Company Registration No. 13075482

CHIANTI HOLDINGS LIMITED

Annual Report and Financial Statements

For the period ended 31 December 2021

CHIANTI HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

CONTENTS

CHIANTI HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P R Chappelow (appointed 18 December 2020)
M P Elliott (appointed 18 December 2020)
D W Linley (appointed 10 December 2020)
R C Powell (appointed 18 December 2020)
J S Bell (appointed 18 December 2020)
J A Cooke (appointed 18 December 2020)
G R Marshall (appointed 18 December 2020)
S M Pender (appointed 18 December 2020)

REGISTERED OFFICE

Troy Mills
Troy Road
Horsforth
Leeds
LS18 5GN

INDEPENDENT AUDITOR

BDO LLP
City Point
65 Haymarket Terrace
Edinburgh
EH12 5HD

The directors of Chianti Holdings Limited ("the Company") present the annual report and the audited financial statements of the Company and its subsidiaries (together "the Group") for the period 10 December 2020 to 31 December 2021.

The directors, in preparing this strategic report, have complied with section 414C of the Companies Act 2006. This strategic report has been prepared for the Group headed by the Company and therefore only gives emphasis to those matters which are significant to that Group.

ACTIVITIES AND BUSINESS REVIEW

Principal activity

The Company's principal activity is that of a holding company. The Group's principal activity is that of residential letting and management, residential sales and land & new homes sales.

Business review

During the period ended 31 December 2021 the Group's turnover was £50,722k with an operating loss of £3,405k Operating profit before depreciation and amortisation was £8,376k. There is no comparative information as the Group was formed in the period and this is the first year of financial statements.

The Group was formed upon the merger of Linley & Simpson Holdings Ltd and its subsidiaires, a leading lettings, property management and estate agency business in Yorkshire, and Lomond Capital No 2 Ltd and its subsidiaires, a collection of brands throughout England and Scotland operating in the same industries. The Group has continued to grow via the strategy of acquiring lettings and residential sales businesses throughout the year, adding a further 25 acquisitions, being 17 share purchases and 8 trade and asset purchases. The buy and build approach is a key strategy to the Group's growth, with a focus on acquiring in existing geographical regions and also moving into new regions by acquiring the market leader in that region. Acquisitions that took place in 2021 are:

- Chase Independent Estates Ltd (Birmingham, Jan 21)
- Boultons Harrisons (Wakefield, Feb 21)
- Palms Agency Ltd (Brighton, Feb 21)
- Sinclairs Property Developments Ltd (York, Mar 21)
- Burnett & Reid (Aberdeen, Mar 21)
- Mint (Manchester, Mar 21)
- Complete Letting (Scotland) Ltd (Edinburgh, Apr 21)
- Lancasters (Holmfirth, Apr 21)
- Holroyd & Co Estate Agents Ltd (Holmfirth, Apr 21)
- Tiger Properties Ltd (Manchester, May 21)
- Carr & Hume Ltd (Manchester, May 21_
- Michael Jones & Co / Sussex Lettings Ltd (Worthing, Jun 21)
- Broughtons (Edinburgh, Jul 21)
- Barlow White Estate Agency (Manchester, Jul 21)
- Cactus Property Management Ltd (Sheffield, Jul 21)
- McDonnell Haydock Residential Lettings Ltd (Manchester, Sep 21)
- Fineholm Lettings Services Ltd (Glasgow/Edinburgh, Sep 21)
- Clothier & Day Exclusive Lettings Ltd (Birmingham, Oct 21)
- Acres (Birmingham, Nov 21)
- Herwald (Manchester, Nov 21)
- Home Leasing Brighton Ltd (Brighton, Nov 21)
- Moores Estate Agents Ltd (Leeds, Dec 21)
- Homes 4 Harrogate Ltd (Harrogate, Dec 21)
- Around Town Flats (Manchester, Dec 21)
- DJ Alexander Lettings Ltd (Glasgow / Edinburgh, Dec 21)

Key performance indicators

The key performance indicators relating to the companies within the Group are:

- the managed, residential portfolio has increased from 20,972 to 28,247 during the year, with the increase primarily driven by acquisition activity

- lettings volumes increased to 12,709 move-ins

Key performance indicators (continued)

- 3,220 new business listings were achieved across the lettings business

- net sale units 3,114, with 3,086 sales completions

- 920 employees at the year end

Future developments

The Group continues to seek opportunities to grow via the acquisition of high quality lettings books and complimentary market leading sales brands, across the UK. We have organic growth strategies in place, including a focus on the growing Buy to Let market, to ensure natural attrition does not erode the recurring revenue model.

PRINCIPAL RISKS AND UNCERTAINTIES

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including credit risk and liquidity risk. The use of financial derivatives is governed by the Group's policies approved by the board of directors. The Group does not use derivative financial instruments for speculative purposes. No derivatives are currently in place.

Regulatory risk

Breaches of laws or regulations could lead to financial penalties and loss of reputation. The Board mitigate this risk by employing experienced staff and maintaining internal procedures to ensure relevant laws and regulations are complied with at all times. The Group have begun the process of ensuring all our front line employees are professionally qualified, in line with ROPA (Regulation of Property Agents) framework.

Liquidity risk

The directors monitor the liquidity and cash flow risk of the Group on a regular basis. The Group is cash positive, and has access to a revolving credit facility. Finance facilities are in place to support further growth through acquisitions.

Credit risk

The credit risk of the Group is primarily relating to trade receivables from the Estate Agency element of the Group. These are reviewed regularly, with procedures in place to realise the debt, and escalate accordingly. Provisions are in place to allow for bad or doubtful debts.

Operational risk

The Group's operations are dependent on sophisticated IT systems that have been developed over a number of years. These systems are at risk of being deliberately targeted by cyber-attacks, which may lead to the theft or corruption of personal data, or at the least a disruption to the service provided. Loss of earnings, reputational damage and fines could all be consequences of such a data breach. The Group has undertaken detailed penetrative testing by respected, third party providers, in order to mitigate the risk. Regular updates are communicated to employees relating to data protection procedures, to ensure the security of the customer data held.

Climate change risk

Climate change represents a risk to almost all companies within the UK, however the directors class the climate change risk as minimal to the sector in which the Group is involved with. That being said, the directors are conscious of reducing the Group's carbon footprint wherever possible and have strategies in place to mitigate this risk. These strategies include; the introduction of PHEV and fully electric vehicles into the fleet in order to reduce carbon emissions; tracking energy consumption and promoting energy saving measures with the branch network; and tracking waste volumes in order to ensure we are recycling as much as possible.

Going concern and COVID-19

Since March 2020 the global pandemic Covid-19 outbreak has had a significant impact on the worldwide economy. The Group's performance has been negatively affected by the pandemic due to forced branch closures, reduced consumer confidence and trading / operational restrictions. This has directly resulted in lower lettings transactions, and a reduction in new lettings. In response, the Group has undertaken a number of strategies to mitigate the risk to the business, including; appointment only branch visits; remote working environments; and virtual viewings.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Going concern and COVID-19 (continued)

Transaction volumes have partially recovered in the lettings market, however new lettings stock remains a constant challenge. There is a risk that future political decisions and new legislation will dissuade new landlords from entering the market, adding further strain to locating new business opportunities. The directors maintain that the property market is a strong, viable investment solution. Perversely, new legislation may force landlords to seek professional assistance in managing their property portfolio, and in that case we would see an increase in the amount of self-managing landlords using our services.

Sales transactions and house prices are at an all-time high, and showing no signs of slowing down in the first half of 2022. That being said, we fully expect the sales market to stabilise in the second half of 2022, with transaction levels returning to pre-pandemic levels. Mortgage affordability and cost inflation present a continued risk, with new buyers in particular finding it difficult to enter the market. The Group has developed relationships with mortgage brokers in order to help customers find the right product, and enable the move. The directors have a keen focus on the cost base, particularly relating to the sales division, and are able to move or remove costs quickly, should the sales market experience an unprecedented downturn.

In preparing the financial statements the directors have also considered the likelihood of any post year end impairment to asset values that may have arisen as a result of the COVID-19 pandemic. The directors have concluded that no such impairment has arisen and, accordingly, there has been no material diminution in asset values following the year end.

The directors have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future and in compliance with all conditions attaching to the terms of their bank facilities. The Group is funded by share capital and the cash flow generated from its trading activities. The Group's forecasts and projections, taking account of reasonably worst case downside scenarios in trading performance, show that the Group should be able to operate within the level and terms of its current banking facilities and cash generated from trading operations. There is sufficient headroom within the committed acquisition debt facility to support the on-going buy and build strategy for, at least, the next 12 months. The acquisition team has been bolstered by further recruitment in early 2022, and the pipeline for opportunity is strong in every region. New regions where the Group does not have a presence currently, present a new opportunity to acquire a leading agent and bolt-on future acquisitions..The directors, therefore, believe the Group is operating as a going concern and should continue to adopt the going concern basis of accounting in preparing the financial statements.

The Company has net current assets of £53.4m, of which £54.0m (net) is due from Group undertakings. Chianti Holdings Limited has confirmed that it will continue to provide financial support to subsidiary companies for a period of not less than 12 months from the date of approval of these financial statements.

Section 172 statement

Section 172 of the Companies Act 2006 requires directors to act in a way they consider, in good faith, promotes the success of the Group for the benefits of its shareholders. Section 172 requires directors to have regard to a non-exhaustive list of factors, including the interests of employees and how the actions and behaviours of the Group affect customers, suppliers, the community and the environment, as well as the Group's reputation.

This is supported by legislation requiring companies to report on how directors have had regard for the broader matters set out in section 172 when performing their duty, including considering the interests of employees, suppliers, customers and other stakeholders, as well as impacts on the community and the environment.

The directors believe that the success of the Group is dependent on maintaining strong relationships with our key stakeholders:

Customers

Maintaining high levels of customer service across the full customer base (including landlords, tenants, vendors and buyers) is extremely important to the success of the group. Indeed, our customers' needs are at the forefront of all our strategic decision making processes, therefore we provide robust and ongoing training to all employees and promote the undertaking of professional qualifications throughout the group. The main source of new customers is via acquisition, therefore communication to his newly acquired customer base is extremely important, in order to retain the business. The Group has processes around acquired customer retention as follows:

Section 172 statement (continued)

Customers (continued)

- Due diligence on the customer base to identify previous customers that may be more at risk of leaving post acquisition
- Identification of large, portfolio landlords whose departure would be materially detrimental to the acquired business performance, and subsequent close communication
- Not altering customers' terms and conditions immediately after completion, in order to increase the probability of customer retention
- Communication by the outgoing seller announcing the transaction and outlining the reasons for selling
- Communication by the incoming brand and branch team, introducing our services and reassuring the customer that we have their interests at heart

Suppliers

Contractors and suppliers also support the Group in maintaining the highest levels of customer service. The Board reviews service levels, at all levels of the business, on a regular basis, as well as monitoring the integrity of the way we do business with our customers and suppliers. The Group has a dedicated Procurement Department who review all supply contracts and tender contracts when necessary. The development of the Procurement team has led to discussions with suppliers regarding consolidating the supplier base throughout the network, where appropriate. Key concerns from the suppliers are the loss of business, should we consolidate a local supplier into a national provider in order to realise economies of scale. The Group have been careful to communicate any changes thoroughly, enter any suppliers into a fair tender process for review by the senior leadership team; and abide by specific terms and condition set out in the supplier contracts.

Employees

The board engages with its people to better understand the views of its people and the Group's culture. This is achieved via an annual employee engagement survey, regular employee meetings, staff events and training sessions. The ability to understand our employees' thoughts, ambitions and ideas, and act accordingly, is critical to the success of the Group. Key employee issues identified during the period related primarily to the merger of the two existing businesses. Feedback from management indicated a lack of communication and understanding post-merger, particularly surrounding the future direction of the group and the impact on existing employees. The company issued further communication to all employees, showcasing a high level view of the strategic direction of the group. In addition to this, the Group held face to face sessions with groups of senior leaders, in order to answer any further questions.

Community and Environment

The Group has numerous affiliations with local charities and community organisations, with a key strategy being to provide sponsorship and support locally. The board reviews these relationships on a regular basis, with each brand within the Group responsible for providing support and raising funds for their official charity.

The Group is conscious of the environmental impact of its activities and committed to promoting best practice across all regions, in order to lessen any negative effects on the environment. Key focus areas include; reducing carbon emissions by investing in PHEV and fully electric fleet vehicles; reducing waste by moving to a paperless accounting system; monitoring energy consumption across the branch networks; and eliminating unnecessary travel by utilising virtual meeting tools.

Key Decisions

The key decisions taken by the directors during the period are as follows:

- Recruitment of new roles at an executive and senior level, in order to facilitate both acquisitional and organic growth strategies. The expansion of the senior team has also allowed for the roll out of new ancillary product lines, and the implementation of system and process improvements throughout the Group. Shareholders were consulted on the plan to recruit, and reasons why, and were involved in the interview process for key recruits.
- Acquisitions in new regions are outside of the standard buy and build strategy adopted by the group. This includes the acquisition of Michael Jones & Co in Worthing and D J Alexander in Glasgow; being two cities the Group has not previously operated in. Shareholders were engaged in the decision to move into these areas, with final investment papers detailing the local demographic and rationale for acquiring.

STRATEGIC REPORT

For the period ended 31 December 2021 (continued)

Section 172 statement (continued)

Key Decisions (continued)

- The commitment to additional debt facility in November 2021, in order to facilitate further acquisitions. Shareholders were presented with the details surrounding the increased level of funding, pipeline of acquisition opportunities, and return on investment forecasts.

Post balance sheet events

Up to the date of signing of these financial accounts, the directors do not believe there to be any material adjusting post balance sheet events.

Subsequent to the year end, the Group has continued to grow via the acquisition of high quality lettings books and complimentary market leading sales brands, across the UK, as follows:

- On 28 January 2022, the Group acquired the entire share capital of Smart Homes Solihull Limited
- On 11 February 2022, the Group acquired the entire share capital of Homes4U Group Limited
- On 31 March 2022, the Group acquired the entire share capital of Julian Wadden & Co Limited
- On 5 April 2022, the Group acquired the entire share capital of Hardisty Brothers Limited and its subsidiaries
- On 9 May 2022, the Group acquired the entire share capital of Larards Property Management Limited
- On 27 May 2022, the Group acquired the entire share capital of Arden Estates Lettings Bromsgrove Holdings Limited and its subsidiaries
- On 8 June 2022 the Group acquired the trade and assets of Grant Fairbairn in Aberdeen

Streamlined Energy and Carbon Reporting

The Group does not need to disclose information in respect to Streamlined Energy & Carbon Reporting (SECR) given that the subsidiaries making up the Group, and the Group itself, does not meet the threshold to make such disclosures under SECR legislation for the period ended 31 December 2021.

Approved by the Board and signed on its behalf by:

Martin Elliott
Director
26 July 2022

CHIANTI HOLDINGS LIMITED

DIRECTORS' REPORT

For the period ended 31 December 2021

The strategic report includes the activities and business review, financial performance, principal risks and uncertainties, going concern, post balance sheet events and future developments report.

DIRECTORS

The names of the members of the Board of Directors who served through the year and up to the date of this report are as follows:

P R Chappelow (appointed 18 December 2020)
M P Elliott (appointed 18 December 2020)
D W Linley (appointed 10 December 2020)
R C Powell (appointed 18 December 2020)
J S Bell (appointed 18 December 2020)
J A Cooke (appointed 18 December 2020)
G R Marshall (appointed 18 December 2020)
S M Pender (appointed 18 December 2020)

DIRECTORS' INDEMNITIES

In terms of section 236 of the Companies Act 2006, all directors have been granted qualifying third-party indemnity provisions by the Group.

EMPLOYMENT OF DISABLED PERSONS

The Group's policy is that disabled persons are considered for employment and subsequent training, career development and promotion based on merit. If members of staff become disabled, it is the Group's policy, wherever possible, to retain them in their existing jobs or to re-deploy them in suitable alternative duties.

EMPLOYEE CONSULTATION

The Group values the input of its employees and actively seeks opportunities to engage with staff at all levels, inviting them to contribute to on-going dialogue and activities to improve the Group for the benefit of its staff and the business as a whole.

DISCLOSURE OF INFORMATION TO AUDITOR

In the case of the individuals who are directors of the Company at the date when this report is approved:

- so far as the director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Group and Company's auditor is unaware; and
- the director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Group and Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

INDEPENDENT AUDITOR

BDO LLP has indicated its willingness to be reappointed for another term and appropriate arrangements have been put in place for it to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:

Martin Elliott
Director
26 July 2022

DIRECTORS' RESPONSIBILITIES STATEMENT

For the year ended 31 December 2021

The directors are responsible for preparing the annual 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 Group and Company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Company and of the profit or loss of the Group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, have been followed, subject to any material departures disclosed in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Parent Company's affairs as at 31 December 2021 and of the Group's loss for the period 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.

We have audited the financial statements of Chianti Holdings Limited ("the Parent Company") for the year ended 31 December 2021 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of changes in equity and the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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 directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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.

Other Companies Act 2006 reporting

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.

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, 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.

Auditor's 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 auditor's 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.

Extent to which the audit was capable of detecting irregularities, including fraud

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.

Based on our understanding and accumulated knowledge of the Group and the sector in which it operates we considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud and whether such actions or non compliance might have a material effect on the financial statements. These included but were not limited to those that relate to the form and content of the financial statements, such as the Group accounting policies, UK accounting standards, the UK Companies Act 2006; those that relate to the payment of employees; and industry related matters such as regulations impacting estate agency operations including the Propertymark rules. All team members were briefed to ensure they were aware of any relevant regulations in relation to their work.

Auditor's responsibilities for the audit of the financial statements (continued)

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates and improper revenue recognition associated with year end cut-off. Our audit procedures included, but were not limited to:

- At the planning stage, we performed detailed analytical review procedures to identify unusual or unexpected relationships that may indicate risks of material misstatements due to fraud. Areas of identified risk were then tested substantively;
- Assessing the design and implementation of the control environment including controls over IT systems relevant to financial reporting in order to identify areas of material weakness to focus the design of our testing;
- Agreement of the financial statement disclosures to underlying supporting documentation;
- Determining whether the accounting policies and presentation adopted in the financial statements are in accordance with 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);
- Addressing the risk of fraud in relation to revenue recognition over various streams through selection of a sample of contracts and verifying revenue and profit to corroborating documentation. We sought to identify any areas of management bias by reference to supporting documentation in relation to a sample of revenue items, challenging management on significant judgements and estimates such as accrued and deferred income recognition and completeness, and assessing subsequent performance information in relation to estimates;
- Addressing the risk of fraud through management override of controls by testing the appropriateness of a sample of journal entries and other adjustments; assessing whether the judgements made in accounting estimates are indicative of a potential bias. In particular we focussed on the key judgements in relation to the completeness of provisions as well as the recognition of accrued and deferred income; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business;
- Identifying whether there are instances of potential bias in areas with significant degrees of judgement such as carrying value of assets subject to impairment reviews and useful lives of assets subject to depreciation or amortisation;
- Reading minutes of meetings of those charged with governance; reviewing correspondence with regulatory bodies and from legal advisors to identify indications of non-compliance with laws and regulations;
- Vouching balances and reconciling items in key control account reconciliations to corroborating documentation as at 31 December 2021;
- Carrying out detailed testing, on a sample basis, of transactions and balances agreeing to appropriate documentary evidence to verify the completeness, existence and accuracy of the reported financial statements; and
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:

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Alastair Rae (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Edinburgh
Date 26 July 2022
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ending 31 December 2021

	Note	2021 £'000
TURNOVER	3	50,722
Cost of sales		(12,598)
GROSS PROFIT		38,124
Administrative expenses		(41,855)
Other operating income	4	326
OPERATING LOSS	6	(3,405)
Gain on financial assets at fair value	19	2
Interest receivable and similar income	7	30
Interest payable and similar charges	8	(10,800)
LOSS ON ORDINARY ACTIVITIES BEFORE TAX		(14,173)
Tax on loss on ordinary activities	9	(454)
LOSS FOR THE FINANCIAL YEAR		(14,627)

The accompanying notes on pages 17 to 53 form an integral part of these financial statements.

The Group had no other comprehensive income for the period ending 31 December 2021.

All activities are from continuing operations.

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

	Note	Group 2021 £'000	Company 2021 £'000
FIXED ASSETS			
Intangible assets	10	127,852	-
Tangible assets	11	2,288	-
Investments	12	-	6,504
		130,140	6,504
CURRENT ASSETS			
Debtors	13	3,903	55,645
Investments	14	156	-
Cash at bank and in hand		13,057	-
		17,116	55,645
CREDITORS: amounts falling due within one year	15	(16,737)	(2,291)
NET CURRENT ASSETS		379	53,354
TOTAL ASSETS LESS CURRENT LIABILITIES		**130,519**	**59,858**
CREDITORS: amounts falling due after more than one year	16	(144,691)	(66,011)
Provisions for liabilities	17	(1)	-
NET LIABILITIES		**(14,173)**	**(6,153)**
CAPITAL AND RESERVES			
Called up share capital	18	15	15
Share premium account		439	439
Profit and loss account		(14,627)	(6,607)
SHAREHOLDERS' DEFICIT		**(14,173)**	**(6,153)**

The accompanying notes on pages 17 to 53 form an integral part of these financial statements.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company statement of comprehensive income. The loss for the Company for the year was £6,607k.

The financial statements of Chianti Holdings Limited, company registration number 13075482 were approved and authorised for issue by the Board of Directors on 26 July 2022 and signed on its behalf by:

Martin Elliott
Director

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY

As at 31 December 2021

Group	Share capital £'000	Share premium £'000	Retained deficit £'000	Total equity £'000
At the beginning of the period	-	-	-	-
Total loss and total comprehensive loss for the period	-	-	(14,627)	(14,627)
Issue of shares	15	439	-	454
At 31 December 2021	15	439	(14,627)	(14,173)

Company	Share capital £'000	Share premium £'000	Retained deficit £'000	Total equity £'000
At the beginning of the period	-	-	-	-
Total loss and total comprehensive loss for the period	-	-	(6,607)	(6,607)
Issue of shares	15	439	-	454
	15	439	(6,607)	(6,153)

The accompanying notes on pages 17 to 53 form an integral part of these financial statements.

CHIANTI HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ending 31 December 2021

	2021 £'000
Loss on ordinary activities after tax	**(14,627)**
Adjustments for:	
Depreciation of tangible assets	532
Amortisation of intangible assets	11,231
Loss on disposal of tangible assets	18
Gain on financial assets at fair value through profit and loss	(2)
Tax on loss	454
Other interest receivable and similar income	(30)
Interest payable and similar expenses	10,800
Changes in:	
- Decrease in trade and other debtors	22,445
- Decrease in trade and other creditors	(26,204)
Cash flows generated from operating activities	**4,617**
Tax paid	(856)
Interest paid	(3,977)
Net cash flows used in operating activities	**(216)**
Cash flows from investing activities	
Purchase of tangible assets	(760)
Proceeds from disposal of tangible assets	8
Interest received	30
Purchase of subsidiary undertakings, net of cash received	(60,813)
Purchase of intangible assets	(2,095)
Net cash used in investing activities	**(63,630)**
Cash flow from financing activities	
New bank loans	79,935
Arrangement fees paid	(1,668)
Repayments of borrowings of acquired subsidiaries	(42,505)
Debenture loans issued	42,028
Debenture loans repaid	(1,333)
Revolving credit facility proceeds	4,730
Revolving credit facility repaid	(4,730)
Issue of share capital	454
Capital element of lease repaid	(8)
Net cash generated from financing activities	**76,903**
Net increase in cash and cash equivalents	**13,057**
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at 31 December	**13,057**

The accompanying notes on pages 17 to 53 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the period ending 31 December 2021

1. **SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in the current financial year, unless otherwise stated.

a) General information and basis of accounting

The Company is a private company limited by shares and is incorporated in England and Wales. The address of the registered office of the Group and Company and the Company's registration number is given on page 1. The nature of the Group and Company's operations and its principal activities are set out in the strategic report on page 2.

The financial statements are prepared under the historical cost convention, as modified by the recognition of certain financial instruments measured at fair value, and in accordance with FRS 102, issued by the Financial Reporting Council, and the Companies Act 2006.

The Group's financial statements are presented in Sterling which is the functional currency of the Group. The level of rounding is to the nearest £1,000 Sterling.

b) Basis of consolidation

The Group consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December 2021. A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity in order to obtain benefits from its activities. The results of subsidiaries sold or acquired are consolidated for the periods from or to the date on which control passed. When control of a subsidiary is lost, the gain or loss is recognised in the consolidated statement of comprehensive income.

Business combinations are accounted for under the acquisition method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given and liabilities incurred or assumed in exchange for control of the acquiree plus costs directly attributable to the business combination. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably. Any minority interests are recognised on acquisition as a percentage of share capital not purchased by the Group. At each year end the minority interests receive a share of the profit or loss based on their percentage shareholding.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The Company has provided a parent company guarantee and therefore the following subsidiaries have taken advantage of the exemption from the requirement to be audited relating to subsidiary companies contained in section 479A of the Companies Act 2006: Chianti Bidco Limited (12972859), City Living (Leeds) Limited (03420956), Dale Eddison Limited (06339901), Linley and Simpson Sales Limited (08751913), Linley & Simpson Group Limited (08761192), Ridings Property Management Services Limited (02820650), Simon Blyth Lettings Limited (04665154), Hafaza Limited (08529787), Hepplewhite Property Services Limited (06632631), Osprey Dormco Limited (08756525), Mountview Investments Limited (SC151792), Bondsave Limited (SC138755), Lomond Maintenance Limited (SC428376), Thornley Groves Limited (02674298), John Shepherd Lettings Limited (06841027), John Shepherd Estate Agents Limited (09704507), Thornley Groves Estate Agents Limited, (07072190), Cambridge Brand Vaughan Limited (09467584), Lomond Property Lettings Limited (SC373580), Michael Jones & Co Limited (03627931), Easylet Lettings Limited (06411933), Symonds Reading Estate Agents Limited (07370326), Holroyd & Co Estate Agents Limited (09198330), Carr and Hume Estate Agents Limited (05849137), Cactus Property Management Limited (06740704), Complete Letting (Scotland) Limited (SC580814), Palms Agency Limited (05528759), Chase Independent Estates Limited (06786697), Barlow White Limited (06475883), Barlow White Estates Limited (09229910), Barlow White Property Maintenance Limited (09943541), McDonnell Haydock Residential Lettings Limited (06696154), Clothier & Day Holdings Limited (07136904), Clothier & Day Exclusive Lettings Limited (03569276), Clothier & Day Residential Limited (05923753), Moores Estate Agents Limited (12273154), Homes4Harrogate Limited (10820619), Around Town Flats Limited (06989213), Home Leasing Brighton Limited (0725242), Fitton Business Agency Limited (03439868), Craigflower Lettings Limited (SC304370), DJ Alexander Holdings Limited (SC714703), Linley & Simpson Holdings Limited (11360062), Lomond Capital No2. Limited (SC455640), Lomond Capital No3. Limited (SC669215), Sussex Letting Limited (05547548), Fineholm Letting Services (Glasgow) Limited (SC062649), Fineholm Letting Services

NOTES TO THE FINANCIAL STATEMENTS

For the period ending 31 December 2021

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Basis of consolidation (continued)

(Edinburgh) Limited (SC280949), Sinclair Property Developments Limited (04886645), DJ Alexander Lettings Limited (SC429588) and Benaird Limited (SC255840).

c) Going concern

Since March 2020 the global pandemic Covid-19 outbreak has had a significant impact on the worldwide economy. The Group's performance has been negatively affected by the pandemic due to forced branch closures, reduced consumer confidence and trading / operational restrictions. This has directly resulted in lower lettings transactions, and a reduction in new lettings. In response, the Group has undertaken a number of strategies to mitigate the risk to the business, including; appointment only branch visits; remote working environments; and virtual viewings.

Transaction volumes have partially recovered in the lettings market, however new lettings stock remains a constant challenge. There is a risk that future political decisions and new legislation will dissuade new landlords from entering the market, adding further strain to locating new business opportunities. The directors maintain that the property market is a strong, viable investment solution. Perversely, new legislation may force landlords to seek professional assistance in managing their property portfolio, and in that case we would see an increase in the amount of self-managing landlords using our services.

Sales transactions and house prices are at an all-time high, and showing no signs of slowing down in the first half of 2022. That being said, we fully expect the sales market to stabilise in the second half of 2022, with transaction levels returning to pre-pandemic levels. Mortgage affordability and cost inflation present a continued risk, with new buyers in particular finding it difficult to enter the market. The Group has developed relationships with mortgage brokers in order to help customers find the right product, and enable the move. The directors have a keen focus on the cost base, particularly relating to the sales division, and are able to move or remove costs quickly, should the sales market experience an unprecedented downturn.

In preparing the financial statements the directors have also considered the likelihood of any post year end impairment to asset values that may have arisen as a result of the COVID-19 pandemic. The directors have concluded that no such impairment has arisen and, accordingly, there has been no material diminution in asset values following the year end.

The directors have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future and in compliance with all conditions attaching to the terms of their bank facilities. The Group is funded by share capital and the cash flow generated from its trading activities. The Group's forecasts and projections, taking account of reasonably worst case downside scenarios in trading performance, show that the Group should be able to operate within the level and terms of its current banking facilities and cash generated from trading operations. There is sufficient headroom within the committed acquisition debt facility to support the on-going buy and build strategy for, at least, the next 12 months. The acquisition team has been bolstered by further recruitment in early 2022, and the pipeline for opportunity is strong in every region. New regions where the Group does not have a presence currently, present a new opportunity to acquire a leading agent and bolt-on future acquisitions..The directors, therefore, believe the Group is operating as a going concern and should continue to adopt the going concern basis of accounting in preparing the financial statements.

d) Turnover

Turnover, which arises in the United Kingdom, is attributable to the Group's principal activities and is stated net of VAT and trade discounts.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of turnover can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably. The Group defers revenue in the proportion to which it has not transferred all risks and rewards.

Turnover from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, turnover is recognised only to the extent that it is probable the expenses will be recovered.

NOTES TO THE FINANCIAL STATEMENTS

For the period ending 31 December 2021

1. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

d) Turnover (continued)

Estate agency sales fees are recognised at the time of exchange of contracts for the sale of the property when there is a legally binding contract.

e) Employee benefits

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

Defined contribution pension schemes

The Group makes contributions to defined contribution pension schemes for eligible employees. Contributions payable are charged to profit or loss in the period they are payable. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

f) Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the statement of financial position date.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date where transactions or events that result in an obligation to pay more tax or a right to pay less tax in the future have occurred at the statement of financial position date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial Statements. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date and that are expected to apply to the reversal of the timing difference.

g) Intangible assets

Goodwill

Goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life, which is assessed on a case by case basis. Provision is made for any impairment.

h) Investments

Investments in Group undertakings are held at cost less provision for impairment.

i) Tangible assets

Tangible assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

Leasehold property improvements	20%-25% per annum (straight line basis)
Fixtures & fittings	20%-33% per annum (straight line basis)
Equipment	20%-33% per annum (straight line basis)
Motor vehicles	25% per annum (reducing balance basis)

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of an age and in the condition expected at the end of its useful life.

NOTES TO THE FINANCIAL STATEMENTS

For the period ending 31 December 2021

1. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

j) Impairment of intangible and tangible fixed assets

At each statement of financial position date fixed assets not carried at fair value are reviewed to determine whether there is any indication that the asset may be impaired. If there is an indication of possible impairment, the recoverable amount of any affected asset is assessed and compared with its carrying amount. If the recoverable amount is lower, the carrying amount is reduced to its recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

k) Financial instruments

Basic financial instruments, including trade and other debtors, investments in loan deposits, cash and bank balances, trade and other payables, bank loans and loan notes are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently measured at amortised cost using the effective interest method less any impairment.

Derivatives, including interest rate swaps, are not basic financial instruments. The Company uses derivative financial instruments to reduce its exposure to interest rate movements and does not hold or issue derivative financial instruments for speculative purposes. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each reporting date.

Changes in the value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate.

l) Impairment of financial assets

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

m) Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled, or substantially all the risks and reward of ownership of the asset are transferred to another party or control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

n) Leases

Assets obtained under hire purchase contracts are capitalised as tangible fixed assets and depreciated over their estimated useful lives. The capital elements of future hire purchase obligations are recorded as liabilities, while interest elements are charged to profit or loss over the period of the contracts to produce a periodic rate of interest on the remaining balance of the liability.

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

Incentives received to enter into an operating lease are credited to profit or loss, to reduce the lease expense, on a straight line basis over the period of the lease.

NOTES TO THE FINANCIAL STATEMENTS

For the period ending 31 December 2021

1. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

o) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

p) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

q) Government grants

Grants are accounted for under the accruals model as permitted by FRS102. 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 "other income" within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough'). The Group has not directly benefited from any other forms of government assistance.

2. **CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The following are the critical judgements that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Restricted client funds

The nature of operations undertaken by the Group necessitates the need for client money (also referred to as restricted client funds) to be paid directly into and out of segregated client bank accounts. Such monies are held in separate client bank accounts and are restricted from the Group's business cash. FRS 102 states that an entity shall recognise an asset in the statement of financial position when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably. In relation to a liability, FRS 102 states that an entity shall recognise a liability in the statement of financial position when the entity has an obligation at the end of the reporting period as a result of a past event, it is probable that the entity will be required to transfer resources embodying economic benefits in settlement and the settlement amount can be measured reliably.

The directors have made an assessment at the statement of financial position date over the risks, benefit and control of client monies, concluding that the Group does not hold the future economic benefits of the client monies and hence has no obligation to transfer them. This represents a significant judgement by the directors at the statement of financial position date and based on this analysis, a restricted fund asset and associated liability has not been recognised. The total of restricted client funds held by the Group at the statement of financial position date amounts to £35,444k. If the Group were to present this in the statement of financial position, the effect would be to recognise a separate current asset and associated current liability to the same amount. There would be no effect on the net assets or loss in the Group.

Impairment

At each statement of financial position date fixed assets, being tangible and intangible fixed assets, are reviewed to determine whether there is any indication that the asset may be impaired. If there is an indication of possible impairment, the recoverable amount of any affected asset is assessed and compared with its carrying amount. If the recoverable amount is lower, the carrying amount is reduced to its recoverable amount, and an impairment loss is recognised immediately in profit or loss.

2. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY (CONTINUED)

Cost of business combinations

In determining the value of costs related to acquiring a business, the key judgment relates to the nature of costs that are directly attributable to the acquisition, as well as ensuring the fair valuation of assets and liabilities acquired. As shown in note 21, assets and liabilities acquired have been fairly valued at the date of acquisition. Acquisition costs of £4,090k were capitalised in the year.

Depreciation of tangible fixed assets and amortisation of intangible assets

The directors review the useful economic lives of tangible and intangible fixed assets annually to determine if the rate used is appropriate by considering key factors such as changes in the Group's operating market and environment, Group strategy and future market demand, with any necessary amendments made as appropriate.

Impairment of financial assets

At the end of each reporting period financial assets measured at amortised cost, such as trade debtors, are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment is recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

3. TURNOVER

	2021 £'000
Lettings fees	36,821
Estate agency fees	11,848
Maintenance	1,860
Other fees	193
	50,722

All turnover arose from activities in the UK.

4. OTHER INCOME

	2021 £'000
Government grants – furlough	326
	326

NOTES TO THE FINANCIAL STATEMENTS

For the period ending 31 December 2021

5. EMPLOYEES AND DIRECTORS

The average monthly number of persons (including directors) employed by the Group during the year was:

	Group 2021 No	Company 2021 No
Lettings	357	-
Estate Agency	149	-
Maintenance	56	-
Administration	170	-
	732	-

Their aggregate remuneration comprised:	Group 2021 £'000	Company 2021 £'000
Wages and salaries	22,032	-
Social security costs	2,018	-
Pension costs	600	-
	24,650	-

The Group makes contributions to defined contribution pension schemes for eligible employees. The pension charge represents contributions payable by the Group to these schemes. Contributions of £179k were outstanding at 31 December 2021.

Directors' remuneration

	Group 2021 £'000	Company 2021 £'000
Directors' emoluments	921	-
Company contributions to defined contribution pension schemes	18	-
Amounts paid to third parties in respect of directors services	20	-
	959	-

The directors received no remuneration in respect of services to the Company during the year. The directors are employed by another Group company and it is not practicable to allocate a proportion of their costs to the Company.

Emoluments of the highest paid director were £300k. Company pension contributions of £nil were made to a pension scheme on his behalf.

NOTES TO THE FINANCIAL STATEMENTS

For the period ending 31 December 2021

6. OPERATING LOSS

Operating loss is arrived at after charging/(crediting):	2021 £'000
Loss on disposal of tangible assets	18
Depreciation	532
Amortisation of intangible assets	11,231
Operating lease expense	2,769
Impairment of trade debtors	257
Government grants – furlough	(326)

Auditor's remuneration	
Fees payable to the Company's auditor for the audit of the parent company and the Group's annual financial statements	153
Total audit fees	153
Fees payable to the Company's auditor and its associates for other services:	
- Tax compliance services	108
Total non-audit fees	108

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021 £'000
Bank interest	30

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2021 £'000
Interest on bank loans and overdrafts	4,241
Finance leases and hire purchase contracts	1
Other interest and similar charges	3
Shareholder loan note interest	6,555
	10,800

NOTES TO THE FINANCIAL STATEMENTS

For the period ending 31 December 2021

9. TAXATION

The tax charge on the loss on ordinary activities for the period was as follows:

	2021 £'000
Current tax	
UK corporation tax at 19%	610
Adjustment in respect of prior periods of subsidiaries acquired	(47)
Total current tax charge	563
Deferred tax	
Origination and reversal of timing differences	(126)
Adjustments in respect of prior periods of subsidiaries acquired	(3)
Effect of changes in tax rates	20
Total deferred tax	(109)
Total tax charge on loss for the year	454

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2021 £'000
Loss on ordinary activities before tax	(14,173)
Tax on loss on ordinary activities at standard UK corporation tax rate of 19%	(2,693)
Effects of:	
Expenses not deductible	3,593
Income not taxable	(637)
Fixed asset timing differences	493
Other tax adjustments, reliefs and transfers	2
Movement in unrecognised deferred tax	(58)
Group relief surrendered	1
Remeasurment of deferred tax for changes in tax rates	(197)
Adjustments to tax charge in respect of prior years of subsidiaries acquired	(47)
Adjustments to tax charge in respect of prior years of subsidiaires acquired – deferred tax	(3)
Tax charge for the year	454

The Finance Act 2021 was substantially enacted in May 2021 and has increased the corporation tax rate from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

NOTES TO THE FINANCIAL STATEMENTS

For the period ending 31 December 2021

10. INTANGIBLE ASSETS

Group	**Goodwill £'000**
Cost	
At the beginning of the period	-
Additions	139,082
At 31 December 2021	139,082
Amortisation	
At the beginning of the period	-
Charge for the period	11,231
At 31 December 2021	11,203
Net book value	
At 31 December 2021	127,852

Goodwill arising on consolidation is being amortised over the directors' estimate of its useful life which is assessed on a case by case basis.

NOTES TO THE FINANCIAL STATEMENTS

For the period ending 31 December 2021

11. TANGIBLE ASSETS

Group	Leasehold property improvements £'000	Fixtures and fittings £'000	Equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At the beginning of the period	-	-	-	-	-
Additions	253	293	214	-	760
Acquisition of subsidiaries	928	521	365	273	2,087
Disposals	-	(3)	(16)	(8)	(27)
At 31 December 2021	1,181	811	563	265	2,820
Depreciation					
At the beginning of the period	-	-	-	-	-
Charge for the period	222	175	130	5	532
At 31 December 2021	222	175	130	5	532
Net book value					
At 31 December 2021	959	636	433	260	2,288

The net book value of assets held under finance leases included in leasehold property improvements and plant, equipment and vehicles is £98k.

Company

The Company had no tangible assets at 31 December 2021.

12. INVESTMENTS

Investment in subsidiaries	Company £'000
Cost at the beginning of the period	-
Additions	6,504
At 31 December 2021	6,504

NOTES TO THE FINANCIAL STATEMENTS

For the period ending 31 December 2021

12. INVESTMENTS (CONTINUED)

Subsidiary undertakings

At 31 December 2021 the Company had 100% interests in the subsidiaries listed below:

Subsidiaries	Type of shares held	Country of incorporation	Nature of business
Chianti Bidco Limited	Ordinary	United Kingdom	Holding company
Linley & Simpson Limited*	Ordinary	United Kingdom	Property management services
Linley & Simpson Sales Limited*	Ordinary	United Kingdom	Estate agency
Mountview Investments Limited*^	Ordinary	United Kingdom	Property management services
Dale Eddison Limited*	Ordinary	United Kingdom	Estate agency
City Living (Leeds) Limited*	Ordinary	United Kingdom	Non trading
Ridings Property Management Services Limited*	Ordinary	United Kingdom	Non trading
Hafaza Limited*	Ordinary	United Kingdom	Non trading
Hepplewhite Property Services Limited*	Ordinary	United Kingdom	Non trading
Osprey Dormco Limited*	Ordinary	United Kingdom	Dormant
Bondsave Limited*^	Ordinary	United Kingdom	Property management services
Lomond Maintenance Limited	Ordinary	United Kingdom	Property maintenance
Thornley Groves Limited *	Ordinary	United Kingdom	Property management services
John Shepherd Lettings Limited*	Ordinary	United Kingdom	Property management services
Thornley Groves Estate Agents Limited*	Ordinary	United Kingdom	Intermediate holding company
Cambridge Brand Vaughan Limited*	Ordinary	United Kingdom	Property management services
John Shepherd Estate Agents Limited*	Ordinary	United Kingdom	Estate agency
Lomond Property Lettings Limited*^	Ordinary	United Kingdom	Group central services
Michael Jones & Co. Limited*	Ordinary	United Kingdom	Estate agency
Easylet Letting Agents Limited*	Ordinary	United Kingdom	Non trading
Symonds Reading Estate Agents Limited*	Ordinary	United Kingdom	Non trading
Holroyd and Co Estate Agents Limited*	Ordinary	United Kingdom	Non trading
Carr and Hume Estate Agents Limited*	Ordinary	United Kingdom	Non trading
Cactus Property Management Limited*	Ordinary	United Kingdom	Non trading
Complete Letting (Scotland) Limited*^	Ordinary	United Kingdom	Non trading
Palms Agency Limited*	Ordinary	United Kingdom	Non trading
Chase Independent Estates Limited*	Ordinary	United Kingdom	Non trading
Barlow White Limited*	Ordinary	United Kingdom	Non trading
Barlow White Estate Agents Limited	Ordinary	United Kingdom	Non trading

NOTES TO THE FINANCIAL STATEMENTS

For the period ending 31 December 2021

12. INVESTMENTS (CONTINUED)

Subsidiaries	Type of shares held	Country of incorporation	Nature of business
Barlow White Property Management Limited*	Ordinary	United Kingdom	Non trading
McDonnell Haydock Residential Lettings Limited*	Ordinary	United Kingdom	Non trading
Clothier & Day Holdings Limited*	Ordinary	United Kingdom	Holding company
Clothier & Day Executive Lettings Limited*	Ordinary	United Kingdom	No longer trading
Clothier & Day Residential Limited*	Ordinary	United Kingdom	Non trading
Moores Estate Agents Limited*	Ordinary	United Kingdom	Non trading
Homes4Harrogate Limited*	Ordinary	United Kingdom	Non trading
Around Town Flats Limited*	Ordinary	United Kingdom	Non trading
Home Leasing Brighton Limited*	Ordinary	United Kingdom	Non trading
Fitton Business Agency Limited*	Ordinary	United Kingdom	Non trading
Craigflower Lettings Limited*^	Ordinary	United Kingdom	Non trading
DJ Alexander Holdings Limited*^	Ordinary	United Kingdom	Holding company
Linley & Simpson Holdings Limited*	Ordinary	United Kingdom	Holding company
Linley & Simpson Group Limited*	Ordinary	United Kingdom	Holding company
Lomond Capital No. 2 Limited*^	Ordinary	United Kingdom	Holding company
Lomond Capital No. 3 Limited*^	Ordinary	United Kingdom	Holding company
Sussex Letting Limited*	Ordinary	United Kingdom	Property management services
Fineholm Letting Services (Glasgow) Limited*^	Ordinary	United Kingdom	Property management services
Fineholm Letting Services (Edinburgh) Limited*^	Ordinary	United Kingdom	Property management services
Sinclair Property Developments Limited*	Ordinary	United Kingdom	Property management services
DJ Alexander Lettings Limited*^	Ordinary	United Kingdom	Property management services
Benaird Limited*^	Ordinary	United Kingdom	Property maintenance
Simon Blyth Lettings Limited*	Ordinary	United Kingdom	Non trading

*Investments in these companies are held indirectly through subsidiary undertakings incorporated in the United Kingdom.

The companies detailed above share the same registered office as the parent company, unless noted below:

^ 1 Weymss Place, Edinburgh, Scotland, EH3 6DH.

NOTES TO THE FINANCIAL STATEMENTS

For the period ending 31 December 2021

13. DEBTORS

	Group 2021 £'000	Company 2021 £'000
Trade debtors	2,174	-
Amounts due from Group undertakings	-	55,627
Prepayments and accrued income	1,335	17
Other debtors	394	1
	3,903	55,645

Amounts due from Group undertakings are interest free, due on demand and bear no fixed term of repayment.

14. INVESTMENTS

	Group 2021 £'000	Company 2021 £'000
Listed investments held at fair value	156	-

Listed investments held at fair value comprise investments in On the Market plc.

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2021 £'000	Company 2021 £'000
Bank loans	79	-
Shareholder loans	667	667
Trade creditors	999	17
Corporation tax	558	-
Other taxes and social security	3,437	-
Other creditors	6,683	10
Accruals and deferred income	4,289	-
Amounts due to Group undertakings	-	1,597
Obligations under finance lease and hire purchase contracts	25	-
	16,737	2,291

Amounts due to Group undertakings are interest free, due on demand and bear no fixed term of repayment.

NOTES TO THE FINANCIAL STATEMENTS

For the period ending 31 December 2021

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2021 £'000	Company 2021 £'000
Bank loans	78,619	-
Shareholder loans	66,011	66,011
Obligations under finance lease and hire purchase contracts	61	-
	144,691	66,011

Group	Bank loans 2021 £'000	Shareholder loans 2021 £'000	Finance leases 2021 £'000	Total 2021 £'000
In one year or less	79	667	25	771
In more than one year but not more than two years	-	-	12	12
In more than two years but not more than five years	-	-	49	49
More than five years	78,619	66,011	-	144,630
	78,698	66,678	86	145,462

Company	Shareholder loans 2021 £'000
In one year or less	667
In more than one year but not more than two years	-
In more than two years but not more than five years	-
More than five years	66,011
	66,678

During the year, the Group borrowed funds from its bankers under three term loans of £35m, £27m and £30m respectively, and a revolving credit facility ("RCF") of £5m. The first and second (31 December 2021 carrying amounts £35m and £27m) are repayable in December 2027, the third (31 December 2021 carrying amount £17.9m) is repayable in November 2028 and the RCF (31 December 2021 carrying amount £nil) is repayable in May 2026. The term loans accrue interest at a variable rate equivalent to LIBOR plus 7%, the RCF accrues interest at a variable rate equivalent to LIBOR plus 3.25%. Issue costs of £1.7m were incurred, which have been deducted from the initial carrying value and is being charged to the profit or loss as part of the interest charge.

During the year, the Group borrowed funds from its shareholders in the form of loan notes of £61.5m. £1.2m has been repaid in the period. Loan notes totalling £667k are repayable within one year of the reporting date, the remaining loans are not repayable until June 2028. The loan notes accrue interest at a rate of 10%.

17. PROVISIONS FOR LIABILITIES

Group	Deferred tax £'000
At the beginning of the period	-
Acquisition of subsidiaries	110
Deferred tax credited to statement of comprehensive income	(109)
At 31 December 2021	1

Deferred tax

Deferred tax is provided as follows:

Group	2021 £'000
Accelerated capital allowances	152
Other timing differences	(40)
Tax losses available	(111)
	1

At 31 December 2021 the group had unrecognised deferred tax assets totalling £777k and the Company had unrecognised deferred tax assets totalling £634k.

18. CAPITAL AND RESERVES

Called up share capital - Group and Company	2021 £'000
Called up allotted and fully paid	
495,033 Ordinary A shares of £0.01 each	5
299,005 Ordinary B1 shares of £0.02 each	6
5,962 Ordinary B2 shares of £0.02 each	-
200,000 Ordinary C1 shares of £0.02 each	4
	15

Reserves

Profit and loss account

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

Share capital

Called up share capital represents the nominal value of the shares issued.

Share premium

The share premium account represents the premium on issue of equity shares, net of any issue costs.

19. FINANCIAL INSTRUMENTS

The carrying value of the Group and Company's financial assets and liabilities measured at fair value through profit or loss are summarised by category below:

	Group 2021 £'000	Company 2021 £'000
Listed investments held at fair value	156	-
	156	-

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

	Group 2021 £'000	Company 2021 £'000
Fair value gains		
On financial assets measured at fair value through profit or loss	2	-
	2	-

20. FINANCIAL COMMITMENTS

The Group and Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Group 2021 £'000	Company 2021 £'000
Payments due:		
Not later than one year	2,045	-
Later than one year and not later than five years	4,426	-
Later than five years	1,732	-
	8,203	-

21. BUSINESS COMBINATIONS

Acquisition of Lomond Capital No.2 Limited and its subsidiaries, Linley & Simpson Holdings Limited and its subsidiaries and Lomond Capital No.3 Limited and its subsidiaries.

On 18 December 2020 the Group acquired 100% of Lomond Capital No.2 Limited and its subsidiaries, Linley & Simpson Holdings Limited and its subsidiaries and Lomond Capital No.3 Limited and its subsidiaries. The following table sets out the book values of the identifiable assets and liabilities acquired and the provisional fair value to the Group.

	Book value £'000	Fair value adjustments £'000	Fair value to the Group £'000
Fixed assets			
Tangible	1,131	-	1,131
Intangible	38,278	(38,278)	-
Investments	29,415	(29,263)	152
Current assets			
Debtors	22,316	-	22,316
Cash	2,467	-	2,467
Total assets	93,607	(67,541)	26,066
Creditors			
Due within one year	(67,643)	(747)	(68,390)
Provisions for liabilities	(69)	-	(69)
Total liabilities	(67,712)	(747)	(68,459)
Net assets/(liabilities)	25,895	(68,012)	(42,393)
Goodwill arising on acquisition			102,553
Consideration			60,160

Satisfied by:	
Cash	37,723
Transaction fees	2,926
Debt instruments	19,511
	60,160

Cash outflow on acquisition:	
Purchase consideration settled in cash	37,723
Transaction fees	2,926
Cash and cash equivalents in subsidiaries acquired	(2,467)
	38,181

Since the acquisition date, Lomond Capital No.2 Limited and its subsidiaries, Linley & Simpson Holdings Limited and its subsidiaries and Lomond Capital No.3 Limited and its subsidiaries have contributed £44.8m to Group turnover and £3.1m to Group profit.

21. BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Chase Independent Estates Limited

On 29 January 2021 the Group acquired 100% of Chase Independent Estates Limited. The following table sets out the book values of the identifiable assets and liabilities acquired and the provisional fair value to the Group.

	Book value £'000	Fair value adjustments £'000	Fair value to the Group £'000
Fixed assets			
Tangible	8	-	8
Current assets			
Debtors	10	(10)	-
Cash	47	-	47
Total assets	65	(10)	55
Creditors			
Due within one year	(17)	-	(17)
Total assets	48	(10)	38
Goodwill arising on acquisition			319
Consideration			357

Satisfied by:	
Cash	271
Transaction fees	14
Deferred consideration	72
	357

Cash outflow on acquisition:	
Purchase consideration settled in cash	271
Transaction fees	14
Cash and cash equivalents in subsidiaries acquired	(47)
	238

Since the acquisition date, Chase Independent Estates Limited has contributed £39k to Group turnover and £9k loss to Group profit.

21. BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Palms Agency Limited

On 24 February 2021 the Group acquired 100% of Palms Agency Limited. The following table sets out the book values of the identifiable assets and liabilities acquired and the provisional fair value to the Group.

	Book value and fair value £'000
Fixed assets	
Tangible	48
Current assets	
Debtors	25
Cash	63
Total assets	136
Creditors	
Due within one year	(66)
Provision for liabilities	(3)
Total liabilities	(69)
Net assets	67
Goodwill arising on acquisition	769
Consideration	836

Satisfied by:	
Cash	670
Deferred consideration	154
Transaction fees	12
	836
Cash outflow on acquisition:	
Purchase consideration settled in cash	670
Transaction fees	12
Cash and cash equivalents in subsidiaries acquired	(63)
	619

Since the acquisition date, Palms Agency Limited has contributed £41k to Group turnover and a £29k loss to Group profit.

21. BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Sinclair Property Developments Limited

On 01 March 2021 the Group acquired 100% of Sinclair Property Developments Limited. The following table sets out the book values of the identifiable assets and liabilities acquired and the provisional fair value to the Group.

	Book value £'000	Fair value adjustments £'000	Fair value to the Group £'000
Fixed assets			
Tangible	64	-	64
Intangible	27	(27)	-
Current assets			
Debtors	7	-	7
Cash	676	-	676
Total assets	774	(27)	747
Creditors			
Due within one year	(411)	(80)	(491)
Provision for liabilities	(11)	-	(11)
Total liabilities	(422)	(80)	(502)
Net assets	352	(107)	245
Goodwill arising on acquisition			2,138
Consideration			2,383

Satisfied by:	
Cash	2,350
Transaction fees	33
	2,383
Cash outflow on acquisition:	
Purchase consideration settled in cash	2,383
Cash and cash equivalents in subsidiaries acquired	(676)
	1,707

Since the acquisition date, Sinclair Property Development Limited has contributed £1,491k to Group turnover and £498k to Group profit.

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For the period ending 31 December 2021

21. BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Complete Letting (Scotland) Limited

On 6 April 2021 the Group acquired 100% of Complete Letting (Scotland) Limited. The following table sets out the book values of the identifiable assets and liabilities acquired and the provisional fair value to the Group.

	Book value and fair value £'000
Current assets	
Debtors	18
Cash	187
Total assets	205
Creditors	
Due within one year	(180)
Total liabilities	(180)
Net assets	25
Goodwill arising on acquisition	481
Consideration	506
Satisfied by:	
Cash	441
Deferred consideration	47
Transaction fees	18
	506
Cash outflow on acquisition:	
Purchase consideration settled in cash	441
Transaction fees	17
Cash and cash equivalents in subsidiaries acquired	(187)
	271

Since the acquisition date, Complete Letting (Scotland) Limited has contributed £nil to Group turnover and £2k loss to Group profit.

21. BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Holroyd & Co Estate Agents Limited

On 30 April 2021 the Group acquired 100% of Holroyd & Co Estate Agents Limited. The following table sets out the book values of the identifiable assets and liabilities acquired and the provisional fair value to the Group.

	Book value and fair value £'000
Current assets	
Debtors	1
Cash	41
Total assets	42
Creditors	
Due within one year	(16)
Total liabilities	(16)
Net assets	26
Goodwill arising on acquisition	152
Consideration (including expenses of £11k)	178

Cash outflow on acquisition:	
Purchase consideration settled in cash	178
Cash and cash equivalents in subsidiaries acquired	(41)
	137

Since the acquisition date, Holroyd & Co Estate Agents Limited has contributed £7k to Group turnover and £2k to Group profit.

21. BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Carr and Hume Estate Agents Limited

On 7 May 2021 the Group acquired 100% of Carr and Hume Estate Agents Limited. The following table sets out the book values of the identifiable assets and liabilities acquired and the provisional fair value to the Group.

	Book value and fair value £'000
Fixed assets	
Tangible	7
Current assets	
Debtors	70
Cash	24
Total assets	101
Creditors	
Due within one year	(140)
Total liabilities	(140)
Net liabilities	(39)
Goodwill arising on acquisition	504
Consideration	465
Satisfied by:	
Cash	317
Deferred consideration	128
Transaction fees	20
	465
Cash outflow on acquisition:	
Purchase consideration settled in cash	317
Transaction fees	20
Cash and cash equivalents in subsidiaries acquired	(24)
	313

Since the acquisition date, Carr and Hume Estate Agents Limited has contributed £35k to Group turnover and £12k to Group profit.

21. BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Barlow White Limited, Barlow White Estates Limited and Barlow White Property Maintenance Limited (collectively "Barlow White")

On 7 July 2021 the Group acquired 100% of Barlow White. The following table sets out the book values of the identifiable assets and liabilities acquired and the provisional fair value to the Group.

	Book value and fair value £'000
Fixed assets	
Tangible	19
Current assets	
Debtors	278
Cash	-
Total assets	297
Creditors	
Due within one year	(192)
Total liabilities	(192)
Net assets	105
Goodwill arising on acquisition	963
Consideration	1,068
Satisfied by:	
Cash	873
Deferred consideration	172
Transaction fees	23
	1,068
Cash outflow on acquisition:	
Purchase consideration settled in cash	896
Cash and cash equivalents in subsidiaries acquired	-
	896

Since the acquisition date, Barlow White has contributed £22k to Group turnover and a £52k loss to Group profit.

21. BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Michael Jones & Co Limited and Sussex Lettings Limited and its subsidiaries Easylet Letting Agents Limited and Symonds Reading Estate Agents Limited (collectively "Michael Jones")

On 30 June 2021 the Group acquired 100% of Michael Jones. The following table sets out the book values of the identifiable assets and liabilities acquired and the provisional fair value to the Group.

	Book value £'000	Fair value adjustments £'000	Fair value to the Group £'000
Fixed assets			
Tangible	382	-	382
Intangible	2,386	(2,386)	-
Current assets			
Debtors	677	-	677
Cash	1,097	-	1,097
Total assets	4,542	(2,386)	2,156
Creditors			
Due within one year	(1,498)	(19)	(1,517)
Provision for liabilities	(50)	-	(50)
Total liabilities	(1,548)	(19)	(1,567)
Net assets	2,994	(2,405)	589
Goodwill arising on acquisition			7,352
Consideration			7,941
Satisfied by:			
Cash			5,820
Deferrred consideration			1,834
Transaction fees			287
			7,941
Cash outflow on acquisition:			
Purchase consideration settled in cash			5,820
Transaction fees			287
Cash and cash equivalents in subsidiaries acquired			(1,097)
			5,010

Since the acquisition date, Michael Jones has contributed £3,337k to Group turnover and £940k to Group profit.

21. BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Cactus Property Management Limited

On 30 July 2021 the Group acquired 100% of Cactus Property Management Limited. The following table sets out the book values of the identifiable assets and liabilities acquired and the provisional fair value to the Group.

	Book value and fair value £'000
Fixed assets	
Tangible	24
Current assets	
Debtors	11
Cash	20
Total assets	55
Creditors	
Due within one year	(50)
Provision for liabilities	(2)
Total liabilities	(52)
Net assets	3
Goodwill arising on acquisition	563
Consideration	566
Satisfied by:	
Cash	495
Deferred consideration	53
Transaction fees	18
	566
Cash outflow on acquisition:	
Purchase consideration settled in cash	495
Transaction fees	18
Cash and cash equivalents in subsidiaries acquired	(20)
	493

Since the acquisition date, Cactus Property Management Limited has contributed £3k to Group turnover and a £19k loss to Group profit.

21. BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Fineholm Lettings Services (Glasgow) Limited and Fineholm Letting Services (Edinburgh) Limited (collectively "Fineholm")

On 17 September 2021 the Group acquired 100% of Fineholm. The following table sets out the book values of the identifiable assets and liabilities acquired and the provisional fair value to the Group.

	Book value £'000	Fair value adjustments £'000	Fair value to the Group £'000
Fixed assets			
Tangible	22	-	22
Intangible	114	(114)	-
Current assets			
Debtors	909	-	909
Cash	171	-	171
Total assets	1,216	(114)	1,102
Creditors			
Due within one year	(289)	-	(289)
Provision for liabilities	(1)	-	(1)
Total liabilities	(290)	-	(290)
Net assets	926	(114)	812
Goodwill arising on acquisition			3,074
Consideration			3,886

Satisfied by:	
Cash	3,584
Deferred consideration	222
Transaction fees	80
	3,886

Cash outflow on acquisition:	
Purchase consideration settled in cash	3,584
Transaction fees	80
Cash and cash equivalents in subsidiaries acquired	(171)
	3,493

Since the acquisition date, Fineholm has contributed £555k to Group turnover and £92k to Group profit.

21. BUSINESS COMBINATIONS (CONTINUED)

Acquisition of McDonnell Haydock Residential Lettings Limited

On 10 September 2021 the Group acquired 100% of McDonnell Haydock Residential Lettings Limited. The following table sets out the book values of the identifiable assets and liabilities acquired and the provisional fair value to the Group.

	Book value and fair value £'000
Fixed assets	
Tangible	-
Current assets	
Debtors	286
Cash	15
Total assets	301
Creditors	
Due within one year	(300)
Total liabilities	(300)
Net assets	1
Goodwill arising on acquisition	422
Consideration	423

Satisfied by:	
Cash	369
Deferred consideration	40
Transaction fees	14
	423

Cash outflow on acquisition:	
Purchase consideration settled in cash	369
Transaction fees	14
Cash and cash equivalents in subsidiaries acquired	(15)
	368

Since the acquisition date, McDonnell Haydock Residential Lettings Limited has contributed £nil to Group turnover and a £12k loss to Group profit.

21. BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Clothier & Day Holdings Limited and its subsidiaries Clothier & Day Exclusive Lettings Limited and Clothier & Day Residential Limited (collectively "Clothier & Day")

On 21 October 2021 the Group acquired 100% of Clothier & Day. The following table sets out the book values of the identifiable assets and liabilities acquired and the provisional fair value to the Group.

	Book value £'000	Fair value adjustments £'000	Fair value to the Group £'000
Fixed assets			
Tangible	1	-	1
Intangible	23	(23)	-
Investments	120	(120)	-
Current assets			
Debtors	4	-	4
Cash	154	-	154
Total assets	302	(143)	159
Creditors			
Due within one year	(150)	-	(150)
Total liabilities	(150)	-	(150)
Net assets	152	(143)	9
Goodwill arising on acquisition			171
Consideration			180

Satisfied by:	
Cash	131
Deferred consideration	30
Transaction fees	19
	180

Cash outflow on acquisition:	
Purchase consideration settled in cash	131
Transaction fees	19
Cash and cash equivalents in subsidiaries acquired	(154)
	(4)

Since the acquisition date, Clothier & Day has contributed £11k to Group turnover and £3k to Group profit. Immediately following completion, cash acquired was used to settle directors loan accounts.

21. BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Moores Estate Agents Limited

On 30 November 2021 the Group acquired 100% of Moores Estate Agents Limited. The following table sets out the book values of the identifiable assets and liabilities acquired and the provisional fair value to the Group.

	Book value £'000	Fair value adjustments £'000	Fair value to the Group £'000
Fixed assets			
Tangible	59	-	59
Intangible	38	(38)	-
Current assets			
Debtors	62	(45)	17
Cash	150	-	150
Total assets	309	(83)	226
Creditors			
Due within one year	(202)	-	(202)
Total liabilities	(202)	-	(202)
Net assets	107	(83)	24
Goodwill arising on acquisition			869
Consideration			893

Satisfied by:	
Cash	780
Deferred consideration	90
Transaction fees	23
	893

Cash outflow on acquisition:	
Purchase consideration settled in cash	780
Transaction fees	23
Cash and cash equivalents in subsidiaries acquired	(150)
	653

Since the acquisition date, Moores Estate Agents Limited has contributed £45k to Group turnover and a £6k loss to Group profit.

21. BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Homes4Harrogate Limited

On 3 December 2021 the Group acquired 100% of Homes4Harrogate Limited. The following table sets out the book values of the identifiable assets and liabilities acquired and the provisional fair value to the Group.

	Book value and fair value £'000
Fixed assets	
Tangible	-
Current assets	
Debtors	1
Cash	5
Total assets	6
Creditors	
Due within one year	(9)
Total liabilities	(9)
Net liabilities	(3)
Goodwill arising on acquisition	279
Consideration	276
Satisfied by:	
Cash	234
Deferred consideration	24
Transaction fees	18
	276
Cash outflow on acquisition:	
Purchase consideration settled in cash	234
Transaction fees	18
Cash and cash equivalents in subsidiaries acquired	(5)
	247

Since the acquisition date, Homes4Harrogate Limited has contributed £nil to Group turnover and £nil to Group profit.

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21. BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Around Town Flats Limited

On 16 December 2021 the Group acquired 100% of Around Town Flats Limited. The following table sets out the book values of the identifiable assets and liabilities acquired and the provisional fair value to the Group.

	Book value and fair value £'000
Fixed assets	
Tangible	79
Current assets	
Debtors	38
Cash	204
Total assets	321
Creditors	
Due within one year	(57)
Total liabilities	(57)
Net assets	264
Goodwill arising on acquisition	214
Consideration	478
Satisfied by	
Cash	483
Completion adjustment debtor	(22)
Transaction fees	17
	478
Cash outflow on acquisition:	
Purchase consideration settled in cash	483
Transaction fees	17
Cash and cash equivalents in subsidiaries acquired	(204)
	296

Since the acquisition date, Around Town Flats Limited has contributed £nil to Group turnover and a £10k loss to Group profit.

21. BUSINESS COMBINATIONS (CONTINUED)

Acquisition of Home Leasing Brighton Limited

On 30 November 2021 the Group acquired 100% of Home Leasing Brighton Limited. The following table sets out the book values of the identifiable assets and liabilities acquired and the provisional fair value to the Group.

	Book value and fair value £'000
Fixed assets	
Tangible	11
Current assets	
Debtors	12
Cash	207
Total assets	230
Creditors	
Due within one year	(58)
Total liabilities	(58)
Net assets	172
Goodwill arising on acquisition	906
Consideration	1,078
Satisfied by:	
Cash	969
Deferred consideration	90
Transaction fees	19
	1,078
Cash outflow on acquisition:	
Purchase consideration settled in cash	969
Transaction fees	19
Cash and cash equivalents in subsidiaries acquired	(207)
	781

Since the acquisition date, Home leasing Brighton Limited has contributed £45k to Group turnover and £22k to Group profit.

21. BUSINESS COMBINATIONS (CONTINUED)

Acquisition of DJ Alexander Holdings Limited and its subsidiaries DJ Alexander Lettings Limited and Benaird Limited (collectively "DJ Alexander")

On 21 December 2021 the Group acquired 100% of DJ Alexander. The following table sets out the book values of the identifiable assets and liabilities acquired and the provisional fair value to the Group.

	Book value £'000	Fair value adjustments £'000	Fair value to the Group £'000
Fixed assets			
Tangible	232	-	232
Intangible	3,913	(3,913)	-
Investments	12,609	(12,607)	2
Current assets			
Debtors	1,379	-	1,379
Cash	941	-	941
Total assets	19,074	(16,520)	2,554
Creditors			
Due within one year	(6,402)	(98)	(6,500)
Provision for liabilities	(12)	-	(12)
Total liabilities	(6,414)	(98)	(6,512)
Net assets/(liabilities)	12,660	(16,618)	(3,958)
Goodwill arising on acquisition			14,919
Consideration			10,961

Satisfied by:	
Cash	7,594
Deferred consideration	3,036
Transaction fees	331
	10,961

Cash outflow on acquisition:	
Purchase consideration settled in cash	7,594
Transaction fees	331
Cash and cash equivalents in subsidiaries acquired	(941)
	6,984

Since the acquisition date, DJ Alexander has contributed £264k to Group turnover and £35k to Group profit.

21. BUSINESS COMBINATIONS (CONTINUED)

Acquisition of trade and assets

During the year, the Group acquired the lettings books of 5 non listed entities for a total consideration of £2,305k as part of the Group's strategy to acquire high quality lettings books and to increase the Group's branch network.

	£'000
Net assets	-
Goodwill arising on acquisition	2,305
Consideration	2,305
Satisfied by:	
Cash	2,016
Deferred consideration	211
Transaction fees	78
	2,305
Cash outflow on acquisitions:	
Cash	2,016
Transaction fees	78
	2,094

22. CONTINGENT LIABILITIES

The Company, together with certain other fellow Group companies has given a guarantee over the borrowings of Chianti Bidco Limited. Total bank borrowings of the Group headed by Chianti Holdings Limited as at 31 December 2021 were £79m.

23. RELATED PARTY TRANSACTIONS

The Group paid rent of £98k for offices in the year to companies partially owned by a director of the Group. £Nil was outstanding at 31 December 2021 in relation to these transactions.

The Group paid £6k to Lomond Investment Management Limited in the year. Lomond Investment Management Limited is an entity of which a director of the Group is a director. At 31 December 2021 a balance of £1k was outstanding.

The Group received £70k from Lomond Mortgages Limited in the year. Lomond Mortgages Limited is an entity of which a director of the Group is a director. At 31 December 2021 a balance of £20k was outstanding.

Other than the transactions disclosed above, the Group and Company's other related party transactions in the period were with other companies wholly owned within the Group, from which the Group and Company are exempt from disclosing.

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24. NET DEBT RECONCILIATION

	At beginning of period	Cash flows	Acquisition of subsidiaries	Non cash movements	31 Dec 2021
	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	-	6,588	6,469	-	13,057
Bank loans	-	(72,004)	(6,694)	-	(78,698)
Debenture loans	-	(47,638)	(12,485)	(6,555)	(66,678)
Loans from parent undertakings	-	23,405	(23,405)	-	-
Hire purchase	-	8	(94)	-	(86)
Current asset investments	-	-	154	2	156
	-	(89,641)	(36,055)	(6,553)	(132,249)

There are no restrictions over the use of the cash and cash equivalents balances which comprise cash at bank and in hand.

25. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At the reporting date the Company has been included in the Group consolidated financial statements of Chianti Holdings Limited, which is the largest group that prepares financial statements that include the financial statements of the Company.

There is no ultimate controlling party.