinary £1 shares
BJB Professional Services Limited	A	Surveying and commercial property services	Ordinary £1 shares
Central Surveyors Limited	A	Surveying	Ordinary £1 shares
Chewton Rose Limited	A	Estate agency	Ordinary £1 shares
Darlows Limited	B	Estate agency	Ordinary £1 shares
Essex & Suffolk Development Company Limited	A	Property Investment	Ordinary £1 shares
Felicity Investments Limited	A	Dormant company	Ordinary £1 shares
Felicity J Lord Limited	A	Dormant company	Ordinary £1 shares
Haart Limited	A	Dormant company	Ordinary £1 shares
Haart Auctions Limited	A	Estate agency	Ordinary £1 shares
Haybrook Limited	A	Dormant company	Ordinary £1 shares
Haybrook Holdings Limited	A	Dormant company	Ordinary £1 shares
HIPs.co.uk Limited	A	Provider of EPC's	Ordinary £1 shares
Indigo Limited	A	Estate agency	Ordinary £1 shares
iSold.Com Limited	A	Dormant company	Ordinary £1 shares
Just Mortgages Limited	A	Financial services	Ordinary £1 shares
Mortgages Direct Limited	A	Financial services	Ordinary £1 shares
Move Legal Services Limited	A	Dormant company	Ordinary £1 shares
Okotoks Limited	A	Estate agency	Ordinary £1 shares
Spicerhaart Corporate Sales Limited	A	Financial services	Ordinary £1 shares
Spicerhaart Estate Agents Limited	A	Estate agency	Ordinary £1 shares
Spicerhaart Financial Services Limited	A	Provider of administrative services	Ordinary £1 shares

## Notes (continued)

### 11 Investment in subsidiary companies (continued)

Shares in group undertakings	Registered office address*	Principal activity	Class of shares held
Spicerhaart Group Services Limited	A	Property Receiver services	Ordinary £1 shares
Spicerhaart Holdings Limited	A	Dormant company	Ordinary £1 shares
Spicerhaart Land & New Homes Limited	A	Dormant company	Ordinary £1 shares
Spicerhaart LPA Services Limited	A	Dormant company	Ordinary £1 shares
Spicerhaart Professional Services Limited	A	Ancillary services	Ordinary £1 shares
Spicerhaart Property Services Limited	A	Property management	Ordinary £1 shares
Spicerhaart Residential Lettings Limited	A	Property management services	Ordinary £1 shares
Spicer McColl Limited	A	Dormant company	Ordinary £1 shares
Spicer McColl Eastern Limited	A	Dormant company	Ordinary £1 shares
Spicer McColl (Estate Agents) Limited	A	Dormant company	Ordinary £1 shares
Spicer McColl Property Management	A	Dormant company	Ordinary £1 shares
Valuation Limited	A	Surveying	Ordinary £1 shares

**\* Registered addresses:**

A: Colwyn House, Sheepen Place, Colchester, Essex, CO3 3LD

B: 19-19a Station Road, Llanishen, Cardiff, CF14 5LS, Wales

All subsidiary companies are wholly owned.

In addition to holding the entire called up ordinary share capital of Valuation Limited, Spicerhaart Group Limited is the holder of 3,000 preferred uncalled shares with an aggregate nominal value of £3,000,000. In accordance with the Articles of Association, Valuation Limited may issue call notices if there is a business cessation event requiring Spicerhaart Group Limited to pay to the company the Call Amount as defined by the Articles of Association.

### 12 Tangible fixed assets

Group	Land and buildings £000	Leasehold property improvements £000	Fixtures, fittings and office equipment £000	Motor Vehicles £000	Total £000
<b>Cost</b>					
At 1 January 2017	4,751	3,152	8,319	196	16,418
Acquisitions through business combinations	-	841	584	28	1,453
Additions	-	374	1,373	133	1,880
Disposals	-	(465)	(2,877)	(50)	(3,392)
<b>At 31 December 2017</b>	<b>4,751</b>	<b>3,902</b>	<b>7,399</b>	<b>307</b>	<b>16,359</b>
<b>Depreciation</b>					
At 1 January 2017	285	1,858	4,948	143	7,234
Acquisitions through business combinations	-	473	361	24	858
Charge for the year	95	616	2,147	63	2,921
Eliminated on disposals	-	(465)	(2,856)	(48)	(3,369)
<b>At 31 December 2017</b>	<b>380</b>	<b>2,482</b>	<b>4,600</b>	<b>182</b>	<b>7,644</b>
<b>Net book value</b>					
At 1 January 2017	4,466	1,294	3,371	53	9,184
<b>At 31 December 2017</b>	<b>4,371</b>	<b>1,420</b>	<b>2,799</b>	<b>125</b>	<b>8,715</b>



## Notes (continued)

### 13 Investment properties

Group	Freehold land and buildings £000
<b>Valuation</b>	
At 1 January 2017	858
Revaluation	15
	<hr/>
<b>At 31 December 2017</b>	<b>873</b>
	<hr/>
<b>Net book value</b>	
At 1 January 2017	858
	<hr/>
<b>At 31 December 2017</b>	<b>873</b>
	<hr/>

The investment properties were revalued on 31 December 2017 by Colliers International Chartered Surveyors who fall within the requirements set out by RICS Valuation Professional Standards and who is a valuer registered in accordance with the RICS Valuer Registration Scheme (VRS). The historic cost of investment properties at the year-end was £792,000 (2016: £792,000).

### 14 Debtors

	2017 Group £000	2017 Company £000	2016 Group £000	2016 Company £000
Trade debtors	6,667	-	4,822	-
Amounts owed by group companies	21	5,356	-	-
Prepayments and accrued income	2,998	-	2,537	6
Other debtors	1,388	205	1,774	235
Deferred tax (note 15)	215	-	792	-
Corporation tax	43	-	221	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>11,332</b>	<b>5,561</b>	<b>10,146</b>	<b>241</b>
	<hr/>	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 15 Deferred taxation

The elements of deferred taxation are as follows:

Group	2017 £000	2016 £000
Capital allowances in arrears of depreciation	754	887
Capital gains	(220)	(219)
Short term timing differences	180	124
Deferred tax liability - arising on intangible assets recognised as part of business combinations	(499)	-
	<hr/>	<hr/>
Total deferred tax asset (note 14)	215	792
	<hr/>	<hr/>
Asset at start of year	792	594
Deferred tax (charge)/credit in profit and loss account (note 8)	(20)	198
Deferred tax liability on the intangible assets recognised on the acquisition of a subsidiary (note 2)	(515)	-
Deferred tax liability – arising on the acquisition of a subsidiary (note 2)	(42)	-
	<hr/>	<hr/>
Asset at end of year (note 14)	215	792
	<hr/>	<hr/>

The following deferred tax assets have not been recognised in the balance sheet, and would be recoverable in the event of sufficient future taxable profits in the relevant companies.

	2017 £000	2016 £000
Tax losses carried forward	520	816
	<hr/>	<hr/>

During the year beginning after the reporting period it is expected that the reversal of the deferred tax liability recognised on the acquisition of Butters John Bee Group Limited will be £51,536.

### 16 Creditors: Amounts falling due within one year

	2017 Group £000	2017 Company £000	2016 Group £000	2016 Company £000
Trade creditors	1,385	4	985	-
Amounts owed to group companies	-	19,220	-	13,189
Other taxation and social security	4,300	-	4,517	-
Other creditors and accruals	8,490	44	7,499	17
	<hr/>	<hr/>	<hr/>	<hr/>
	14,175	19,268	13,001	13,206
	<hr/>	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 17 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's and parent Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2017 £000	2016 £000
<b>Creditors falling due more than one year</b>		
Secured bank loan	8,657	-
	<u>8,657</u>	<u>-</u>

#### Terms and debt repayment schedule

Bank	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2017 £000	2016 £000
HSBC Bank plc	GBP	LIBOR+margin in 2017 1.4%	2020	At maturity	8,657	-
					<u>8,657</u>	<u>-</u>

The HSBC bank loan is secured with fixed and floating charges over the assets of the company and in relation to the shareholding of its immediate parent and material subsidiaries.

### 18 Provisions for liabilities

	Onerous lease provisions £'000	Clawback provisions £'000	Dilapi- dations provisions £'000	PI claims provisions £'000	Total £'000
At 1 January 2017	534	683	810	498	2,525
Additional provision made during the year	351	693	448	229	1,721
Unused amounts reversed during the years	(25)	-	(343)	(245)	(613)
Utilised during the year	(419)	(423)	(124)	(78)	(1,044)
<b>At 31 December 2017</b>	<u>441</u>	<u>953</u>	<u>791</u>	<u>404</u>	<u>2,589</u>

The company recognises a provision for the estimated costs for dilapidations that may become payable under the terms of the current leasehold property contracts at the end of the lease. The costs are accrued over the life of the lease and reassessed each year. It is expected that £406,240 will be payable within one year of the balance sheet date.

The professional indemnity claims provision is based on the company's best estimate of the likely outcome of notified claims and future claims. The ultimate outcome of the claims will be affected by various factors that are difficult to predict. The timing of the eventual payment of claims is not always possible to predict. However, of the provisions at the year end, it is expected that £201,227 will be payable within 12 months of the year end.

The above claw back provisions relate to an estimation of the insurer claw back of commission following the lapse of policies recognised as income over the period. The key assumption in this accounting estimate is the future lapse rate. It is expected that £523,119 will be payable within one year of the balance sheet date.

A provision has been recognised for expected losses as a result of unutilised leasehold properties. The provision is calculated based on the future lease commitments less any future income derived from the property. It is expected that £350,953 will be payable within one year of the balance sheet date.

## Notes (continued)

### 19 Share Capital

#### Group and company

	2017 £000	2016 £000
<b>Equity shares: allotted, called up and fully paid</b>		
89,500 ordinary shares of £0.10 each	9	9
<b>Non-equity shares</b>		
1,000 non-participating non-voting deferred shares of £0.10 each	-	-
10,500 non-participating non-voting growth shares of £0.01 each	-	-
	<u>9</u>	<u>9</u>

All ordinary shares have full and equal voting and participation rights.

On 11 February 2016 50,200 ordinary shares of £0.10 each were issued by the company to VRS Agents Limited. The total consideration paid was £5,020. These held full and equal voting and participation rights.

On 25 January 2016 10,500 non-participating non-voting growth shares of £0.01 each were issued by the company to certain members of management. The total consideration paid was £105.

### 20 Dividends

#### Group and company

	2017 £000	2016 £000
Current year interim dividend paid	<u>5</u>	<u>4,948</u>

### 21 Parent company profit and loss account

As permitted by Part 15 of the Companies Act 2006 the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £3,330,517 (2016: *profit* £1,215,900).

### 22 Pension schemes

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £753,145 (2016: £718,000).

Contributions totalling £53,333 (2016: £46,000) were payable to the scheme at the end of the year and are included in creditors.

## Notes (continued)

### 23 Operating leases

Non-cancellable operating lease rentals are payable as follows:

Group	2017 £000	2016 £000
<b>Land and buildings</b>		
Within one year	3,427	3,457
Two to five years	5,889	5,847
Over five years	1,599	1,279
	<u>10,915</u>	<u>10,583</u>
<b>Other</b>		
Within one year	3,798	2,931
Two to five years	3,225	3,335
	<u>7,023</u>	<u>6,266</u>

### 24 Contingent liabilities

The company has cross guarantees in place with other companies in the Spicerhaart Group Limited group of companies in respect of its financing arrangements.

### 25 Reconciliation of operating profit/(loss) to operating cash flows

	2017 £000	2016 £000
Operating profit/(loss)	14	(2,488)
Depreciation, impairment and amortisation	4,202	3,946
Profit on revaluation of investment properties (note 13)	(15)	(34)
(Increase)/decrease in debtors	(1,121)	1,309
Increase in creditors	201	592
Increase in provisions	64	788
	<u>3,345</u>	<u>4,113</u>
Net cash inflow from operating activities		

## Notes (continued)

### 26 Analysis of cash flows

	2017	2016
	£000	£000
<b>Cash flows from financing activities</b>		
Interest received	100	411
Proceeds from new loan	8,644	-
Dividends paid (note 20)	-	(4,948)
	<u>8,744</u>	<u>(4,537)</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets (note 12)	(1,880)	(2,287)
Capitalisation of intangible development costs	-	(881)
Acquisition of business (note 2, 10)	(8,123)	-
Bank overdraft acquired in business acquisitions (note 2)	(465)	-
Increase in investments (note 10)	(250)	-
	<u>(10,718)</u>	<u>(3,168)</u>

### 27 Analysis of changes in cash

	At 1 January 2017 £000	Cash flow £000	At 31 December 2017 £000
Cash at bank and in hand	12,087	1,045	13,132
Total cash at bank and in hand	<u>12,087</u>	<u>1,045</u>	<u>13,132</u>

### 28 Ultimate parent company and parent company of larger group

On 19 June 2016 VRS Agents Limited acquired 100% of the share capital of Spicerhaart Group Limited, and on that date became the company's immediate parent undertaking. On 27 November 2016 VRS Investments Limited acquired 100% of the share capital of VRS Agents Limited and from that date became the company's ultimate parent undertaking. On 13 June 2017 VRS Agents Limited transferred 100% of the share capital of Spicerhaart Group Limited to VRS Investments Limited and from that date VRS Investments Limited became the company's immediate and ultimate parent undertaking. VRS Investments Limited, which is registered in the United Kingdom, prepares consolidated accounts and copies can be obtained from its registered address at Colwyn House, Sheepen Place, Colchester, Essex, CO3 3LD.

P A Smith, by virtue of his 100% ownership of VRS Investments Limited, is the ultimate controlling party of Spicerhaart Group Limited.

### 29 Related party transactions

The company has taken advantage of the exemption provided by FRS 102 Section 33 paragraph 1A and has not disclosed transactions with wholly-owned group companies.

### 30 Subsequent events

On 1 February 2018 Spicerhaart Group Limited acquired 100% of the share capital of B.C. Holt Limited, which is a company providing estate agency and residential lettings services.

On 9 February 2018, £1,103,500 of loan note investments in Agents Mutual Limited were converted into ordinary shares of the same market value in OnTheMarket plc on its admission to AIM. The shares received on conversion of the loan notes combined with those received during 2017 in exchange for membership rights in Agents Mutual Limited, gave the group a 2.6% share of the ordinary share capital of OnTheMarket plc on flotation.