Company registration number: 07984653

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2022

DWYER (UK FRANCHISING) LIMITED

MENZIES
BRIGHTER THINKING

DWYER (UK FRANCHISING) LIMITED

COMPANY INFORMATION

Directors	J G Shell J S Meyers (resigned 12 April 2023) P J Carr (appointed 12 April 2023)
Company secretary	G C Brown
Registered number	07984653
Registered office	Neighbourly Training Centre Building 4 Brackley Campus Buckingham Road Brackley Northamptonshire NN13 7EL
Independent auditors	Menzies LLP Chartered Accountants & Statutory Auditor 3000a Parkway Whiteley Hampshire PO15 7FX

DWYER (UK FRANCHISING) LIMITED

CONTENTS

DWYER (UK FRANCHISING) LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The directors present their Strategic Report for Dwyer (UK Franchising) Limited for the year ended 31 December 2022.

Dwyer (UK Franchising) Limited is an intermediate holding company for investments in Dream Doors Holdings Limited, Countrywide Garden Maintenance Services Limited and Bright & Beautiful UK Limited and is franchisor for Drain Doctor, Mr Electric and Aireserv brands, Dwyer (UK Franchising) Limited also acts as principal for a number of key accounts.

Dwyer also provides shared support services to it subsidiary undertakings other Companies brands owned by its parent, Neighbourly Brands Limited.

Business review

Drain Doctor provides drainage and emergency plumbing services to both commercial and domestic customers, Mr Electric provides electrician services and Aireserv provides heating, air conditioning and refrigeration services. All brands provide essential services and were able to continue operating during the local and national lockdowns in 2021.

The Company recorded a 25.3% increase in turnover to £4.6m in the year. Margin decreased from 63.4% to 60.8% due to the sales mix. The Drain Doctor network saw Commercial and National accounts work increased by 26.4% and 37.5% respectively following the easing of covid restrictions and domestic work grew by 3.5%.

Administrative expenses increased from £2.1m to £2.5m. This was the first full year of royalties payable under a Whole Business Securitisation ('WBS') undertaken by the Neighbourly Group in February 2021 and royalties increased by £0.5m.

Overall, the directors are satisfied with the company's underlying performance and it exited 2021 with a growing run rate of jobs.

At the year end the Company had net assets of £22.3m (2021: £22.0m).

The main KPI's used by management are utilisation rates, job numbers and job averages. Each of these are further analysed between commercial and domestic work and by location.

Principal risks and uncertainties

Dwyer (UK Franchising) Limited has a diverse portfolio of services which it delivers through it's franchise networks and the franchisees or it's subsidiaries. In the short term, no particular risk is considered fundamental to the business.

The Board continues to monitor the situation on a day-to-day basis and take action to mitigate the impact on the Company especially in relation to the growing challenges around wage and cost inflation, where unavoidable price increases are to be passed on to our customers. Most new franchisees require unsecured bank funding for their investment in the franchise and to provide working capital. Availability of funding remains good but costs are increasing due to increases in interest rates.

The directors are confident that they have procedures in place to identify any risks which may arise which affect the business.

This report was approved by the board and signed on its behalf.

DocuSigned by:

Jon Shell

468D44B3376648B...

J G Shell
Director

Date: 25-Aug-2023

DWYER (UK FRANCHISING) LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Directors' responsibilities statement

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Results and dividends

The profit for the year, after taxation, amounted to £267,464 *(2021 - loss £7,921,278)*.

During the period the directors did not pay any dividends to shareholders.

Directors

The directors who served during the year were:

J G Shell
J S Meyers (resigned 12 April 2023)

Future developments

Dwyer (UK Franchising) Limited will continue to grow its existing brands with the sale of new territories and by increasing 'same store sales' through effective marketing campaigns. Dwyer (UK Franchising) Limited will also seek to add complementary brands in the home services sector to its existing portfolio.

Matters covered in the Strategic report

The Company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the Company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 it must be stated in the Directors' Report that it has done so. This includes information that would have been included in the business review and the principal risks and uncertainties.

The directors are aware of the matters set out in section 172(1)(a) to (f) (duty to promote the success of the company) when performing their duties and do so appropriately.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

Under section 487(2) of the Companies Act 2006, Menzies LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.

DocuSigned by:
Jon Shell
468D44B33766488...

J G Shell
Director

Date: 25-Aug-2023

DWYER (UK FRANCHISING) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DWYER (UK FRANCHISING) LIMITED

Opinion

We have audited the financial statements of Dwyer (UK Franchising) Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of income and retained earnings, the Statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

DWYER (UK FRANCHISING) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DWYER (UK FRANCHISING) LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DWYER (UK FRANCHISING) LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

- The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, and general regulations such as health and safety. There are no industry specific laws and regulations which would be deemed to have a significant impact on the financial statements. We assessed the extent of compliance with the appropriate laws and regulations as part of our procedures on the related financial statement items.

- We understood how the Company is complying with the legal and regulatory frameworks by, making inquiries to management, those responsible for legal and compliance procedures and the company secretary. We corroborated our inquiries through our review of board minutes.

- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognize non-compliance with laws and regulations. The assessment did not identify any issues in this area.

- We assessed the susceptibility of the Company financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
  - Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
  - Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
  - Challenging assumptions and judgments made by management in its significant accounting estimates; and
  - Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

- As a result of the above procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:
  - Posting of unusual journals and complex transactions.
  - Misappropriation of funds through fraudulent purchase ledger and payroll activity.
  - Manipulation of amounts subject to significant judgment or estimate.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DWYER (UK FRANCHISING) LIMITED (CONTINUED)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.

DocuSigned by:
Andrew Galliers
F3746970A0D043D...

Andrew Galliers FCA (Senior statutory auditor)

for and on behalf of
Menzies LLP

Chartered Accountants
Statutory Auditor

3000a Parkway
Whiteley
Hampshire
PO15 7FX
Date: 29-Aug-2023

DWYER (UK FRANCHISING) LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Turnover	4	4,563,617	3,643,316
Cost of sales		(1,790,843)	(1,334,958)
Gross profit		2,772,774	2,308,358
Administrative expenses		(2,459,660)	(2,093,819)
Exceptional administrative expenses		-	(8,094,887)
Other operating income	5	-	11,428
Operating profit/(loss)	6	313,114	(7,868,920)
Interest receivable and similar income	9	5,941	112
Profit/(loss) before tax		319,055	(7,868,808)
Tax on profit/(loss)	10	(51,591)	(52,470)
Profit/(loss) after tax		267,464	(7,921,278)
Retained earnings at the beginning of the year		7,048,629	14,969,907
		7,048,629	14,969,907
Profit/(loss) for the year		267,464	(7,921,278)
Retained earnings at the end of the year		7,316,093	7,048,629

The notes on pages 10 to 22 form part of these financial statements.

DWYER (UK FRANCHISING) LIMITED
REGISTERED NUMBER:07984653

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note		2022 £		2021 £
Fixed assets					
Intangible assets	12		289,341		*176,521*
Tangible assets	13		471,182		*516,591*
Investments	14		26,989,260		*26,989,260*
			27,749,783		*27,682,372*
Current assets					
Debtors: amounts falling due within one year	15	26,926,485		*28,872,246*	
Cash at bank and in hand		550,717		*185,961*	
		27,477,202		*29,058,207*	
Creditors: amounts falling due within one year	16	(32,799,720)		*(34,639,479)*	
Net current liabilities			(5,322,518)		*(5,581,272)*
Total assets less current liabilities			22,427,265		*22,101,100*
Provisions for liabilities					
Deferred tax		(45,471)		*(52,470)*	
Other provisions	17	(65,700)		-	
			(111,171)		*(52,470)*
Net assets			22,316,094		*22,048,630*
Capital and reserves					
Called up share capital	18		2		*2*
Share premium account	19		14,999,999		*14,999,999*
Profit and loss account	19		7,316,093		*7,048,629*
			22,316,094		*22,048,630*

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:
Jon Shell
468D44B33766 48B...

J G Shell
Director

Date: 25-Aug-2023

The notes on pages 10 to 22 form part of these financial statements.

1. General information

Dwyer (UK Franchising) Limited is a private company, limited by shares, incorporated in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of TDG Group Holding Company as at 31 December 2022 and these financial statements may be obtained from 1010 N. University Parks Drive, Waco, TX 76707, USA.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of a state other than the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

2.4 Going concern

Although our finances remain strong, the Statement of Financial Position shows a net current liability position. The Company therefore has the continued support of its ultimate parent undertaking, TDG Group Holding Company.

For this reason the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2. Accounting policies (continued)

2.5 Revenue

Turnover represents sales of franchises, subsequent management service fees and product sales to external customers at invoiced amounts less value added tax.

Sales of franchises are recognised once the franchisee has been fully trained.

Management service fees are recognised in the period in which they are receivable.

Product sales are recognised on the delivery of the goods.

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of income and retained earnings in the same period as the related expenditure.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.12 Intangible assets

Website Development

Where the company website is expected to generate future revenues in excess of the costs of developing that website, expenditure on the functionality of the website is capitalised and treated as an intangible fixed asset. Expenditure incurred on maintaining the website and expenditure incurred on developing the website used only for advertising and promotional purposes are written off as incurred. Where the company website is expected to generate future revenues in excess of the costs of developing that website, expenditure on the functionality of the website is capitalised and treated as an intangible fixed asset. Expenditure incurred on maintaining the website and expenditure incurred on developing the website used only for advertising and promotional purposes are written off as incurred.

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight line basis over their useful economic life.

Website development costs - over 3 years

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2. Accounting policies (continued)

2.13 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold property improvements	-	
Motor vehicles	-	33%
Fixtures and fittings	-	33%
Office equipment	-	33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.16 Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

2. Accounting policies (continued)

2.17 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

- Determine whether there are indicators of impairment of the company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

- Determine whether there are indicators of impairment of investments in subsidiaries. Factors taken into consideration include the future profitability of each subsidiary and the plans and strategy for each subsidiary.

4. Turnover

An analysis of turnover by class of business is as follows:

	2022	*2021*
	£	*£*
Rendering of services	4,563,617	*3,643,316*
	4,563,617	*3,643,316*

All turnover arose within the United Kingdom.

5. Other operating income

	2022 £	*2021* *£*
Government grants receivable	-	*11,428*
	-	*11,428*

6. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2022 £	*2021* *£*
Other operating lease rentals	213,595	*244,113*

7. Auditors' remuneration

	2022 £	*2021* *£*
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	12,100	*11,000*

8. Employees

Staff costs were as follows:

	2022 £	*2021* *£*
Wages and salaries	1,177,329	*1,059,970*
Social security costs	184,306	*133,783*
Cost of defined contribution scheme	31,649	*26,982*
	1,393,284	*1,220,735*

The average monthly number of employees, including the directors, during the year was as follows:

	2022 No.	*2021* *No.*
Employees	19	*20*

9. Interest receivable

	2022 £	*2021* *£*
Other interest receivable	5,941	*112*
	5,941	*112*

10. Taxation

	2022 £	*2021* *£*
Corporation tax		
Current tax on profits for the year	58,590	-
Total current tax	58,590	-
Origination and reversal of timing differences	(6,999)	*18,816*
Changes to tax rates	-	*8,077*
Adjustment in respect of prior years	-	*25,577*
Taxation on profit on ordinary activities	51,591	*52,470*

Factors affecting tax charge for the year

The tax assessed for the year is the same as *(2021 - the same as)* the standard rate of corporation tax in the UK of 19% (2019 - *19%)* as set out below:

	2022 £	*2021* *£*
Profit/(loss) on ordinary activities before tax	319,055	*(7,868,808)*
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	60,620	*(1,495,074)*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	536	*1,539,423*
Changes in tax rates	(1,680)	*12,593*
Adjustments to tax charge in respect of prior periods	-	*25,577*
Other timing differences leading to an increase (decrease) in taxation	4,676	*8,671*
Group relief	(12,561)	*(38,720)*
Total tax charge for the year	51,591	*52,470*

11. Exceptional items

	2022 £	*2021* £
Impairment of investments	-	*8,094,887*
	-	*8,094,887*

12. Intangible assets

	Computer software £
Cost	
At 1 January 2022	257,063
Additions	139,573
At 31 December 2022	396,636
Amortisation	
At 1 January 2022	80,543
Charge for the year on owned assets	26,752
At 31 December 2022	107,295
Net book value	
At 31 December 2022	289,341
At 31 December 2021	*176,521*

13. Tangible fixed assets

	Leasehold property improvement £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation					
At 1 January 2022	363,883	8,830	138,411	136,470	647,594
Additions	3,376	-	-	44,959	48,335
At 31 December 2022	367,259	8,830	138,411	181,429	695,929
Depreciation					
At 1 January 2022	42,422	1,962	16,798	69,820	131,002
Charge for the year on owned assets	38,100	2,943	14,307	38,395	93,745
At 31 December 2022	80,522	4,905	31,105	108,215	224,747
Net book value					
At 31 December 2022	286,737	3,925	107,306	73,214	471,182
At 31 December 2021	*321,461*	*6,868*	*121,612*	*66,650*	*516,591*

14. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2022	26,989,260
At 31 December 2022	26,989,260
Net book value	
At 31 December 2022	26,989,260
At 31 December 2021	*26,989,260*

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Bright & Beautiful UK Limited	Franchisor	Ordinary	100%
Countrywide Garden Maintenance Services Limited	Franchisor	Ordinary	100%
Dream Doors Holdings Limited	Holding company	Ordinary	100%

The registered address of Bright & Beautiful UK Limited, Countrywide Garden Maintenance Services Limited and Dream Doors Holdings Limited is Neighbourly Training Centre, Building 4 Brackley Campus, Buckingham Road, Brackley, Northamptonshire, United Kingdom, NN13 7EL.

15. Debtors

	2022 £	2021 £
Trade debtors	1,031,549	*595,228*
Amounts owed by group undertakings	25,573,133	*28,043,833*
Other debtors	151,933	*43,974*
Prepayments and accrued income	169,870	*189,211*
	26,926,485	*28,872,246*

The impairment expense recognised in profit or loss for the year in respect of bad and doubtful trade debtors was £32,239 (2021 - £7,405).

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

16. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	366,032	*412,666*
Amounts owed to group undertakings	31,280,401	*33,020,219*
Corporation tax	58,094	*-*
Other taxation and social security	190,034	*129,114*
Other creditors	24,409	*19,151*
Accruals and deferred income	880,750	*1,058,329*
	32,799,720	*34,639,479*

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

17. Provisions

	Dilapidations & onerous lease provision £
Created in the year	65,700
At 31 December 2022	65,700

18. Share capital

	2022 £	*2021 £*
Allotted, called up and fully paid		
2 *(2021 - 2)* Ordinary Share shares of £1.00 each	2	*2*

Each ordinary share has equal voting and dividend rights.

19. Reserves

The company has the following reserves:

Share premium account

The share premium accounts represents the allotment of one additional share in a previous year for £15,000,000.

Profit and loss account

The profit and loss account represents cumulative profits or losses net of dividends paid, capital contributions and other adjustments.

20. Contingent liabilities

As part of the Neighbourly Group, the employees of the company, subject to meeting certain criteria, are eligible to take part in the Associate Equity Program which provides a bonus in connection with the furture sale or change of control at the parent company level. Where the quantum and timeframe of these events are uncertain, no amounts are recognised in the accounts for this.

21. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £31,649 (2021 - £26,982). Contributions totalling £nil (2021 - £nil) were payable to the fund at the reporting date.

22. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	*2021 £*
Not later than 1 year	67,521	*71,828*
Later than 1 year and not later than 5 years	37,827	*101,416*
	105,348	*173,244*

Amounts expenses in the profit and loss, in relation to operating lease commitments total £40,573 (2021 - £27,007).

23. Controlling party

The company's immediate parent company is Neighbourly Brands Limited (formerly Dwyer UK Holdings Limited), incorporated in England and Wales.

The company is a subsidiary of Neighborly Company which is the ultimate parent company incorporated in Delaware, USA and whose principal address is 1020 N. University Parks Dr. Waco, TX 76707.

The largest group in which the results of the company are consolidated is that headed by Neighborly Company, incorporated in Delaware, USA. The smallest group in which they are consolidated is that headed by Dwyer Franchising LLC, incorporated in Delaware, USA.