Spicerhaart Group Limited

Annual report and consolidated financial statements

Registered number 04081664

Year ended 31 December 2022

Contents

Directors and officers

Directors:	P A Smith J A Spence M Hurdle J M Phillips A T Lark S R Lamb T O Wardley
Secretary:	P A Smith
Registered office:	Colwyn House Sheepen Place Colchester Essex CO3 3LD
Auditor:	KPMG LLP Chartered Accountants 15 Canada Square Canary Wharf London E14 5GL

Strategic report

The directors present their Strategic report for the year ended 31 December 2022.

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.

During 2022, the group traded well relative to challenging market conditions, where mortgage and housing markets were adversely impacted by economic and political uncertainty, with lower purchase transaction volumes and the marked effect of the mini-budget during Q4 2022. Strength in our businesses less directly linked to house purchase transactions, primarily Lettings and our Financial Services B2B network, helped to underpin the group result. Market conditions in 2022 were in stark contrast to those experienced in 2021 when we saw double digit house price growth and transactional volumes not seen since 2007, fuelled by the stamp duty land tax (SDLT) holiday, pent up demand after supressed volumes post referendum in the run up to Brexit and during the pandemic lockdown periods and continued mortgage availability and affordability with low interest rates.

The key performance indicators for the group are turnover and profit before tax. The directors report a sustained level of group turnover to £139.3m *(2021: £139.6m)*, despite the marked change in macro-economic conditions and 16% reduction in residential property transaction volumes (*Source: HMRC*). Estate Agency outperformed the wider sales market decline and mitigated the turnover reduction to 5%, due to the lower market volumes, conveyancing capacity issues continuing to impact pipeline conversion in Estate Agency and protracted completion of purchase mortgages in Financial Services. The group continues to grow the Financial Services businesses which delivered a 9% increase in turnover, driven by further growth in our adviser numbers. Turnover in Residential Lettings increased by 4%, driven by a 3% growth in properties under management and stronger average rental prices. Land and New Homes turnover reduced by 13%, reflecting the wider sales market conditions. Surveying income decreased by 21%, impacted heavily by the significant and unexpected market disruption in Q4 2022 experienced across the surveying industry.

The group reported a loss before tax of £5.5m *(2021: profit £6.0m)*, driven by an £11.0m increase in operating costs as a result of: higher cost of sales driven by a change in the mix of turnover favouring our Financial Services B2B network business with associated commission payaways; investment in headcount for the expansion of the group's Estate Agency, Lettings and Financial Services businesses; an associated increase in certain discretionary costs, like travel, where we experienced a return of costs which had reduced significantly during the pandemic and subsequent lockdowns in 2021; and rising energy costs and inflationary pressures in the wider cost base.

In addition, an unrealised loss of £1.0m was recognised on the revaluation of shares held in On The Market (2021: £24k gain). This was offset by a £0.9m increase in net interest receivable as a result of higher interest rates boosting receipts and 2021 repayment of debt largely eliminating interest payable. After tax, the group reported a loss in the year of £5.5m *(2021: profit £4.9m).* Net assets decreased by £5.5m to £25.3m.

In May 2021, the group repaid all debt drawn under its revolving credit facility and remains debt free with ample cash reserves of £19.8m *(2021: £24.5m)* available to fund its continued growth in key strategic areas of the business.

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 11 to 15.

Sales market conditions remain challenging in H1 2023 as new buyer activity calmed following the September mini-budget, reducing the value of the sales pipeline entering this year, and high inflation and interest rates remain a focus for many customers. New mortgages will track the wider sales market, but Financial Services will remain resilient with high levels of refinance activity. Continued investment and growth in non-cyclical and recurring revenue streams in both Financial Services and Lettings remains a strategic priority. Operational improvements to drive performance are gaining momentum and are expected to deliver results in H2 2023. Costs continue to be managed proactively in line with evolving market conditions, ensuring that we are building a more competitive and resilient business which benefits as market conditions improve and is well placed to deliver growth in the medium term.

Strategic report *(continued)*

Principal risks and uncertainties

The principal risk facing the group is a deterioration in market conditions. This risk, 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, includes more stable and counter-cyclical services such as lettings and financial services.

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

Section 172 (1) statement

The directors have considered the requirements of section 172 (1) of the Companies Act 2006, and have set out the key considerations below.

The directors take a long-term view when making decisions. The group continues to invest in its growing businesses through people, marketing and technology and to explore new operating models and ways of working to ensure long-term success.

People and culture are a significant focus for the group and crucial to the continuing success of the business. The group manages performance and develops talent through a wide range of training and coaching programmes.

The group's strategy prioritises sales and delivery of ancillary income from its property-related services to both existing customers and new customers. Customer service is a key focus and customer reviews are monitored and used as the basis to improve service levels and to reward staff who achieve consistently good reviews.

Engagement with key suppliers ensures relationships are well maintained, with regular reviews and constant contact ensuring maximum reliability of infrastructure.

The directors are mindful of the group's impact on the community and environment and encourage staff to play an active role in the communities in which they operate.

The group's focus on strong relationships with people, clients and suppliers necessitates high standards of business conduct, and the focus on the long-term success of the business benefits our shareholder.

By order of the Board.

P A Smith
Director

29 June 2023

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 2022.

Directors of the company

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

P A Smith

J A Spence

M Hurdle

J M Phillips

A T Lark

S R Lamb

T O Wardley (appointed 1 July 2022)

Dividends

The directors do not recommend the payment of a dividend *(2021: £nil)*.

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.

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.

Spicerhaart are proud recipients of the Bronze Award from the Armed Forces Covenant Employer Recognition Scheme, our commitment to being a forces-friendly employer. We are keen to offer positions to ex-service and reservist personnel, who have so many transferable talents.

Political and charitable contributions

The group made charitable contributions during the year of £31,435 *(2021: £26,111)* in addition to which the group continued to support its staff running the group's Magic Moments charity and no political contributions *(2021: £nil)*.

We set up the Magic Moments Children's Charity in 1998, dedicated to helping children, nominated by our supported hospices, and their families on two annual trips to Disneyland Paris. We also run a dedicated trip for families that have been bereaved, who find support at this very difficult time invaluable. We currently support 13 children's hospices around the country, close to our branch network, enabling our employees to get involved and see the difference their fundraising makes. Each year employees accompany the trips, not only as representatives but also to actively assist wherever they can.

Greenhouse gas (GHG) emissions

The Board of Spicerhaart Group Limited recognises the objective of reducing the environmental impact of group activities and we have continued to make progress in respect of our principal energy efficiency measures. During 2022 we carried out LED retro fit projects at several branches and we continue to increase the number of fully electric and hybrid vehicles in the car fleet as these become a viable option and existing leases expire. The group takes its GHG environmental impacts seriously and invests in CO2 offset schemes to balance its contribution.

Our energy use and GHG emissions for the year ended 31 December 2022 and 31 December 2021 are set out in the table below and were calculated using the Government GHG Conversion Factors for each year:

	2022		2021	
Type of Fuel	**kWh**	**CO2t**	**kWh**	**CO2t**
Grid Supplied Electricity	3,266,554	632	3,204,277	680
Natural Gas	783,857	143	731,241	134
Fuel for Transport	2,652,019	651	1,702,090	418

The increase in consumption of all fuels is attributable to the fact that activity levels were lower for the first quarter of 2021 due to the COVID-19 pandemic when many of our branches were closed, but remained operational for all of 2022. Our energy intensity metric is CO2t per employee. During 2022 our average number of full time employees (FTEs) was 1,689 *(2021: 1,611)* and our intensity ratio for the period was 0.84 CO2t per FTE *(2021: 0.76 CO2t per FTE)*.

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.

Going concern

The financial statements of the group have been prepared on a going concern basis as the directors have satisfied themselves that, at the time of approving the financial statements, the group will have adequate resources to continue in operation for a period of at least twelve months from the date of approval of the financial statements. Further details on the going concern basis of preparation for the accounts are set out in note 1 of the financial statements on page 18.

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

Date: 29 June 2023

Colwyn House
Sheepen Place
Colchester
Essex
CO3 3LD

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 group and parent company 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 the group's 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

KPMG LLP
Chartered Accountants
15 Canada Square
Canary Wharf
London

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 2022 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 2022 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

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the company will continue in operation.

Independent auditor's report to the members of Spicerhaart Group Limited
(continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the directors and other management and inspection of policy documentation as to the company's high-level policies and procedures to prevent and detect fraud, including the channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading Board minutes;
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks to the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because management have very limited opportunity to materially manipulate the amount of revenue earned at any point in time.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the company-wide fraud risk management controls.

We also performed the procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to cash and revenue accounts with corresponding unrelated accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and from inspection of the group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert on any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the group is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

Independent auditor's report to the members of Spicerhaart Group Limited
(continued)

Fraud and breaches of laws and regulations – ability to detect *(continued)*

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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.

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 6, 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.

Independent auditor's report to the members of Spicerhaart Group Limited
(continued)

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
15 Canada Square
Canary Wharf
London
E14 5GL

Date: 30 June 2023

Consolidated Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2022

	Note	**2022 £000**	2021 £000
Turnover	*2*	**139,312**	139,631
Operating costs		**(143,730)**	(132,730)
Gross (loss) / profit		**(4,418)**	6,901
Amortisation of goodwill and intangible assets	*10*	**(1,310)**	(1,370)
(Loss) / gain on revaluation of listed investments	*11*	**(972)**	24
Gain on sale of tangible fixed assets	*3*	**-**	60
Operating (loss) / profit	*3*	**(6,700)**	5,615
Other income	*4*	**277**	373
Interest receivable and similar income	*5*	**921**	147
Interest payable and similar charges	*6*	**(11)**	(127)
(Loss) / profit before taxation		**(5,513)**	6,008
Tax charge on (loss) / profit	*9*	**(23)**	(1,080)
(Loss) / profit for the financial year		**(5,536)**	4,928
Total comprehensive (loss) / income for the financial year		**(5,536)**	4,928

Turnover and operating (loss) / profit 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 17 to 32 form an integral part of these financial statements.

Consolidated Balance Sheet
at 31 December 2022

	Note	2022 £000	2022 £000	2021 £000	2021 £000
Fixed assets					
Intangible assets					
Goodwill	10	**3,378**		4,089	
Other intangibles	10	**1,829**		2,428	
			5,207		6,517
Tangible assets					
Investments	11	**1,132**		2,104	
Tangible fixed assets	13	**7,279**		7,244	
Investment properties	14	**240**		240	
			8,651		9,588
			13,858		16,105
Current assets					
Debtors (including £113k *(2021: £21k)* due after more than one year)	15	**13,132**		12,487	
Cash and cash equivalents		**19,829**		24,520	
		32,961		37,007	
Creditors: amounts falling due within one year	17	**(18,967)**		(19,547)	
Net current assets			**13,994**		17,460
Total assets less current liabilities			**27,852**		33,565
Provisions for liabilities	18		**(2,535)**		(2,712)
Net assets			**25,317**		30,853
Capital and reserves					
Called up share capital	19		**9**		9
Share premium account			**240**		240
Revaluation reserve			**82**		82
Merger reserve			**50**		50
Profit and loss account			**24,936**		30,472
Shareholders' funds			**25,317**		30,853

These financial statements were approved by the board of directors on 29 June 2023 and were signed on its behalf by:

P A Smith
Director

Company registration number: 04081664

The notes on pages 17 to 32 form an integral part of these financial statements.

Company Balance Sheet
at 31 December 2022

	Note	**2022**	**2022**	2021	2021
		£000	**£000**	£000	£000
Fixed assets					
Investments	*11*		**28,645**		29,617
Current assets					
Debtors (including £23,123k *(2021: £17,660k)* due after more than one year)	*15*	**23,992**		18,338	
Cash and cash equivalents		**6,667**		2,861	
		30,659		21,199	
Creditors: Amounts falling due within one year	*17*	**(23,486)**		(27,301)	
Net current assets / (liabilities)			**7,173**		(6,102)
Total assets less current liabilities			**35,818**		23,515
Net assets			**35,818**		23,515
Capital and reserves					
Called up share capital	*19*		**9**		9
Share premium account			**290**		290
Profit and loss account			**35,519**		23,216
Shareholders' funds			**35,818**		23,515

These financial statements were approved by the board of directors on 29 JUNE 2023 and were signed on its behalf by:

P A Smith
Director

Company registration number: 04081664

The notes on pages 17 to 32 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity
for the year ended 31 December 2022

	Called up share capital £000	Share Premium account £000	Revaluation reserve £000	Merger reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2021	9	240	82	50	25,544	25,925
Total comprehensive income						
Profit for the year	-	-	-	-	4,928	4,928
At 31 December 2021	9	240	82	50	30,472	30,853
At 1 January 2022	9	240	82	50	30,472	30,853
Total comprehensive loss						
Loss for the year	-	-	-	-	(5,536)	(5,536)
At 31 December 2022	**9**	**240**	**82**	**50**	**24,936**	**25,317**

The notes on pages 17 to 32 form part of these financial statements.

Company Statement of Changes in Equity
for the year ended 31 December 2022

	Called up share capital £000	Share premium £000	Profit and loss account £000	Total equity £000
At 1 January 2021	9	290	23,181	23,480
Total comprehensive income				
Profit for the year	-	-	35	35
At 31 December 2021	9	290	23,216	23,515
At 1 January 2022	9	290	23,216	23,515
Total comprehensive income				
Profit for the year	-	-	12,303	12,303
At 31 December 2022	**9**	**290**	**35,519**	**35,818**

The notes on pages 17 to 32 form part of these financial statements.

Consolidated Cash Flow Statement
for the year ended 31 December 2022

	Note	2022 £000	2021 £000
Cash flows from operating activities			
(Loss) / profit for the year		**(5,536)**	4,928
Adjustments for:			
Depreciation and amortisation	10, 13	**2,622**	2,598
Bank interest receivable and similar income	5	**(771)**	(57)
Dividend income	5	**(150)**	(90)
Loss / (gain) on revaluation of listed investment	11	**972**	(24)
Interest payable and similar expenses	6	**11**	127
Gain on sale of tangible fixed assets	3	**-**	(60)
Tax charge	9	**23**	1,080
		(2,829)	8,502
Changes in:			
- Trade and other debtors		**(207)**	(1,548)
- Trade and other creditors		**(580)**	(2,454)
- Provisions		**(177)**	(563)
		(3,793)	3,937
Tax paid		**(461)**	(2,434)
Net cash (used in) / generated from operating activities		**(4,254)**	1,503
Cash flows from investing activities			
Acquisition of tangible fixed assets	13	**(1,347)**	(2,404)
Capitalised development expenditure	10	**-**	(124)
Proceeds from sale of tangible fixed assets		**-**	79
Dividends received	5	**150**	90
Interest received	5	**771**	57
Investment in equity investment	11	**-**	(7)
Proceeds from sale of investment property	14	**-**	180
Net cash used in investing activities		**(426)**	(2,129)
Cash flows from financing activities			
Interest paid	6	**(11)**	(127)
Repayment of loan		**-**	(8,750)
Net cash used in financing activities		**(11)**	(8,877)
Net decrease in cash and cash equivalents		**(4,691)**	(9,503)
Cash and cash equivalents at 1 January		**24,520**	34,023
Cash and cash equivalents at 31 December		**19,829**	24,520

The notes on pages 17 to 32 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 04081664 and the registered address is Colwyn House, Sheepen Place, Colchester, Essex, CO3 3LD.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the applicable accounting standards.

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

Consolidated net assets were £25,317k as at 31 December 2022 and the company net asset position was £35,818k. Group cash balances totalled £19,828k as at 31 December 2022.

Based on the trading for 2022 and 2023 described in the Strategic report, the directors have prepared a base case forecast and considered the factors that impact Spicerhaart Group Limited (the "company") and its subsidiaries (together the "group") and their future development, performance, cash flows and financial position along with the group and company's current and forecast liquidity in forming their opinion on the going concern basis. In doing so, the directors have prepared forecasts covering a period of at least 12 months from the date of signing these financial statements.

Based on current forecasts, the group is expected to end 2023 with strong cash reserves and for these to build further during 2024.

The directors have also prepared a severe but plausible downside scenario, to understand the potential impacts on:

- Estate Agency, Land & New Homes, Financial Services employed brokers and Surveying: significant reduction in exchange volumes. Remortgage and Lettings business unaffected due to resilient nature of the business;
- More pronounced inflationary pressures in cost increases; and
- The further mitigating actions we would take in our response to those downsides.

This simulation indicates that the group will be able to finance its working capital from its available cash balances with significant cash headroom for all periods to December 2024.

Based on these scenarios, the directors are confident that the group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have therefore prepared the financial statements on a going concern basis.

Notes *(continued)*

1 Accounting policies *(continued)*

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 December 2022. 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.

Other income

Grants received are recognised in other income in the period for which claims are made.

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:

Asset class	**Depreciation method and rate**
Land and buildings	Straight line over 50 years
Leasehold property 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.

Notes *(continued)*

1 Accounting policies *(continued)*

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 has no residual value. The Group reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

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

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 loss.

Asset class	**Depreciation method and rate**
Brands, customer contracts and goodwill	Straight line over 10 years
Development costs	Straight line over 3-5 years

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

Trade debtors and trade creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

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.

Notes *(continued)*

1 Accounting policies *(continued)*

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 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 is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Operating leases

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.

Notes *(continued)*

1 Accounting policies *(continued)*

Interest receivable, interest payable and dividend income

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.

Investments

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

Pension costs

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

2 Turnover

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

	2022 £000	2021 £000
Rendering of services	**94,858**	98,824
Commission	**44,454**	40,807
	139,312	139,631

3 Operating (loss) / profit

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

	2022 £000	2021 £000
Operating lease rentals		
Hire of land and buildings	**4,384**	4,247
Hire of other assets	**4,796**	3,994
Auditor's remuneration		
Audit of these financial statements	**13**	13
Auditing of accounts of subsidiaries of the company	**223**	200
Other accounting services	**52**	62
Depreciation of tangible fixed assets (note 13)	**1,312**	1,228
Amortisation of intangible assets (note 10)	**1,310**	1,370
Gain on sale of tangible fixed assets	**-**	(60)
Loss / (gain) on revaluation of listed investment (note 11)	**972**	(24)

Notes *(continued)*

4 Other income

	2022 £000	2021 £000
Other income	**277**	373

The other income recognised in the current year comprises UK government COVID-19 support grants of £nil *(2021: £190k)* and other grants of £277k *(2021: £183k)*.

5 Interest receivable and similar income

	2022 £000	2021 £000
Bank interest receivable	**771**	57
Dividends received	**150**	90
	921	147

6 Interest payable and similar charges

	2022 £000	2021 £000
Bank interest payable	**11**	70
Other interest payable	-	57
	11	127

7 Directors' remuneration

	2022 £000	2021 £000
Directors' emoluments	**1,448**	1,329
Pension contributions	**23**	31
	1,471	1,360

The highest paid director received emoluments of £394,010 *(2021: £359,750)* and pension contributions of £nil *(2021: £nil)*. The group contributed to pension schemes on behalf of 4 *(2021: 4)* of the directors.

Notes *(continued)*

8 Staff number and costs

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows:

	2022 Number	2021 Number
Administration and support	**563**	537
Sales and other	**1,126**	1,074
	1,689	1,611

	£000	£000
Staff costs, including directors:		
Wages and salaries	**71,655**	69,690
Social security costs	**9,233**	8,740
Other pension costs (note 21)	**1,710**	1,676
	82,598	80,106

9 Taxation

Analysis of tax charge for the year:

	2022 £000	2022 £000	2021 £000	2021 £000
UK corporation tax				
Current tax on income for the year	**-**		946	
Adjustments in respect of prior periods	**(206)**		(119)	
Total current tax (credit) / charge		**(206)**		827
Deferred tax				
Origination and reversal of timing differences	**(3)**		281	
Effect of tax rate change on opening balances	**191**		(148)	
Adjustments in respect of prior periods	**41**		120	
Total deferred tax charge (note 16)		**229**		253
Tax charge on (loss) / profit for the year		**23**		1,080

Notes *(continued)*

9 Taxation *(continued)*

Factors affecting the tax charge for the current and prior year

The effective rate for 2022 is 0.4%. The effective rate for 2021 was 18%.

The total tax charge is higher *(2021: lower)* than the standard rate of corporation tax in the UK of 19% *(2021: 19%)*. The differences are explained below:

	2022	2021
	£000	£000
Reconciliation of effective tax rate		
(Loss) / profit before taxation	**(5,513)**	6,008
Tax using the UK corporation tax rate of 19% *(2021: 19%)*	**(1,047)**	1,142
Effects of:		
Fixed asset differences	**(14)**	7
Expenses not deductible for tax purposes	**392**	181
Income not taxable for tax purposes	**(29)**	(27)
Research & development expenditure credits	**-**	1
Adjustments in respect of prior periods - current tax	**(206)**	(119)
Adjustments in respect of prior periods - deferred tax	**41**	120
Deferred tax not recognised	**642**	-
Change in tax rate on deferred tax balances	**191**	(225)
Losses carried back	**53**	-
Total tax charge included in (loss) / profit for the year	**23**	1,080

Factors affecting the future tax charge

The current UK corporate tax rate that has been used for the period is 19% *(2021: 19%)*. The UK Government announced an increase in the corporation tax rate from 19% to 25% (effective from 1 April 2023), which was substantively enacted on 24 May 2021. Temporary differences measured using the enacted tax rates that are expected to apply when the liability is settled or the asset realised give rise to a change in the deferred tax amounts.

Notes *(continued)*

10 Intangible assets and goodwill

Group

	Development costs £000	Brands £000	Customer contracts £000	Goodwill £000	Total £000
Cost					
At 1 January 2022	1,477	1,621	1,410	13,069	17,577
Additions	-	-	-	-	-
At 31 December 2022	1,477	1,621	1,410	13,069	17,577
Amortisation					
At 1 January 2022	768	701	611	8,980	11,060
Charge for the year	296	162	141	711	1,310
At 31 December 2022	1,064	863	752	9,691	12,370
Net book value					
At 31 December 2022	**413**	**758**	**658**	**3,378**	**5,207**
At 31 December 2021	709	920	799	4,089	6,517

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.

11 Fixed asset investments

Group	Shares in non-listed investments £000	Shares in listed investments £000	Total £000
Cost			
At 1 January 2022	72	2,032	2,104
Movement in fair value of investment	-	(972)	(972)
At 31 December 2022	72	1,060	1,132
Net book value			
At 31 December 2022	**72**	**1,060**	**1,132**
At 31 December 2021	72	2,032	2,104

Notes *(continued)*

11 Fixed asset investments *(continued)*

Company	**Shares in group undertakings £000**	**Shares in listed investments £000**	**Total £000**
Cost			
At 1 January 2022	46,501	2,032	48,533
Movement in fair value of investment	-	(972)	(972)
At 31 December 2022	46,501	1,060	47,561
Provision for diminution in value			
At 1 January 2022	18,916	-	18,916
At 31 December 2022	18,916	-	18,916
Net book value			
At 31 December 2022	**27,585**	**1,060**	**28,645**
At 31 December 2021	27,585	2,032	29,617

Notes *(continued)*

12 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
B.C. Holt Ltd	*A*	Estate agency	Ordinary £1 shares
Butters John Bee Group Ltd	*A*	Holding company	Ordinary £1 shares
Butters John Bee Ltd	*A*	Estate agency	Ordinary £1 shares
BJB (Lettings) Ltd	*A*	Property management services	Ordinary £1 shares
BJB Financial Services Ltd	*A*	Dormant company	Ordinary £1 shares
BJB Professional Services Ltd	*A*	Surveying and commercial property services	Ordinary £1 shares
Central Surveyors Ltd	*A*	Dormant company	Ordinary £1 shares
Chewton Rose Ltd	*A*	Estate agency	Ordinary £1 shares
Darlows Ltd	*B*	Estate agency	Ordinary £1 shares
Essex & Suffolk Development Company Ltd	*A*	Property investment	Ordinary £1 shares
Felicity Investments Ltd	*A*	Dormant company	Ordinary £1 shares
Felicity J Lord Ltd	*A*	Dormant company	Ordinary £1 shares
Haart Ltd	*A*	Dormant company	Ordinary £1 shares
Haart Auctions Ltd	*A*	Dormant company	Ordinary £1 shares
Haybrook Ltd	*A*	Dormant company	Ordinary £1 shares
Haybrook Holdings Ltd	*A*	Dormant company	Ordinary £1 shares
HIPs.co.uk Ltd	*A*	Provider of EPC's	Ordinary £1 shares
Howards (Estate Agents) Ltd	*A*	Estate agency	Ordinary £1 shares
Indigo Ltd	*A*	Dormant company	Ordinary £1 shares
Just Mortgages Direct Ltd	*A*	Financial services	Ordinary £1 shares
Mortgages Direct Ltd	*A*	Financial services	Ordinary £1 shares
Okotoks Ltd	*A*	Estate agency	Ordinary £1 shares
Spicerhaart Corporate Sales Ltd	*A*	Property management services	Ordinary £1 shares
Spicerhaart Estate Agents Ltd	*A*	Estate agency	Ordinary £1 shares
Spicerhaart Financial Services Ltd	*A*	Financial services	Ordinary £1 shares
Spicerhaart Group Services Ltd	*A*	Provider of administrative services	Ordinary £1 shares
Spicerhaart Holdings Ltd	*A*	Dormant company	Ordinary £1 shares
Spicerhaart Land & New Homes Ltd	*A*	Dormant company	Ordinary £1 shares
Spicerhaart LPA Services Ltd	*A*	Dormant company	Ordinary £1 shares
Spicerhaart Professional Services Ltd	*A*	Ancillary services	Ordinary £1 shares
Spicerhaart Property Services Ltd	*A*	Property management	Ordinary £1 shares
Spicerhaart Residential Lettings Ltd	*A*	Property management services	Ordinary £1 shares
Spicer McColl Ltd	*A*	Dormant company	Ordinary £1 shares
Spicer McColl Eastern Ltd	*A*	Dormant company	Ordinary £1 shares
Spicer McColl (Estate Agents) Ltd	*A*	Dormant company	Ordinary £1 shares
Spicer McColl Property Management Co. Ltd	*A*	Dormant company	Ordinary £1 shares
Valunation Ltd	*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.

Notes *(continued)*

12 Investment in subsidiary companies *(continued)*

In addition to holding the entire called up ordinary share capital of Valunation 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, Valunation 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.

13 Tangible fixed assets

Group	Land and buildings £000	Leasehold property improvements £000	Fixtures, fittings and office equipment £000	Motor Vehicles £000	Total £000
Cost					
At 1 January 2022	5,308	1,411	3,244	175	10,138
Additions	-	444	903	-	1,347
Disposals	-	(423)	(765)	-	(1,188)
At 31 December 2022	5,308	1,432	3,382	175	10,297
Depreciation					
At 1 January 2022	768	723	1,361	42	2,894
Charge for the year	102	290	876	44	1,312
Eliminated on disposal	-	(423)	(765)	-	(1,188)
At 31 December 2022	870	590	1,472	86	3,018
Net book value					
At 31 December 2022	**4,438**	**842**	**1,910**	**89**	**7,279**
At 31 December 2021	4,540	688	1,883	133	7,244

14 Investment properties

Group	Freehold land and buildings £000
Valuation	
At 1 January 2022	240
Additions	-
At 31 December 2022	240
Net book value	
At 31 December 2022	**240**
At 31 December 2021	240

Notes *(continued)*

15 Debtors

	2022 Group £000	2022 Company £000	2021 Group £000	2021 Company £000
Trade debtors	7,423	-	7,987	-
Amounts owed by group companies	113	23,123	21	17,660
Prepayments and accrued income	3,569	-	3,004	-
Other debtors	635	239	521	2
Deferred tax (note 16)	61	-	290	-
Corporation tax	1,331	630	664	676
	13,132	23,992	12,487	18,338

Group debtors include amounts owed by group undertakings of £113k *(2021: £21k)* which are expected to be settled after more than one year. The company debtors include amounts owed by group undertakings of £23,123k *(2021: £17,660k)* which are expected to be settled after more than one year.

16 Deferred taxation

The elements of deferred tax asset are as follows:

Group	2022 £000	2021 £000
Capital allowances in arrears of depreciation	286	413
Capital gains	(314)	(314)
Short term timing differences	241	402
Losses	197	197
Deferred tax liability - arising on intangible assets recognised as part of business combinations	(349)	(408)
Total deferred tax asset (note 15)	61	290
Deferred tax asset at 1 January	290	543
Deferred tax charged to the profit and loss account (note 9)	(229)	(253)
Deferred tax asset at 31 December (note 15)	61	290

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.

	2022 £000	2021 £000
Tax losses carried forward	890	740

Notes *(continued)*

17 Creditors: Amounts falling due within one year

	2022 Group £000	2022 Company £000	2021 Group £000	2021 Company £000
Trade creditors	**3,341**	**-**	3,230	-
Amounts owed to group companies	**-**	**23,444**	-	27,254
Other taxation and social security	**5,890**	**-**	7,090	-
Other creditors and accruals	**9,736**	**42**	9,227	47
	18,967	**23,486**	19,547	27,301

18 Provisions for liabilities

	Onerous lease provisions £000	Clawback provisions £000	Dilapidations provisions £000	PI claims provisions £000	Total £000
At 1 January 2022	478	917	726	591	2,712
Additional provision made during the year	234	1,028	166	-	1,428
Unused amounts reversed during the year	-	(185)	(168)	(37)	(390)
Utilised during the year	(267)	(732)	(139)	(77)	(1,215)
At 31 December 2022	**445**	**1,028**	**585**	**477**	**2,535**

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 £226k will be payable within one year of the balance sheet date.

The clawback provision relates to an estimation of the insurer clawback of commission following the lapse of policies recognised as income over the period. It is expected that £619k will be payable within one year of the balance sheet date.

The group 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 £292k will be payable within one year of the balance sheet date.

The professional indemnity (PI) claims provision is based on the group'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 and the timing of any eventual payment is not always possible to predict.

Notes *(continued)*

19 Share Capital

Group and company	**2022**	2021
	£000	£000
Equity shares: allotted, called up and fully paid		
89,500 ordinary shares of £0.10 each	**9**	9
Non-equity shares		
1,000 non-participating non-voting deferred shares of £0.10 each	**-**	-
10,500 non-participating non-voting growth shares of £0.01 each	**-**	-
	9	9

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

20 Parent company profit and loss account

As permitted by section 408(3) 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 profit after tax for the financial year was £12,303k *(2021: £35k).*

21 Pension schemes

The Group 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 £1,710k *(2021: £1,676k).*

22 Operating leases

Non-cancellable operating lease rentals are payable as follows:

Group	**2022**	2021
	£000	£000
Land and buildings		
Within one year	**2,489**	2,775
Two to five years	**2,672**	3,706
Over five years	**21**	95
	5,182	6,576
Cars and other assets		
Within one year	**3,355**	2,056
Two to five years	**4,653**	2,843
	8,008	4,899

Notes *(continued)*

23 Ultimate parent company and parent company of larger group

The ultimate parent company is VRS Investments Limited, registered at Colwyn House, Sheepen Place, Colchester, Essex, CO3 3LD. Copies of the consolidated group accounts of VRS Investments Limited can be obtained at the company's office address 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.

24 Related party transactions

The group has taken advantage of the exemption provided by Section 33.1A of FRS102 "Related Party Disclosures" and has not disclosed transactions with wholly-owned group companies.

25 Significant judgements and estimates

Provisions

The group recognises dilapidations and onerous lease provisions in relation to its leasehold land and buildings, provisions in relation to PI claims and provisions in relation to clawbacks. See note 18 for further details. Amounts recognised as provisions should be the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

Provisions should be reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision should be reversed.

The key assumptions in calculating the dilapidations and onerous leases provisions are the discount rate used, the estimation of any future income from the currently unoccupied branches and the estimated cost of dilapidations arising, following negotiations with the landlord.

The key assumptions in calculating the PI provisions are the likelihood of success of a claim and that future claims will continue to accrue at a consistent rate to historic claims.

The key assumption made by management in the determination of the value of the clawback provisions is the expected future lapse rate of insurance policies on which the company has earned commission.

Investments

Investments are stated at cost less provision for diminution in value. The impairment review of the company's investments is based on the estimation of future cash flows.

The key assumptions include revenue growth rate and discount rate used in order to calculate the present value of the future cash flows.

Goodwill and intangibles (including amortisation)

The impairment review of the group's goodwill is based on the estimation of future cash flows. The key assumptions include revenue growth rate and discount rate used in order to calculate the present value of the future cash flows.

The goodwill and intangible assets arising on acquisition are amortised over their useful economic life. For brands, customer contracts and goodwill, this is over ten years on a straight-line basis. For intangible assets in relation to development costs, this is over a three to five-year period, on a straight-line basis.

26 Subsequent events

There were no significant subsequent events after the balance sheet date.