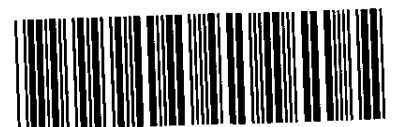


REGISTERED NUMBER: 11448994 (England and Wales)

**GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022
FOR
GALLOWAYS ACCOUNTING HOLDINGS LIMITED**

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GALLOWAYS ACCOUNTING HOLDINGS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2022**

DIRECTORS:

M J Rourke
S R Baxter
I Campbell

REGISTERED OFFICE:

Atlas Chambers
33 West Street
Brighton
East Sussex
BN1 2RE

REGISTERED NUMBER:

11448994 (England and Wales)

AUDITORS:

Moore Kingston Smith LLP
9 Appold Street
London
EC2A 2AP

GALLOWAYS ACCOUNTING HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022

The directors present their strategic report of the company and the group for the year ended 31 March 2022.

REVIEW OF BUSINESS

Galloways Accounting Holdings Limited ("the company") is a holding company which through its subsidiary undertakings ("the group") provides accountancy, advisory and taxation services predominantly in Sussex and the neighbouring counties.

Group revenue for the year at £8.3m was £1.9m higher than the prior year (2021: £6.4m) reflecting a combination of both organic growth and the impact of the acquisitions. Operating profits rose to £970k from £590k the prior year. The rate of operating profit growth continues to be subdued due to our commitment to continue investing in the business.

Investment in People, Technology and Infrastructure

Our success is dependent on our people and the relationships they form with our clients with the majority of our new clients coming via referral from existing clients. Growth is therefore predicated on having more people able to build quality relationships with clients.

Our focus is therefore on investing in both retaining and recruiting people that share the values and ambitions of the Group.

We do this by giving our people the opportunity to build rewarding and successful careers along with the tools to do so, whether it be it support through training and exam qualification, quality working environment or access to the latest technology.

The output of this continued investment in people is shown through our increase in headcount which has increased to 134 from 103 in the prior year.

The impacts of Covid-19 meant another challenging year for all our people. We continued to focus on supporting our clients and providing a high-quality service with working in a hybrid and agile working model becoming the norm.

Our commitment to providing quality working environments was demonstrated by recent ongoing investment in our offices with our Haywards Heath office moving into larger more modern premises in August 2022.

Acquisitions

Part of the group's long-term strategy is to continue to find like-minded firms who can see the benefit of working as part of a larger Sussex based full-service accounting firm. Full details of the firms who have joined are set out in note 13 to the financial statement, the most recent acquisitions include:

Cole Marie Partners joining the group on 6 June 2021 bringing a further 14 new colleagues to the team.

Cardens Business Accountants and Advisors joining the group on 10 May 2022 bringing a further 61 new colleagues to the team.

The group will continue to align systems and policies across the offices in the coming years with a view to streamlining operations.

Financial Position

The balance sheet shows the group's financial position at the year end. Net current assets total £2.5m including cash of £634k.

The directors believe the company to be well positioned for future growth.

GALLOWAYS ACCOUNTING HOLDINGS LIMITED

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

PRINCIPAL RISKS AND UNCERTAINTIES

The company is exposed to market risk and price pressure from competitors which could significantly impact the valuation of investment, goodwill or other intangible assets as well as impacting trading performance of the group.

The company monitors all aspects of risk including economic risk competition and changes in market conditions, financial risk and customer dependencies. The group has a large number of clients that reduces the risk that it overly dependent on a single customer.

The company does not expect to be significantly impacted by the potential economic issues associated with the UK exit of the European Union given that all its operations are in the UK.

Credit risk

The company has implemented policies that require appropriate credit checks on potential clients before sales are made. Credit risk is managed by close attention to credit control procedures.

Liquidity risk

The company actively manages its working capital requirements to ensure it has sufficient funds for its operations.

Inflation risk

We monitor economic conditions closely and the nature of our business is that a large proportion of our costs are our people. Where significant, prolonged periods of inflation impact their cost of living, we will seek to balance the conditions of our team with our ability to pass on price inflation to our customers.

ON BEHALF OF THE BOARD:



.....
I Campbell - Director

Date: 19/12/2022
.....

GALLOWAYS ACCOUNTING HOLDINGS LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2022

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2022.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2022.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2021 to the date of this report.

M J Rourke
S R Baxter
I Campbell

Other changes in directors holding office are as follows:

L Campbell ceased to be a director after 31 March 2022 but prior to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group 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 judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

GALLOWAYS ACCOUNTING HOLDINGS LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2022**

AUDITORS

The auditors, Moore Kingston Smith LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
I Campbell - Director

Date: 19/12/2022
.....

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF GALLOWAYS ACCOUNTING HOLDINGS LIMITED

Opinion

We have audited the financial statements of Galloways Accounting Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 group's and the parent 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 in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

In connection with our audit of the financial statements, 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 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
GALLOWAYS ACCOUNTING HOLDINGS LIMITED**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF GALLOWAYS ACCOUNTING HOLDINGS LIMITED

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors 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.

Explanation as to what extent the audit was considered 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.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, UK taxation legislation, and the professional rules and code of conduct of the Institute of Chartered Accountants in England and Wales.

We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.

We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.

We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.

Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Report of the Auditors to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Report of the Auditors. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
GALLOWAYS ACCOUNTING HOLDINGS LIMITED**

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 a Report of the Auditors 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.

Moore Kingston Smith LLP

J Staniforth (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP
9 Appold Street
Statutory Auditor
London
EC2A 2AP

Date: 19/12/2022

GALLOWAYS ACCOUNTING HOLDINGS LIMITED

**CONSOLIDATED
STATEMENT OF COMPREHENSIVE
INCOME
FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	2022 £	2021 £
TURNOVER	3	8,322,541	6,408,989
Cost of sales		<u>5,831,117</u>	<u>4,464,050</u>
GROSS PROFIT		2,491,424	1,944,939
Administrative expenses		<u>1,871,380</u>	<u>1,517,067</u>
		620,044	427,872
Other operating income		<u>65,504</u>	<u>162,924</u>
OPERATING PROFIT	5	685,548	590,796
Income from shares in group undertakings		-	1,428
Profit on sale of investments		284,247	-
Interest receivable and similar income		<u>3,082</u>	<u>7,024</u>
		287,329	8,452
		972,877	599,248
Interest payable and similar expenses	6	<u>460,490</u>	<u>435,466</u>
PROFIT BEFORE TAXATION		512,387	163,782
Tax on profit	7	<u>188,801</u>	<u>82,860</u>
PROFIT FOR THE FINANCIAL YEAR		323,586	80,922
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>323,586</u>	<u>80,922</u>
Profit attributable to: Owners of the parent		<u>323,586</u>	<u>80,922</u>
Total comprehensive income attributable to: Owners of the parent		<u>323,586</u>	<u>80,922</u>

The notes form part of these financial statements

GALLOWAYS ACCOUNTING HOLDINGS LIMITED (REGISTERED NUMBER: 11448994)

CONSOLIDATED BALANCE SHEET
31 MARCH 2022

	Notes	2022 £	2021 £
FIXED ASSETS			
Intangible assets	10	1,839,777	1,399,873
Tangible assets	11	697,788	418,005
Investments	12	-	146,612
		<u>2,537,565</u>	<u>1,964,490</u>
CURRENT ASSETS			
Debtors	13	3,635,429	2,550,131
Cash at bank and in hand		<u>634,249</u>	<u>1,796,844</u>
		<u>4,269,678</u>	<u>4,346,975</u>
CREDITORS			
Amounts falling due within one year	14	<u>1,721,460</u>	<u>1,812,566</u>
NET CURRENT ASSETS		<u>2,548,218</u>	<u>2,534,409</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,085,783</u>	<u>4,498,899</u>
CREDITORS			
Amounts falling due after more than one year	15	(4,143,977)	(3,859,439)
PROVISIONS FOR LIABILITIES	19	<u>(122,014)</u>	<u>(243,259)</u>
NET ASSETS		<u>819,792</u>	<u>396,201</u>
CAPITAL AND RESERVES			
Called up share capital	20	194,923	193,134
Share premium	21	216,889	118,673
Capital redemption reserve	21	200	-
Retained earnings	21	<u>407,780</u>	<u>84,394</u>
SHAREHOLDERS' FUNDS		<u>819,792</u>	<u>396,201</u>

The financial statements were approved by the Board of Directors and authorised for issue on 19/12/2022 and were signed on its behalf by:

I Campbell

I Campbell - Director

The notes form part of these financial statements

GALLOWAYS ACCOUNTING HOLDINGS LIMITED (REGISTERED NUMBER: 11448994)

**COMPANY BALANCE SHEET
31 MARCH 2022**

	Notes	2022 £	£	2021 £	£
FIXED ASSETS					
Investments	12		<u>2,790,491</u>		<u>1,944,989</u>
			2,790,491		1,944,989
CURRENT ASSETS					
Debtors	13	872,546		606,815	
Cash at bank		<u>358,962</u>		<u>493,401</u>	
		1,231,508		1,100,216	
CREDITORS					
Amounts falling due within one year	14	<u>157,001</u>		<u>536,360</u>	
NET CURRENT ASSETS			<u>1,074,507</u>		<u>563,856</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,864,998		2,508,845
CREDITORS					
Amounts falling due after more than one year	15		<u>3,510,643</u>		<u>3,026,106</u>
NET ASSETS/(LIABILITIES)			<u>354,355</u>		<u>(517,261)</u>
CAPITAL AND RESERVES					
Called up share capital	20		194,923		193,134
Share premium	21		216,889		118,673
Retained earnings	21		<u>(57,457)</u>		<u>(829,068)</u>
SHAREHOLDERS' FUNDS			<u>354,355</u>		<u>(517,261)</u>
Company's profit/(loss) for the financial year			<u>771,611</u>		<u>(385,748)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 19/12/2022 and were signed on its behalf by:

I Campbell

I Campbell - Director

The notes form part of these financial statements

GALLOWAYS ACCOUNTING HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1 April 2020	192,232	3,472	77,692	-	273,396
Changes in equity					
Issue of share capital	902	-	40,981	-	41,883
Total comprehensive income	-	80,922	-	-	80,922
Balance at 31 March 2021	<u>193,134</u>	<u>84,394</u>	<u>118,673</u>	<u>-</u>	<u>396,201</u>
Changes in equity					
Issue of share capital	1,789	-	98,216	-	100,005
Total comprehensive income	-	323,386	-	200	323,586
Balance at 31 March 2022	<u>194,923</u>	<u>407,780</u>	<u>216,889</u>	<u>200</u>	<u>819,792</u>

The notes form part of these financial statements

GALLOWAYS ACCOUNTING HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 April 2020	192,232	(443,320)	77,692	(173,396)
Changes in equity				
Issue of share capital	902	-	40,981	41,883
Total comprehensive income	-	(385,748)	-	(385,748)
Balance at 31 March 2021	<u>193,134</u>	<u>(829,068)</u>	<u>118,673</u>	<u>(517,261)</u>
Changes in equity				
Issue of share capital	1,789	-	98,216	100,005
Total comprehensive income	-	771,611	-	771,611
Balance at 31 March 2022	<u>194,923</u>	<u>(57,457)</u>	<u>216,889</u>	<u>354,355</u>

The notes form part of these financial statements

GALLOWAYS ACCOUNTING HOLDINGS LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2022**

		2022 £	2021 £
Cash flows from operating activities	Notes		
Cash generated from operations	26	644,722	598,074
Interest paid		(26,945)	(47,066)
Tax paid		<u>(100,551)</u>	<u>(118,065)</u>
Net cash from operating activities		<u>517,226</u>	<u>432,943</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(2,424)	-
Purchase of tangible fixed assets		(372,312)	(86,386)
Purchase of fixed asset investments		-	(9,113)
Sale of tangible fixed assets		-	4,485
Sale of fixed asset investments		430,859	-
Purchase of subsidiaries		(807,330)	-
Interest received		3,082	7,024
Dividends received		<u>-</u>	<u>1,428</u>
Net cash from investing activities		<u>(748,125)</u>	<u>(82,562)</u>
Cash flows from financing activities			
Loan drawdowns		-	1,000,000
Loan repayments in year		(216,667)	(87,500)
Repayment of other borrowings		(281,484)	(168,020)
Share issue		-	41,883
Rolled up interest		<u>(433,545)</u>	<u>-</u>
Net cash from financing activities		<u>(931,696)</u>	<u>786,363</u>
(Decrease)/increase in cash and cash equivalents		<u>(1,162,595)</u>	<u>1,136,744</u>
Cash and cash equivalents at beginning of year	27	1,796,844	660,100
Cash and cash equivalents at end of year	27	<u>634,249</u>	<u>1,796,844</u>

The notes form part of these financial statements

GALLOWAYS ACCOUNTING HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

1. STATUTORY INFORMATION

Galloways Accounting Holdings Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£), rounded to the nearest pound.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to discharge its liabilities.

The Group has recognised a net profit after tax of £324k for the year ended 31 March 2022 and, as at that date, current assets exceed current liabilities by £2.5m.

During the year, the Group has seen a cash outflow of £1.2m following the acquisition of Cole Marie Partners during the year. We are looking to strengthen this position so the Group is able to respond to opportunities for growth and invest in staff including recruitment.

The directors are continuing to review expenditure to mitigate duplication of expenses across each subsidiary and ensure greater economies of scale, reduce spending, and optimise the Group's cash flow and liquidity.

The directors are also reviewing and improving the Group's debt collection policies as debtor days has increased this year (91 days as at 31 March 2022, up from 87 days at 31 March 2021). A decline which eroded the cash position which the directors aim to remedy during the forthcoming year.

Based on these factors and their five-year forecast, the directors have a reasonable expectation that the Group has and will continue to have adequate resources to continue in operational existence for the foreseeable future.

Subsidiaries

New Road Nominees Limited, Galloways Accounting (Private Client) Limited, Galloways Accounting (Uckfield) Limited, Galloways Accounting (Horsham) Limited, Galloways Accounting Trust Corporation Limited, Cole Marie Partners (Holdings) Limited and Cole Marie Partners Limited are wholly owned subsidiaries of Galloways Accounting Holdings Limited and have elected to claim exemption from audit using a parent company guarantee under section 479A of the Companies Act 2006.

Basis of consolidation

The consolidated financial statements present the results for Galloways Accounting Holdings Limited and its subsidiaries as if they formed a single entity. Intercompany transactions and balances between the group companies have therefore been eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method of consolidation. In the balance sheet, the subsidiary's identifiable assets and liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are de-consolidated from the date control ceases.

GALLOWAYS ACCOUNTING HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2022

2. ACCOUNTING POLICIES - continued

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates and these 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 financial statements include significant judgements and estimates in respect of the economic life of tangible fixed assets, the depreciation of these assets, provisions and the recoverability of debtors.

Revenue recognition

Turnover represents revenue earned under contracts to provide professional services including accounting, taxation and private client services. Revenue is recognised when the stage of completion of the contract, and the amount receivable can be measured reliably and it is probable that the revenue will be received. It is measured at the fair value of the consideration received or receivable net of VAT.

Revenue not billed to clients is included as amounts recoverable on contracts within current assets.

Income earned from providing support services and the recharge of the cost of staff to connected entities is included in other income.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of businesses and client lists in 2003, 2004, 2015, 2018, 2019 and 2021 is being amortised evenly over its estimated useful life of ten years.

At each balance sheet date the group reviews the carrying amount of its intangible fixed assets to determine whether there is any indication that any items have suffered impairment loss. If any such indication exists, the recoverable amount of an asset is estimated to determine the extent of the impairment loss, if any.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful economic life.

Long leasehold	- 10% straight line
Improvements to property	- 10% reducing balance/10% straight line
Office equipment	- 20% straight line/25% reducing balance
Fixtures and fittings	- 25% on cost/straight line over 6 years
Computer equipment	- 25% straight line

At each balance sheet date the company reviews the carrying amount of its tangible fixed assets to determine whether there is any indication that any items have suffered impairment loss. If any such indication exists, the recoverable amount of an asset is estimated to determine the extent of the impairment loss, if any.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

GALLOWAYS ACCOUNTING HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

2. ACCOUNTING POLICIES - continued

Investments in subsidiaries

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Financial instruments

Deferred consideration is initially measured at fair value at the date on which the consideration was entered into and are subsequently measured at fair value through the Statement of income and Retained Earnings.

The methods and significant assumptions used to ascertain the fair value of £1,038,640 and the fair value interest of £140,276 included in the Statement of Income and Retained Earnings for the year are as follows:

net present value calculation over the defined term of the deferred consideration using a weighted average cost of capital of 13%.

Trade debtors are included at original invoiced amount, less an allowance for doubtful debts. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Trade creditors are included at the original invoiced amount.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

Hire purchase and leasing commitments

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

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

GALLOWAYS ACCOUNTING HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

3. TURNOVER

An analysis of turnover by category of revenue is given below:

	2022 £	2021 £
Rendering of professional services	<u>8,322,541</u>	<u>6,408,989</u>

4. EMPLOYEES AND DIRECTORS

	2022 £	2021 £
Wages and salaries	4,722,997	3,517,669
Social security costs	445,798	330,622
Other pension costs	<u>132,282</u>	<u>90,112</u>
	<u>5,301,077</u>	<u>3,938,403</u>

The average number of employees during the year was as follows:

	2022	2021
Administration	14	11
General practice	<u>120</u>	<u>92</u>
	<u>134</u>	<u>103</u>

	2022 £	2021 £
Directors' remuneration	71,200	85,268
Directors' pension contributions to money purchase schemes	<u>1,836</u>	<u>2,665</u>

5. OPERATING PROFIT

The operating profit is stated after charging:

	2022 £	2021 £
Other operating leases	321,360	311,912
Depreciation - owned assets	113,467	75,618
Loss on disposal of fixed assets	85	4,972
Profit on sale of fixed asset investments	(284,247)	-
Goodwill amortisation	301,095	95
Auditor's remuneration	<u>36,648</u>	<u>25,000</u>

GALLOWAYS ACCOUNTING HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022 £	2021 £
Bank interest	-	2,151
Bank loan interest	26,945	37,143
Loan	<u>433,545</u>	<u>396,172</u>
	<u>460,490</u>	<u>435,466</u>

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2022 £	2021 £
Current tax:		
UK corporation tax	140,831	71,425
Prior year	225	(640)
Total current tax	141,056	70,785
Deferred tax	47,745	12,075
Tax on profit	<u>188,801</u>	<u>82,860</u>

UK corporation tax has been charged at 19%.

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2022 £	2021 £
Profit before tax	<u>512,387</u>	<u>163,782</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	97,354	31,119
Effects of:		
Expenses not deductible for tax purposes	90,103	58,929
Income not taxable for tax purposes	-	(271)
Capital allowances in excess of depreciation	(48,053)	-
Depreciation in excess of capital allowances	-	32,992
Utilisation of tax losses	-	(52,165)
Adjustments to tax charge in respect of previous periods	225	(640)
Tax losses carried forward	1,427	821
Movement in deferred taxation	<u>47,745</u>	<u>12,075</u>
Total tax charge	<u>188,801</u>	<u>82,860</u>

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021.

GALLOWAYS ACCOUNTING HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

8. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

9. GOVERNMENT GRANTS

	2022 £	2021 £
CJRS grants	-	87,692
CBILS grants	6,551	36,149
Other grants	3,000	10,000
	<u>9,551</u>	<u>133,841</u>

All conditions associated with these grants have been fulfilled.

10. INTANGIBLE FIXED ASSETS

Group

	Goodwill £
COST	
At 1 April 2021	2,237,584
Additions	<u>740,998</u>
At 31 March 2022	<u>2,978,582</u>
AMORTISATION	
At 1 April 2021	837,711
Amortisation for year	<u>301,094</u>
At 31 March 2022	<u>1,138,805</u>
NET BOOK VALUE	
At 31 March 2022	<u>1,839,777</u>
At 31 March 2021	<u>1,399,873</u>

The company had no intangible fixed assets at 31 March 2022 or 31 March 2021.

GALLOWAYS ACCOUNTING HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

11. TANGIBLE FIXED ASSETS

Group

	Long leasehold £	Improvements to property £	Office equipment £
COST			
At 1 April 2021	7,681	252,165	132,917
Additions	5,087	283,654	16,220
Disposals	-	-	-
Transfer to ownership	-	-	20,938
At 31 March 2022	<u>12,768</u>	<u>535,819</u>	<u>170,075</u>
DEPRECIATION			
At 1 April 2021	6,664	39,878	27,411
Charge for year	408	33,704	33,680
Eliminated on disposal	-	-	-
At 31 March 2022	<u>7,072</u>	<u>73,582</u>	<u>61,091</u>
NET BOOK VALUE			
At 31 March 2022	<u>5,696</u>	<u>462,237</u>	<u>108,984</u>
At 31 March 2021	<u>1,017</u>	<u>212,287</u>	<u>105,506</u>
	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 April 2021	128,377	120,152	641,292
Additions	25,638	41,713	372,312
Disposals	(3,845)	-	(3,845)
Transfer to ownership	-	-	20,938
At 31 March 2022	<u>150,170</u>	<u>161,865</u>	<u>1,030,697</u>
DEPRECIATION			
At 1 April 2021	109,113	40,221	223,287
Charge for year	11,133	34,542	113,467
Eliminated on disposal	(3,845)	-	(3,845)
At 31 March 2022	<u>116,401</u>	<u>74,763</u>	<u>332,909</u>
NET BOOK VALUE			
At 31 March 2022	<u>33,769</u>	<u>87,102</u>	<u>697,788</u>
At 31 March 2021	<u>19,264</u>	<u>79,931</u>	<u>418,005</u>

The company had no tangible fixed assets at 31 March 2022 or 31 March 2021.

GALLOWAYS ACCOUNTING HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

12. FIXED ASSET INVESTMENTS

Group

	Shares in group undertakings £
COST	
At 1 April 2021	146,612
Disposals	<u>(146,612)</u>
At 31 March 2022	-
NET BOOK VALUE	
At 31 March 2022	<u>-</u>
At 31 March 2021	<u>146,612</u>

Company

	Shares in group undertakings £
COST	
At 1 April 2021	1,944,989
Additions	992,114
Disposals	<u>(146,612)</u>
At 31 March 2022	<u>2,790,491</u>
NET BOOK VALUE	
At 31 March 2022	<u>2,790,491</u>
At 31 March 2021	<u>1,944,989</u>

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Galloways Accounting (Private Client) Limited

Registered office: Atlas Chambers, 33 West Street, Brighton BN1 2RE

Nature of business: Uncontentious probate work and related services

Class of shares:	%
Ordinary	holding 100.00

Galloways Accounting (Private Client) Limited was formerly called Heath Square Private Client Limited.

GALLOWAYS ACCOUNTING HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

12. FIXED ASSET INVESTMENTS - continued

Galloways Accounting Limited

Registered office: Atlas Chambers, 33 West Street, Brighton, England, BN1 2RE
Nature of business: Accounting and related services

	%
Class of shares:	holding
Ordinary A	100.00
Ordinary B	100.00
Ordinary C	100.00

Galloways Accounting (Uckfield) Limited

Registered office: Office C Maple Barn, Beeches Farm Road, Uckfield, East Sussex, TN22 5QD
Nature of business: Accounting and related services

	%
Class of shares:	holding
Ordinary	100.00

Galloways Accounting (Horsham) Limited

Registered office: First Floor Ridgeland House, 15 Carfax, Horsham, West Sussex, England, RH12 1DY
Nature of business: Accounting and related services

	%
Class of shares:	holding
Ordinary	100.00

Cole Marie Partners (Holdings) Limited

Registered office: First Floor Ridgeland House, 15 Carfax, Horsham, West Sussex, England, RH12 1DY
Nature of business: Holding company

	%
Class of shares:	holding
Ordinary	100.00

Cole Marie Partners Limited

Registered office: First Floor Ridgeland House, 15 Carfax, Horsham, West Sussex, England, RH12 1DY
Nature of business: Accounting and related services

	%
Class of shares:	holding
Ordinary	100.00

New Road Nominees Limited

Registered office: Atlas Chambers, 33 West Street, Brighton, England, BN1 2RE
Nature of business: non-trading

	%
Class of shares:	holding
Ordinary	100.00

Galloways Accounting Trust Corporation Limited

Registered office: Atlas Chambers, 33 West Street, Brighton, England, BN1 2RE
Nature of business: non-trading

	%
Class of shares:	holding
Ordinary	100.00

GALLOWAYS ACCOUNTING HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	2,081,815	1,514,045	-	-
Amounts owed by group undertakings	-	-	868,040	604,040
Amounts recoverable on contracts	924,632	642,617	-	-
Other debtors	147,701	97,793	-	-
Tax	-	4,748	-	-
VAT	-	-	4,506	2,775
Prepayments and accrued income	481,281	290,928	-	-
	<u>3,635,429</u>	<u>2,550,131</u>	<u>872,546</u>	<u>606,815</u>

An impairment loss of £181,087 (2021: £139,352) was recognised against debtors during the year.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Debentures (see note 16)	157,001	193,876	157,001	193,876
Bank loans and overdrafts (see note 16)	200,000	166,667	-	-
Trade creditors	358,300	242,307	-	-
Amounts owed to group undertakings	-	10,000	-	220,000
Tax	129,603	61,054	-	-
Social security and other taxes	182,669	94,678	-	-
VAT	441,359	609,530	-	-
Other creditors	132,945	219,992	-	122,484
Accruals and deferred income	119,583	214,462	-	-
	<u>1,721,460</u>	<u>1,812,566</u>	<u>157,001</u>	<u>536,360</u>

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

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Debentures (see note 16)	881,639	690,371	881,639	690,371
Bank loans (see note 16)	633,334	833,333	-	-
Amounts owed to group undertakings	2,233,658	1,948,539	2,233,658	1,948,539
Other creditors	395,346	387,196	395,346	387,196
	<u>4,143,977</u>	<u>3,859,439</u>	<u>3,510,643</u>	<u>3,026,106</u>

GALLOWAYS ACCOUNTING HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

16. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Amounts falling due within one year or on demand:				
Debentures	157,001	193,876	157,001	193,876
Bank loans	200,000	<u>166,667</u>	<u>-</u>	<u>-</u>
	<u>357,001</u>	<u>360,543</u>	<u>157,001</u>	<u>193,876</u>
Amounts falling due between one and two years:				
Debentures - 1-2 years	190,811	89,815	190,811	89,815
Bank loans - 1-2 years	200,000	<u>200,000</u>	<u>-</u>	<u>-</u>
	<u>390,811</u>	<u>289,815</u>	<u>190,811</u>	<u>89,815</u>
Amounts falling due between two and five years:				
Debentures - 2-5 years	424,247	289,663	424,247	289,663
Bank loans - 2-5 years	433,334	<u>633,333</u>	<u>-</u>	<u>-</u>
	<u>857,581</u>	<u>922,996</u>	<u>424,247</u>	<u>289,663</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Debentures more 5yrs-instalm	<u>266,581</u>	<u>310,893</u>	<u>266,581</u>	<u>310,893</u>

The bank loan attracts an interest rate of 4.17% p.a. over base rate.

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group	Non-cancellable operating leases	
	2022	2021
	£	£
Within one year	353,068	287,732
Between one and five years	1,025,597	744,195
In more than five years	<u>1,107,586</u>	<u>725,558</u>
	<u>2,486,251</u>	<u>1,757,485</u>

GALLOWAYS ACCOUNTING HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

18. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	2022	2021
	£	£
Bank loans	<u>833,334</u>	<u>1,000,000</u>

The bank loan is secured via a fixed charge over the property owned now or in the future including leased property, all fixtures and fittings, rents receivable, all plant and machinery, goodwill and shares in subsidiary undertakings.

Galloways Accounting Holdings Ltd (the parent company) is also acting as guarantor.

19. PROVISIONS FOR LIABILITIES

	Group	
	2022	2021
	£	£
Deferred tax		
Accelerated capital allowances	<u>104,014</u>	<u>56,083</u>
Other provisions		
Dilapidations provision	<u>18,000</u>	<u>187,176</u>
Aggregate amounts	<u>122,014</u>	<u>243,259</u>
Group		
	Deferred tax	Other provisions
	£	£
Balance at 1 April 2021	56,083	187,176
Provided during year	47,931	3,000
Utilised during year	-	(172,176)
Balance at 31 March 2022	<u>104,014</u>	<u>18,000</u>

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2022	2021
			£	£
194,923	Ordinary	£1.00	<u>194,923</u>	<u>193,134</u>

1,789 Ordinary shares of £1.00 each were allotted as fully paid at a premium of £53.90 per share during the year.

GALLOWAYS ACCOUNTING HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

21. RESERVES

Group

	Retained earnings £	Share premium £	Capital redemption reserve £	Totals £
At 1 April 2021	84,394	118,673	-	203,067
Profit for the year	323,586			323,586
Bonus share issue	-	98,216	-	98,216
Transfer to Reserves	(200)	-	200	-
At 31 March 2022	<u>407,780</u>	<u>216,889</u>	<u>200</u>	<u>624,869</u>

Company

	Retained earnings £	Share premium £	Totals £
At 1 April 2021	(829,068)	118,673	(710,395)
Profit for the year	771,611		771,611
Bonus share issue	-	98,216	98,216
At 31 March 2022	<u>(57,457)</u>	<u>216,889</u>	<u>159,432</u>

22. RELATED PARTY DISCLOSURES

Key management personnel of the entity or its parent (in the aggregate)

	2022 £	2021 £
Sales	220	220
Rent	(4,442)	38,630
Salaries including NI and pensions	<u>1,241,618</u>	<u>841,200</u>

Other related parties

	2022 £	2021 £
Sales	66,250	21,109
Purchases	290,948	177,204
Interest	248,441	217,287
Amount due from related party	34,418	1,878
Amount due to related party	<u>2,233,658</u>	<u>1,958,539</u>

GALLOWAYS ACCOUNTING HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

23. POST BALANCE SHEET EVENTS

In May 2022, the company acquired the entire issued share capital in Cardens Accountants and Business Advisors Limited, an accountancy firm based in Hove. The consideration including associated costs amounts to £4.6m. At this time 54,281 further Ordinary shares were allotted at premium (issue totals £3m). There has been no changes to the overall controlling party as a result of this issue.

24. ULTIMATE CONTROLLING PARTY

The controlling party is Cow Corner Accounting 1 Limited.

The ultimate controlling party is M J Rourke.

25. SHARE-BASED PAYMENT TRANSACTIONS

Under the company plan, share options are granted to key employees at the average price of the company's shares at the grant date. The employee is entitled to exercise the share options within 90 days of vesting. Options can also be exercised early under certain circumstances. Options are forfeited if the employee leaves the company before they become entitled to exercise the share options.

	March options number	Weighted average exercise price £
Outstanding at 1 April 2021	-	-
Granted during the period	4,313	12.5117
Forfeited during the period	-	-
Exercised during the period	-	-
Expired during the period	-	-
	<u>4,313</u>	<u>12.5117</u>
Outstanding at 31 March 2022	<u>4,313</u>	<u>12.5117</u>
Exercisable at 31 March 2022	<u>-</u>	<u>12.5117</u>

The weighted average fair value of options granted in the year was determined using the Black-Scholes model.

At the end of the year a total of 4,313 ordinary share options at an exercise price of £12.5117 per ordinary share were outstanding.

The market price of the shares at 31 March 2022 is not considered materially different to the exercise price.

The total charge for the period was £Nil (2021: £Nil).

GALLOWAYS ACCOUNTING HOLDINGS LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022**

26. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2022	2021
	£	£
Profit before taxation	512,387	163,782
Depreciation and amortisation charges	414,562	427,613
(Profit)/loss on disposal of fixed assets	(284,162)	4,972
Increase/Decrease in provisions	(169,176)	(48,825)
Finance costs	460,490	435,466
Finance income	(3,082)	(8,452)
	931,019	974,556
Increase in trade and other debtors	(677,904)	(156,485)
Increase/(decrease) in trade and other creditors	391,607	(219,997)
Cash generated from operations	<u>644,722</u>	<u>598,074</u>

27. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2022

	31.3.22	1.4.21
	£	£
Cash and cash equivalents	<u>634,249</u>	<u>1,796,844</u>

Year ended 31 March 2021

	31.3.21	1.4.20
	£	£
Cash and cash equivalents	1,796,844	785,500
Bank overdrafts	<u>-</u>	<u>(125,400)</u>
	<u>1,796,844</u>	<u>660,100</u>

28. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.21	Cash flow	At 31.3.22
	£	£	£
Net cash			
Cash at bank and in hand	<u>1,796,844</u>	<u>(1,162,595)</u>	<u>634,249</u>
	<u>1,796,844</u>	<u>(1,162,595)</u>	<u>634,249</u>
Debt			
Debts falling due within 1 year	(360,543)	3,542	(357,001)
Debts falling due after 1 year	<u>(1,523,704)</u>	<u>8,731</u>	<u>(1,514,973)</u>
	<u>(1,884,247)</u>	<u>12,273</u>	<u>(1,871,974)</u>
Total	<u>(87,403)</u>	<u>(1,150,322)</u>	<u>(1,237,725)</u>