23 April 2024

THE PROPERTY FRANCHISE GROUP PLC
(the "Company" or the "Group")

Final Results

Outstanding financial performance in a challenging market, with the post-period Belvoir merger creating the UK's leading property franchise business

The Property Franchise Group PLC, the UK's largest multi-brand property franchisor, is pleased to announce its Final Results for the year ended 31 December 2023 ("FY23").

Financial Highlights

- Group revenue increased to £27.3m (2022: £27.2m)
- Management Service Fees ("MSF") increased to £16.1m (2022: £15.9m)
- Adjusted EBITDA increased to £12.1m (2022: £11.8m)
- Adjusted operating margin of 42% (2022: 41%)
- Profit before tax increased to £9.0m (2022: £8.8m).
- Adjusted diluted earnings per share was 28.4p (2022: 28.4p)
- Net cash of £5.1m at 31 December 2023 (2022: £1.7m)
- Dividend paid and declared for FY23 of 14p (2022: 13.0p)
- TPFG has delivered sustained growth over the last 11 years in profit before tax (CAGR +23.5%) and dividends (+23.3%)

Operational Highlights

- Recurring revenues contributed 56% of total revenue underpinned by double digit growth in lettings revenue with lettings MSF up to 60% of total MSF (2022: 55%)
- Lettings MSF increased 11% to £9.9m, a new record for the Group (2022: £8.9m)
- Sales outperformed a 19% reduction in UK sales completions year on year with the year-end sales agreed pipeline increasing 4% to £23.1m (2022: £22.2m)
- Managed portfolio up 3% to 78,000 rental properties (2022: 76,000)
- 22 acquisitions at the franchisee level (2022: 19), added 1,879 managed properties (2022: 1,890)
- EweMove sold 31 new territories (2022: 44), with total territories under contract 189 (2022: 189)
- Completed the installation of new operating systems and platforms across the Group to enable more digital interaction with our customer database and to improve efficiency

Belvoir merger

- Transformational merger with Belvoir Group plc completed on 7 March 2024, creating one of the UK's largest multi-brand lettings and estate agency groups, with an established and growing financial services business
- The Combined Group will benefit from increased scale and geographic reach, operating more than 910 outlets in franchised territories, managing in excess of 153,000 tenanted residential properties across the UK, selling more than 28,000 properties per year and advising on the completion of over 21,000 mortgages through its network of approximately 310 advisers

Q1 Trading and Outlook

- Q1 has been ahead of management's expectations in terms of both revenue and profitability

- Lettings market continues to grow at pace, with anticipated growth in sales revenue in 2024 amidst an improving sales market

Gareth Samples, Chief Executive Officer of The Property Franchise Group, said: *"FY23 represents yet another year of record performance in which we have improved the quality of our revenue and adeptly executed our strategic roadmap, whilst continuing to navigate a challenging macroeconomic backdrop. This is testament to the quality and hard work of our team, with the progress made in the year leaving us with a solid foundation on which to grow further, bolstered by increasing revenue visibility for 2024 across a broader base.*

"We are delighted to have completed the post-period transformational merger with Belvoir, marking a significant milestone in our journey to become one of the leading players in the UK property market. We see a huge opportunity for the Group, with increased scale, breadth of offering and diversity of brands, as well as enhanced geographic reach, whilst also providing us with a clear opportunity to accelerate growth in our Financial Services division."

Analyst presentation

An analyst presentation will be held at 10.00am today, and those wishing to join the presentation should contact propertyfranchise@almastrategic.com for joining details.

Investor presentation and Overview Video

The Company is hosting a live private investor presentation on Wednesday 24 April 2024 at 12.15pm on the Investor Meet Company platform. All existing and potential private investors interested in attending are asked to register using the following link: https://www.investormeetcompany.com/property-franchise-group-plc-the/register-investor

A video overview of the results featuring CEO Gareth Samples and CFO David Raggett is available to view here: https://bit.ly/TPFG_FY23

For further information, please contact:

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About The Property Franchise Group PLC:

The Property Franchise Group PLC (AIM: TPFG) is the UK's largest multi-brand property franchisor, with a network of over 910 lettings and estate agency businesses delivering high quality services to residential clients, combined with an established Financial Services business.

The Company was founded in 1986 and has since strategically grown to a diverse portfolio of 15 brands operating throughout the UK, comprising longstanding high-street focused brands and two hybrid brands.,. The Property Franchise Group also includes one of the UK's leading networks for mortgage intermediaries, Mortgage Advice Bureau.

The Property Franchise Group's brands are Belvoir, CJ Hole, Country Properties, Ellis & Co, EweMove, Hunters, Lovelle, Martin & Co, Mr and Mrs Clarke, Mullucks, Newton Fallowell, Nicholas Humphreys, Northwood, Parkers, and Whitegates.

Headquartered in Bournemouth, the Company was listed on AIM on the London Stock Exchange in 2013. More information is available at www.propertyfranchise.co.uk

Chairman's statement

Overview of performance

I am delighted to report on a period in which the Group achieved yet another outstanding financial performance and ongoing execution of our strategy.

The business delivered record profits despite a challenging trading environment and significant market headwinds, demonstrating the resilience of our business model. TPFG has now delivered continued and sustained growth over the last 11 years in profit before tax (CAGR +23.5%) and dividends (+23.3%). The results are underpinned by the strength of our lettings book; our outstanding franchisees; and the success of our acquisitions. This provides visibility to future earnings and confidence moving forward across a broader base following the completion of the Belvoir merger.

Transformational acquisition

On 7 March 2024, the Group completed the transformational merger with Belvoir Group plc ("Belvoir"), creating one of the UK's largest multi-brand lettings and estate agency groups, combined with an established and growing financial services business.

The coming together of these two great businesses has been the subject of intense work by both parties over the course of many months. We have long held the view that the strengths of the franchise model are ideally suited to the residential property market allowing business owners to prosper and facilitating high quality services to be delivered to consumers by local experts. This merger represents our continuing belief that this business model will continue to grow in importance within the sector.

The merger significantly increased the scale and reach of The Property Franchise Group, positioning ourselves for accelerated growth and enhancing our position as the UK's leading property franchisor. The merger marks a significant milestone for the Group and consolidation is a natural progression on our journey, which started when we changed our name from MartinCo Plc to The Property Franchise Group Plc in 2017.

Belvoir is a complementary business which, like us, has demonstrated the robustness of its business model and strategy in the face of adverse residential and economic conditions on several occasions over the last decade. It has performed at a similar financial level to TPFG, with good earnings quality and strong conversion of EBITDA to cash. The Group now has increased scale and geographic reach, operating more than 910 outlets in franchised territories, managing in excess of 153,000 tenanted residential properties across the UK, selling more than 28,000 properties per year and advising on the completion of over 21,000 mortgages through its network of c310 advisers.

Group pro-forma income statement highlights

(£000's)	TPFG		Belvoir		Combined	
	2022	**2023**	**2022**	**2023**	**2022**	**2023**
Revenue	27,158	27,278	33,718	34,182	60,876	61,460
Gross Profit	21,583	21,878	20,269	20,480	41,852	42,358
Adjusted EBITDA	11,809	12,090	10,596	11,139	22,405	23,229
PBT	8,833	9,014	9,118	9,116	17,951	18,130

Going forward, we will continue to seek to exploit the existing and additional income streams that our increased scale presents to us and to assist our franchisees in growing their businesses. One such example is the established Financial Services business, led by Michelle Brook. This presents a great opportunity to scale across the broader footprint with the new focus and leadership.

I would like to take this opportunity to extend my gratitude to our shareholders, employees, customers, suppliers, and other stakeholders for their support and commitment during the merger process and look forward to getting to know our new colleagues in the year ahead.

Cash generation

The highly cash generative nature of the Group has ensured our ability to retain a robust balance sheet with the remaining £2.5m of bank debt repaid post period end and the delivery of a progressive dividend policy for our shareholders. I am pleased to report on the ongoing strength of our business model with free cash flow generated of £8.7m (2022: £8.8m) and net cash of £5.1m (2022: £1.7m) at the year end.

Dividends

The Board is pleased to announce a 7.7% increase in our total dividend to 14.0p per share (2022: 13.0p). Having paid an interim dividend of 4.6p in October 2023 and a special dividend of 2.0p in February 2024, the proposed final dividend for 2023 will be 7.4p per share and this will be paid on 12 June 2024 to all shareholders on the register at the close of business on 17 May 2024 subject to shareholders' approval on 7 June 2024.

ESG

TPFG has a strong ESG focus and is committed to prioritising environmental, social, and governance to deliver sustainable growth. Integrating sustainability into our business practices aligns with our beliefs and enhances long-term value creation for our stakeholders and the broader community. In June of last year, I was delighted to invite Claire Noyce to join our Board. As Deputy Chair of the QCA, Claire brings a wealth of experience to our Board and will Chair our ESG Committee.

In 2023, we selected Inspired to work alongside us as our ESG partner to help evaluate our current practices and build a strategy and roadmap that would drive meaningful impact. We aim to publish our strategy this year, incorporating aspects of Belvoir's own progress with sustainability and ESG, which will include our areas of focus and the measurements we will use to track our progress.

The Board promotes a culture of good governance, and we continue to apply the 2018 Quoted Companies Alliance Corporate Governance Code (the "QCA Code") as the basis of the Group's governance framework and work has already begun on updates following the revised 2023 QCA Code.

Board changes

Post period end, Belvoir's Michelle Brook was appointed as an Executive Director and Jon Di-Stefano and Paul George, also from Belvoir, were appointed as Non-Executive Directors. At the same time Phil Crooks and our founder Richard Martin left our Board.

I am most grateful to Phil for the considerable insight and expertise he has offered our Board throughout his almost 9-year tenure as an independent Non-Executive Director and Chair of our Audit and Risk Committee.

I would also like to extend my gratitude to Richard Martin, the founder of The Property Franchise Group, for his services to the Group and for his stewardship as he steps down from the Board and assumes his new role as Lifetime President.

Outlook

We remain focused on delivering further value to shareholders and driving profitable growth. The transformational merger with Belvoir provides us with the platform to achieve this and I am very excited about the opportunities that lie ahead for the Group. Pleasingly, the sales market has started strongly and with a broader base of tenanted properties following the merger, we can be confident of further growth in 2024.

Paul Latham
Non-Executive Chairman
22 April 2024

CEO statement

Since joining as CEO in April 2020, the business has grown from revenues and adjusted EBITDA of £11.3m and £5.3m respectively for FY19 to £27.3m and £12.1m for FY23, representing a compound annual growth rate ("CAGR") of 24.5% in revenue and 22.7% in adjusted EBITDA. Taking into account the pro forma financials for FY23 following the merger with Belvoir, this CAGR would be 52.5% and 44.4% respectively. This growth has largely come via acquisition, but organic growth has been, and will continue to be, a contributor.

Our business model has proven its strength and resilience time and time again, while our franchise model, with its focus on lettings and the continued diversification of income is improving the resilience of our network.

FY23 represents yet another year of record performance where we have improved the quality of our revenue and adeptly executed our strategic roadmap whilst continuing to navigate a challenging macroeconomic backdrop.

In the year ended 31 December 2023, we grew our recurring revenues from 51% of total revenue to 56% of total revenue and increased adjusted PBT by 4% from £10.7m to £11.2m. In addition, following the repayment of the £2.5m owed to Barclays post period end, the Group is debt free with cash of approximately £4.7m as at 31 March 2024.

The exceptional results achieved in 2023 are testament to the quality and hard work of our team. I would like to take this opportunity to thank them and our franchisees for their continued efforts in delivering this growth. The progress made in the year leaves us with a solid foundation on which to grow further, bolstered by increasing revenue visibility for 2024 across a broader base.

Post-period end, in March, we completed the transformational merger with Belvoir Group, marking a significant milestone in our journey to become one of the leading players in the UK property market. We see a huge opportunity for the Group, with increased scale, breadth of offering and diversity of brands, as well as enhanced geographic reach. Additionally, it provides us with a clear opportunity to accelerate growth in our Financial Services division.

The market

As anticipated, in 2023 we continued to see a strong lettings market which underpinned the Group's financial performance. Rental rates continued to rise driven by demand and increasing costs for landlords. Whilst annual rent increases have historically tracked inflation, new lets in 2022 saw increases of over 10% and in 2023 of 8%. The upcoming introduction of more regulation is expected to drive more landlords to opt to use a letting agent in the future.

Conversely the sales market was subdued in 2023 compared to the prior year, which was an exceptional comparative period. We saw a slight uptick in sales rates in the second half of 2023, having seen lower activity as a result of rising interest rates, the year ended down 19% on 2022 with around 1.0 million sales completions in the UK. We have seen signs of sales activity picking up and are expecting 1.1 million sales completions in 2024.

Despite varying year-on-year market conditions, there is an enduring demand for both rented housing and home ownership, which continues to outstrip supply, enhancing the profitability of both lettings and estate agencies.

Operational review

Acquisitions
Activity under the assisted acquisitions programme is continuing to build with 22 (2022: 19) of our franchise owners having completed the acquisition of a local competitor adding 1,879 tenanted properties (2022: 1,883). The pipeline of assisted acquisitions continues to be a focus as we continue to seek ways to help our franchisees grow.

As detailed above, the merger with Belvoir was successfully negotiated in 2023, completing in March 2024, which immediately added significant scale and provides increased opportunities for growth in the current year and beyond.

The merger has significantly increased our borrowing capacity and ability to fund earnings accretive acquisitions. We continue to evaluate further accretive acquisition opportunities which would deliver brand expansion and geographic growth and are committed to doing so with limited or no dilution.

Lettings
Lettings is at the very core of our business. It has been another strong year with the portfolio of managed tenanted properties increasing by 3% to over 78,000. Lettings MSF achieved a new record, growing by 11% to £9.9m (2022: £8.9m) and, in our owned offices, lettings income grew by 13% to £3.4m (2022: £3.0m). Lettings MSF represented 61% of total MSF and 53% of total revenue in the year. As a result, recurring revenues increased to 56% of total revenue.

The Group also successfully executed digitally driven campaigns to win private landlords' business, retain existing landlords and win back lost landlords in the year. This year has had the lowest level of attrition in the Group's history.

Sales
Against a challenging backdrop, with UK sales completions reducing by 19% over 2022, TPFG outperformed the market. Sales MSF reduced by 11% and our owned offices reported a 15% drop in sales revenue.

Encouragingly, the sales market has improved in Q1 2024, with house prices starting to rise, and the Group is well positioned to capitalise from this recovery.

Financial Services
As for Sales, the environment was challenging for financial services, yet we increased the number of franchisees signed up to our service offerings and increased the number of mortgages written as a result. Improved activity in Q1 2024 and a return to writing more new mortgages will assist growth in our financial services' revenues together with the significantly enlarged division now benefitting from the leadership of Michelle Brook.

Recruitment
TPFG delivered against its objective to attract new franchisees to the Group, increasing its UK coverage and enabling the resales of existing franchise territories. In the year, 46 new franchise owners were recruited, 15 as traditional agents and 31 to our hybrid model. Then, to bring in new impetus to a mature network, the Group facilitated 21 resales of existing franchises.

Prior to the merger TPFG operated in over 580 franchised outlets and, following the merger, it now operates over 910 franchised outlets. The year has started well, especially in EweMove, and the Board expects an improved performance in 2024.

Digital marketing
Specific milestones in the year included completing the installation of a new operating system for EweMove, the installation of a new operating platform to enable more digital interaction and developing a portal to give our franchisees access to a wealth of information to improve efficiency. We have had positive feedback from franchisees on these operating systems and expect to roll the portal out and further enhancements in 2024 to drive growth.

Creating the UKs largest multi-brand property network

Both Belvoir and TPFG traded well during the year and demonstrated ability to drive earnings. In FY23, the pro forma financials for the Group showed revenue in excess of £61m and adjusted EBITDA of £23m.

We are working on a comprehensive integration strategy with the assistance of Dorian Gonsalves and Louise George which will be completed towards the end of H1 2024. We are delighted that Dorian Gonsalves, former CEO of Belvoir, and Louise George, former CFO of Belvoir, have stayed on for up to a year, to share their expertise and support in the integration of the businesses.

Enlarged Group Strategy

In September 2020, having had 6 months in the Group, I set out 6 key strategic initiatives which have driven our growth since:

- Lettings growth
- Develop sales activity in the high street-led brands
- Financial services growth
- EweMove recruitment
- Acquisitions (franchisee and franchisor level)
- Digital marketing

It is pleasing to see that significant advances have been made on each of these initiatives. Growth opportunities remain for each. Some are developing into far more reaching initiatives such as for financial services and digital marketing.

The scale of the Group has changed materially since I joined, and we now have a much stronger and broader platform from which to grow with yet greater resilience should we need it. In so doing, we aim to hold on to key financial fundamentals like our 40% operating margin.

Current Trading and Outlook

FY24 has started well with lettings' revenues continuing to grow at similar rates to last year and sales revenues ahead of management's expectations in Q1. There are strong indications of further growth in revenue and profitability during 2024.

March 2024 was a pivotal month for TPFG with the completion of the Belvoir merger which is transformational for the business. We are delighted Dorian Gonsalves and Louise George are working with us on the integration of the business which is progressing well with exciting opportunities for the Group and the addition of an established Financial Services business.

Despite some broader headwinds, our high levels of recurring revenue and resilient business model has demonstrated, time and time again, that we can continue to grow profitability regardless of market cycles. For this reason, I look to the future with confidence and excitement about the further value we can deliver for all stakeholders from our increased scale and ongoing ambition.

Gareth Samples
CEO
22 April 2024

Financial Review

	Percentage change	2023	2022
Revenue	+0%	**£27.3m**	£27.2m
Management Service Fees	+1%	**£16.1m**	£15.9m
Cost of sales	-3%	**£5.4m**	£5.6m
Administrative expenses	-0%	**£11.8m**	£11.9m
Adjusted operating profit*	+3%	**£11.5m**	£11.1m
Operating profit	+0%	**£9.3m**	£9.3m
Adjusted profit before tax**	+4%	**£11.2m**	£10.7m
Profit before tax	+2%	**£9.0m**	£8.8m
Adjusted EBITDA**	+2%	**£12.1m**	£11.8m
Dividend	+8%	**14.0p**	13.0p
Diluted EPS	-2%	**22.0p**	22.5p
Adjusted diluted EPS**	0%	**28.4p**	28.4p

**Before exceptional costs, amortisation of acquired intangibles and share-based payment charges.*

*** Before exceptional costs, share-based payment charges and losses/gains on listed investments.*

Another year of profit growth against a background of challenging market conditions, with our reliable recurring lettings stream growing and more than offsetting the decline in sales income. With further cost synergies being realised from the acquisition of Hunters, it meant profit increased by more than the uplift in revenue.

Lettings income growth was driven by an increase in our managed portfolio of 3% and the significant increases in rents for new lets seen across the industry, which reached close to 9% increase in 2023. Our revenue from sales transactions was slow in the first half of the year but activity picked up in the second half of the year as inflation started to fall and interest rates peaked.

We have once again increased the dividends paid to shareholders, demonstrating our cash generation and our commitment to following a progressive dividend policy.

Revenue

Group revenue for the financial year ended 31 December 2023 was £27.3m (2022: £27.2m), an increase of £0.1m over the prior year.

Management Service Fees ("MSF"), our key underlying revenue stream, increased 2% from £15.9m to £16.1m and represented 59% (2022: 58%) of the Group's revenue. Lettings contributed 60% of MSF (2022: 55%), sales contributed 39% of MSF (2022: 44%) and financial services contributed 1% of MSF (2022: 1%). Lettings MSF increased by 11% in the year, excluding the amortisation of prepaid assisted acquisitions support, and sales MSF decreased by 11%.

Our franchise sales activity was a mix of sales to new entrants and experienced franchise owners in the high street-led brands and encouraging new entrants into EweMove. Territory sales in EweMove were 31 (2022: 44), which was a great achievement in a challenging sales market.

Financial services suffered from significant mortgage rate increases, uncertainty in the direction of these rates and a reduction in residential sales. Revenue reduced by £0.2m (13%) to £1.5m (2022: £1.7m).

Operating profit

Headline operating profit remained unchanged on the prior year at £9.3m (2022: £9.3m) with an operating margin of 34% (2022: 34%). Adjusted operating profit before exceptional items, amortisation of acquired intangibles and share-based payments charges increased 3% from £11.1m to £11.5m and the resulting operating margin increased to 42% (2022: 41%).

Our cost of sales reduced by 3% to £5.4m (2022: £5.6m) which was due to the lower sales transaction in the owned offices this year but also some further synergies achieved from the Hunters acquisition. Headline administrative expenses decreased by 0.4% to £11.8m (2022: £11.9m).

Share options were granted to the Executive Directors in 2023 over a maximum of 172,619 ordinary shares. There were also share options granted to senior employees in 2023 amounting to a maximum of 83,334 ordinary shares on the same conditions as those applying to the Executive Directors. Total shares under option at 31 December 2023 were 2,100,453.

An assessment of the share-based payment charges resulting from the options granted was made on 31 December 2023 resulting in £0.8m being charged to the profit and loss account (2022: £0.4m).

Adjusted EBIDTA

Adjusted EBITDA for 2023 was £12.1m (2022: £11.8m), an increase of £0.3m (2%) over the prior year.

Profit before tax

Profit before tax increased to £9.0m (2022: £8.8m). Excluding amortisation arising on acquired intangibles of £1.4m (2022: £1.4m), the share-based payment charges of £0.8m (2022: £0.4m) and the gain on revaluation of the listed investment of £0.09m (2022: loss on revaluation £0.03m), the adjusted profit before tax increased by 4% from £10.7m to £11.2m.

Taxation

The effective rate of corporation tax for the year was 18% (2022: 18%). The total tax charge for 2023 was £1.6m (2022: £1.6m).

Earnings per share

Basic earnings per share ("EPS") for the year was 23.0p (2022: 22.6p), an increase of 2%.

Diluted EPS for the year was 22.0p (2022: 22.5p), a decrease of 2% based on the average number of shares in issue for the period plus an estimate for the dilutive effect of option grants vesting, being 33,561,469 (2022: 32,141,592).

Adjusted basic EPS for the year was 29.7p (2022: 28.4p), an increase of 5% based on the average number of shares in issue for the period of 32,142,942 (2022: 32,041,966).

Adjusted diluted EPS for the year was 28.4p (2022: 28.4p), unchanged from last year, based on an estimate of diluted shares in issue of 33,561,469 (2022: 32,141,592).

The adjustments to earnings to derive the adjusted EPS figures total £2.1m (2022: £1.9m) and mainly result from the share-based payment charge of £0.8m and amortisation of acquired intangibles of £1.4m.

The profit attributable to owners increased 2% to £7.4m (2022: £7.2m).

Dividends

The Board remains committed to its progressive dividend policy whilst maintaining strong dividend cover as part of its overall capital allocation policy.

The Group has grown significantly over the last three years and is generating significantly more cash than ever before. As a result, the Board is pleased to announce a proposed final dividend of 7.4p (2022: 8.8p), after already paying a special dividend of 2.0p, which together with the first interim dividend of 4.6p, brings the total dividend for 2023 to 14.0p (2022: 13.0p). It will be paid on 12 June 2024 to all shareholders on the register on 17 May 2024 conditional on shareholder approval at the AGM. Our shares will be marked ex-dividend on 16 May 2024. The total amount payable is £4.6m (2022: £2.8m), the significant increase over last year being as a result in the increase in share capital of 30.1m shares in March 2024 following the Belvoir Group PLC acquisition.

Cash flow

The Group is strongly operationally cash generative. The net cash inflow from operating activities in 2023 was £9.0m (2022: £9.0m).

The net cash outflow from investing activities was £0.4m (2022: £0.2m).

The Group borrowed £12.5m from Barclays to fund the majority of the cash element of the consideration for Hunters Property plc in 2021. This was made up of a revolving credit facility ("RCF") of £5.0m and a term loan of £7.5m repayable over 4 years. The term loan was fully repaid in 2022 with an outflow of £6.1m. In 2023, the Group repaid £2.5m of the RCF with the remaining £2.5m being repaid in January 2024 leaving the Group with no debt.

Dividend payments totalling £4.3m were paid in the year (2022: £3.8m).

Liquidity

The Group had cash balances of £7.6m on 31 December 2023 (2022: £6.7m) and after deducting the RCF of £2.5m (2022: £5.0m) mentioned above, net cash was £5.1m (2022: £1.7m).

The RCF expired and was replaced by a £5m overdraft facility in January 2024 providing the Group with sufficient funds together with its existing cash to meet the costs of the merger with Belvoir and ongoing working capital requirements.

Key performance indicators

The Group uses a number of key financial and non-financial performance indicators to measure performance, which are regularly reviewed by the Board to ensure that they remain relevant to the Group's operations.

Financial position

The Consolidated Statement of Financial Position remains strong with total assets of £57.7m (2022: £57.8m), the decrease being impacted by amortisation and cash used to pay off the RCF.

Liabilities reduced from £20.6m to £16.9m mainly as a result of the repayment of the £2.5m RCF during the period.

The Group finished the year with the total equity attributable to owners of £40.8m, an increase of £3.6m or 10% over the prior year. It achieved a ROCE of 21% (2022: 20%) and a ROCI of 28% (2022: 27%).

The Group again generated strong cash inflows in 2023 due to growth in lettings revenues and its operating margins.

This put the Group in a strong position to execute on the merger with Belvoir and is expected to provide the Group with an increased predictability of free cash flow generation going forward.

David Raggett
Chief Financial Officer
22 April 2024

Belvoir Merger

Terms of the Merger

Effective on 7 March 2024, The Property Franchise Group Plc acquired the entire issued share capital of Belvoir Group Plc in exchange 30,073,051 ordinary shares of 1p each in TPFG, valuing Belvoir at £103.5m.

Financial performance in FY23

- FY23 revenue of £34.2m, adjusted EBITDA of £11.2m and adjusted PBT of £11.0m
- MSF, the key underlying revenue from franchisees, increased by 5% to £11.5 million (2022: £11.0 million)
- The strong lettings market gave rise to an increase of 8% in lettings MSF against a UK rental index for 2023 of 6.2%
- 10% lower sales MSF compared favourably with a reduction of 18% in UK housing transactions

Belvoir Audited Performance

	2023	***2022***	***Change (%)***
Turnover (£m)	34.2	33.7	*1%*
Adjusted* EBITDA (£m)	11.1	10.6	*5%*
PBT (£m)	9.0	9.1	*(1%)*
Adjusted* PBT (£m)	11.0	10.2	*8%*
Basic EPS (p)	18.7	19.9	*(6%)*
Basic adjusted* EPS	22.6	22.1	*2%*
Net cash (£m)	1.7	1.2	*43%*

** Before exceptional costs, amortisation of acquired intangibles and share-based payment charges.*

Belvoir Non-Financial KPIs

	2023	***2022***	***Change (%)***
Number of property franchise offices	331	338	*(2%)*
Average MSF per franchised office	£35,800	£34,000	*2%*
Number of managed properties	75,200	75,500	-
MSF p.a. from assisted acquisitions	£400,000	£300,000	*33%*
Number of advisers	308	284	*8%*
Number of mortgages arranged	19,682	18,329	*7%*

Consolidated statement of comprehensive income

for the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
Revenue	7	**27,278**	27,158
Cost of sales		**(5,400)**	(5,575)
Gross profit		**21,878**	21,583
Administrative expenses	8	**(11,831)**	(11,876)
Share-based payments charge	9, 30	**(783)**	(411)
Operating profit	10	**9,264**	9,296
Finance income	11	**20**	39
Finance costs	11	**(357)**	(470)
Other gains and losses	19	**87**	(32)
Profit before income tax expense		**9,014**	8,833
Income tax expense	12	**(1,644)**	(1,588)
Profit and total comprehensive income for the year		**7,370**	7,245
Profit and total comprehensive income for the year attributable to:			
Owners of the parent		**7,395**	7,229
Non-controlling interest		**(25)**	16
		7,370	7,245
Earnings per share attributable to owners of parent	13	**23.0p**	22.6p
Diluted Earnings per share attributable to owners of parent	13	**22.0p**	22.5p

Consolidated statement of financial position

31 December 2023

	Notes	2023 £'000	2022 £'000
Assets			
Non-current assets			
Intangible assets	15	**43,757**	44,958
Property, plant and equipment	16	**181**	162
Right-of-use assets	17	**1,525**	1,613
Prepaid assisted acquisitions support	18	**230**	297
Investments	19	**--**	137
Other receivables	20	**210**	240
		45,903	47,407
Current assets			
Trade and other receivables	20	**4,134**	3,718
Cash and cash equivalents		**7,642**	6,684
		11,776	10,402
Total assets		**57,679**	57,809
Equity			
Shareholders' equity			
Called up share capital	21	**323**	320
Share premium	22	**4,129**	4,129
Own share reserve	24	**(420)**	(348)
Merger reserve	23	**14,345**	14,345
Other reserves	24	**1,673**	1,316
Retained earnings		**20,765**	17,399
		40,815	37,161
Non-controlling interest		**(3)**	22
Total equity attributable to owners		**40,812**	37,183
Liabilities			
Non-current liabilities			
Borrowings	25	**--**	5,000
Lease liabilities	17	**1,647**	1,856
Deferred tax	27	**4,394**	5,168
Provisions	28	**181**	212
		6,222	12,236
Current liabilities			
Borrowings	25	**2,500**	--
Trade and other payables	26	**6,319**	6,724
Lease liabilities	17	**395**	506
Tax payable		**1,431**	1,160
		10,645	8,390
Total liabilities		**16,867**	20,626
Total equity and liabilities		**57,679**	57,809

The financial statements were approved and authorised for issue by the Board of Directors on 22 April 2024 and were signed on its behalf by:

David Raggett

Chief Financial Officer

Company statement of financial position

31 December 2023 (Company No: 08721920)

	Notes	2023 £'000	2022 £'000
Assets			
Non-current assets			
Investments	19	**60,966**	60,773
Deferred tax asset	27	**820**	412
		61,786	61,185
Current assets			
Trade and other receivables	20	**1,476**	1,065
Cash and cash equivalents		**2,337**	1,539
		3,813	2,604
Total assets		**65,599**	63,789
Equity			
Shareholders' equity			
Called up share capital	21	**323**	320
Share premium	22	**4,129**	4,129
Own share reserve	24	**(420)**	(348)
Merger reserve	23	**32,335**	32,335
Other reserves	24	**1,673**	1,316
Retained earnings		**23,371**	19,276
Total equity		**61,411**	57,028
Liabilities			
Non-current liabilities			
Borrowings	25	**--**	5,000
		--	5,000
Current liabilities			
Borrowings	25	**2,500**	--
Trade and other payables	26	**1,688**	1,761
		4,188	1,761
Total liabilities		**4,188**	6,761
Total equity and liabilities		**65,599**	63,789

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. The Parent Company's profit for the financial year was £8.1m (2022: £6.4m).

The financial statements were approved and authorised for issue by the Board of Directors on 22 April 2024 and were signed on its behalf by:

David Raggett
Chief Financial Officer

Consolidated statement of changes in equity

for the year ended 31 December 2023

	Attributable to owners								
	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Own share reserve £'000	Merger reserve £'000	Other reserves £'000	Total equity £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 January 2022	**320**	**13,999**	**4,129**	**(348)**	**14,345**	**905**	**33,350**	**6**	**33,356**
Profit and total comprehensive income	--	7,229	--	--	--	--	7,229	16	7,245
Dividends	--	(3,829)	--	--	--	--	(3,829)	--	(3,829)
Share-based payments charge	--	--	--	--	--	411	411	--	411
Total transactions with owners	--	(3,829)	--	--	--	411	(3,418)	--	(3,418)
Balance at 31 December 2022	**320**	**17,399**	**4,129**	**(348)**	**14,345**	**1,316**	**37,161**	**22**	**37,183**
Profit and total comprehensive income	--	7,395	--	--	--	--	7,395	(25)	7,370
Dividends	--	(4,283)	--	--	--	--	(4,283)	--	(4,283)
Shares issued – share option exercises	3	254	--	--	--	(524)	(267)	--	(267)
Share-based payments charge	--	--	--	--	--	783	783	--	783
Purchase of shares by Employee Benefit Trust	--	--	--	(72)	--	--	(72)	--	(72)
Deferred tax on share-based payments	--	--	--	--	--	98	98	--	98
Total transactions with owners	3	(4,029)	--	(72)	--	357	(3,741)	--	(3,741)
Balance at 31 December 2023	**323**	**20,765**	**4,129**	**(420)**	**14,345**	**1,673**	**40,817**	**(3)**	**40,812**

Company statement of changes in equity

for the year ended 31 December 2023

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Own share reserve £'000	Merger reserve £'000	Other reserves £'000	Total equity £'000
Balance at 1 January 2022	**320**	**16,668**	**4,129**	**(348)**	**32,335**	**905**	**54,009**
Profit and total comprehensive income	--	6,437	--	--	--	--	6,437
Dividends	--	(3,829)	--	--	--	--	(3,829)
Share-based payments charge	--	--	--	--	--	411	411
Total transactions with owners	--	(3,829)	--	--	--	411	(3,418)
Balance at 31 December 2022	**320**	**19,276**	**4,129**	**(348)**	**32,335**	**1,316**	**57,028**
Profit and total comprehensive income	–	8,124	–	–	–	–	8,124
Dividends	–	(4,283)	–	–	–	–	(4,283)
Shares issued – share option exercises	3	254	--	–	–	(524)	(267)
Purchase of shares by Employee Benefit Trust	–	–	–	(72)	–	–	(72)
Deferred tax on share-based payments	–	–	–	–	–	98	98
Share-based payments charge	–	–	–	–	–	783	783
Total transactions with owners	3	(4,029)	--	(72)	--	357	(3,741)
Balance at 31 December 2023	**323**	**23,371**	**4,129**	**(420)**	**32,335**	**1,673**	**61,411**

Consolidated statement of cash flows

for the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
Cash flows from operating activities			
Cash generated from operations	A	**11,324**	11,295
Interest paid		**(255)**	(359)
Tax paid		**(2,048)**	(1,962)
Net cash from operating activities		**9,021**	8,974
Cash flows from investing activities			
Purchase of intangible assets – Customer lists		**(201)**	(387)
Disposal of investment in shares		**81**	--
The Mortgage Genie deferred consideration		**(138)**	--
Disposal of intangible assets – FDGs and rebrands		**53**	143
Disposal of intangible assets – Customer lists		**--**	150
Purchase of tangible assets		**(114)**	(38)
Assisted acquisitions support		**(115)**	(102)
Interest received		**20**	39
Net cash used in investing activities		**(414)**	(195)
Cash flows from financing activities			
Issue of ordinary shares		**3**	--
Equity dividends paid		**(4,283)**	(3,829)
Purchase of shares by Employee Benefit Trust		**(72)**	--
Net settlement of share options		**(270)**	--
Bank loan repaid		**(2,500)**	(6,094)
Principal paid on lease liabilities		**(431)**	(473)
Interest paid on lease liabilities		**(96)**	(112)
Net cash used in financing activities		**(7,649)**	(10,508)
Increase/(decrease) in cash and cash equivalents		**958**	(1,729)
Cash and cash equivalents at beginning of year		**6,684**	8,413
Cash and cash equivalents at end of year		**7,642**	6,684

Notes to the consolidated statement of cash flows

for the year ended 31 December 2023

A. Reconciliation of profit before income tax to cash generated from operations

	2023 £'000	2022 £'000
Cash flows from operating activities		
Profit before income tax	**9,014**	8,833
Depreciation of property, plant and equipment	**95**	91
Amortisation of intangibles	**1,531**	1,477
Amortisation of prepaid assisted acquisitions support	**183**	229
Amortisation of right-of-use assets	**234**	305
Profit on disposal of FDGs and rebrands	**(89)**	(195)
Share-based payments charge	**783**	411
(Gain)/loss on revaluation of listed investment	**(87)**	32
Finance costs	**357**	471
Finance income	**(20)**	(39)
Operating cash flow before changes in working capital	**12,001**	11,615
Increase in trade and other receivables	**(319)**	(837)
(Decrease)/increase in trade and other payables	**(358)**	517
Cash generated from operations	**11,324**	11,295

Company statement of cash flows

for the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
Cash flows from operating activities			
Cash generated from operations	B	**(1,337)**	(764)
Interest paid		**(256)**	(359)
Net cash used in operating activities		**(1,593)**	(1,123)
Cash flows from investing activities			
The Mortgage Genie – deferred consideration		**(138)**	--
Equity dividends received		**9,651**	7,950
Net cash generated from investing activities		**9,513**	7,950
Cash flows from financing activities			
Issue of ordinary shares		**3**	--
Equity dividends paid		**(4,283)**	(3,829)
Purchase of shares by Employee Benefit Trust		**(72)**	--
Net settlement of share options		**(270)**	--
Bank loan repaid		**(2,500)**	(6,094)
Net cash used in financing activities		**(7,122)**	(9,923)
Increase / (decrease) in cash and cash equivalents		**798**	(3,096)
Cash and cash equivalents at beginning of year		**1,539**	4,635
Cash and cash equivalents at end of year		**2,337**	1,539

Notes to the company statement of cash flows
for the year ended 31 December 2023

B. Reconciliation of profit before income tax to cash generated from operations

	2023 £'000	2022 £'000
Cash flows from operating activities		
Profit before income tax	**7,555**	6,120
Share-based payments charge	**613**	366
(Gain)/loss on revaluation of listed investment	**(22)**	15
Finance costs	**261**	358
Equity dividend received	**(9,651)**	(7,950)
Operating cash flow before changes in working capital	**(1,244)**	(1,091)
(Increase)/decrease in trade and other receivables	**(94)**	28
Increase in trade and other payables	**1**	299
Cash used in operations	**(1,337)**	(764)

Notes to the consolidated and company financial statements
for the year ended 31 December 2023

1. General information
The principal activity of The Property Franchise Group PLC and its subsidiaries is that of a UK residential property franchise business. The Group operates in the UK. The Company is a public limited company incorporated and domiciled in the UK and listed on AIM. The address of its head office and registered office is 2 St Stephen's Court, St Stephen's Road, Bournemouth, Dorset, BH2 6LA, UK.

2. Basis of preparation
These consolidated financial statements have been prepared in accordance with UK adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006. The consolidated financial statements have been prepared under the historical cost convention modified to include the revaluation of certain investments at fair value.

The preparation of financial statements in accordance with UK adopted international accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The presentational currency of the financial statements is in British pounds and amounts are rounded to the nearest thousand pounds.

Going concern
The Group has produced detailed budgets, projections and cash flow forecasts, which incorporate the recently acquired Belvoir Group PLC. These have been stress tested to understand the impacts of reductions in revenue and costs. The Directors have concluded after reviewing these budgets, projections and forecasts, making appropriate enquiries of the business, that there is a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the financial statements.

Changes in accounting policies
a) New standards, amendments and interpretations effective from 1 January 2023
We do not consider there to be any relevant new standards, amendments to standards or interpretations, that are effective for the financial year beginning on 1 January 2023, which would have had a material impact on the financial statements.

b) New standards, amendments and interpretations not yet effective
We do not consider there to be any relevant new standards, amendments to standards or interpretations that have been issued, but are not effective for the financial year beginning on 1 January 2023, which would have had a material impact on the financial statements.

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

3. Basis of consolidation
The Group financial statements include those of the Parent Company and its subsidiaries, drawn up to 31 December 2023. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

4. Significant accounting policies
Revenue recognition
Performance obligations and the timing of revenue recognition
Revenue represents income, net of VAT, from the sale of franchise agreements, resale fees and Management Service Fees levied to franchisees monthly based on their turnover, and other income being the provision of ad hoc services and ongoing support to franchisees. In addition there is lettings and residential sales income, net of VAT, from a small number of Hunters' owned offices and financial services commissions.

Franchises excluding EweMove:
Fees from the sale of franchise agreements are not refundable. These fees are for the use of the brand along with initial training and support and promotion during the opening phase of the new office. As such, the Group has some initial obligations that extend beyond the receipt of funds and signing of the franchise agreement so an element of the fee is deferred and released as the obligations are discharged, usually between 1 to 4 months after receipt of funds, which is the typical period of on-boarding for new franchisees.

Resale fees are recognised in the month that a contract for the resale of a franchise is signed. Upon signing of the contract all obligations have been completed.

Management Service Fees are recognised on a monthly basis and other income is recognised when the services and support is provided to the franchisee. There are no performance obligations associated with levying the Management Service Fees. For ad hoc services and support, all performance obligations have been fulfilled at the time of revenue recognition.

EweMove:
Fees from the sale of franchise agreements for the EweMove brand are not refundable. Some new franchisees pay a higher fee to include the first 12 months' licence fee; in this scenario, the licence fee element of the initial fee is deferred and released over the first 12 months of trading of the franchise where no monthly licence fees are payable. The franchise fee is for the use of the brand along with initial support and promotion during the opening phase of the new franchise. As such, the Group has some initial obligations that extend beyond the receipt of funds and signing of the franchise agreement so an element of the fee is deferred and released as the obligations are discharged, usually between 1 to 4 months after receipt of funds, which is the typical period of on-boarding for new franchisees.

Management Service Fees consist of monthly licence fees and completion fees. Licence fees are recognised on a monthly basis, completion fees are recognised when sales or lettings transactions complete and other income is recognised when the services and support are provided to the franchisee. There are no additional performance obligations associated with levying the licence fee and completion fees beyond providing access to the systems, brand and marketing support. For ad hoc services and support, all performance obligations have been fulfilled at the time of revenue recognition.

Hunters' owned offices:
Revenue from the sale of residential property is recognised, net of vat, at the point the Group has performed its performance obligation to see the transaction through to the exchange of contracts between a buyer and a vendor.

Revenue from lettings represents commission earned from operating as a lettings agent, net of vat. Where the performance obligation relates to the letting of a property, the revenue is recognised at the point the property has been let. Where the performance obligation relates to the management of a lettings property, revenue is recognised over the period the property is managed.

Financial services commissions:
Financial services commissions received are recognised upon receipt, being a point in time when the Group has met its obligations in delivering a customer to the mortgage and / or insurance partners. A provision is made for the best estimate of future clawbacks resulting from insurance policies being subsequently cancelled; however, this is not material to the financial statements. There is no vat applicable to financial services commissions.

Rental income:
Rental income represents rent received from short-term licensing arrangements entered into to make use of vacant office space. The Group's obligation is to provide office accommodation through the period of the licence. Revenue is recognised over the period of the licence.

Operating profit
Profit from operations is stated before finance income, finance costs and tax expense.

Intangible assets
Intangible assets with a finite life are carried at cost less amortisation and any impairment losses. Intangible assets represent items which meet the recognition criteria of IAS 38, in that it is probable that future economic benefits attributable to the assets will flow to the entity and the cost can be measured reliably.

In accordance with IFRS 3 Business Combinations, an intangible asset acquired in a business combination is deemed to have a cost to the Group of its fair value at the acquisition date. The fair value of the intangible asset reflects market expectations about the probability that the future economic benefits embodied in the asset will flow to the Group.

Amortisation charges are included in administrative expenses in the Statement of Comprehensive Income. Amortisation begins when the intangible asset is first available for use and is provided at rates calculated to write-off the cost of each intangible asset over its expected useful life, on a straight-line basis, as follows:

Brands – CJ Hole, Parkers, Ellis & Co	Indefinite life
Brands – EweMove	21 years
Brands – Hunters	20 years
Customer lists – lettings books	12 years
Customer lists – franchise development grants	15 years
Master franchise agreements – Whitegates, CJ Hole, Parkers, Ellis & Co	25 years
Master franchise agreements – Hunters	21 years
Master franchise agreements – EweMove	15 years
Technology – Ewereka	5 years
Technology – websites, CRM system and software	3 years

Acquired trade names are identified as separate intangible assets where they can be reliably measured by valuation of future cash flows. The trade names CJ Hole, Parkers and Ellis & Co are assessed as having indefinite lives due to their long trading histories.

Acquired customer lists are identified as a separate intangible asset as they are separable and can be reliably measured by valuation of future cash flows. This valuation also assesses the life of the particular relationship. The life of the relationship is assessed annually.

Customer lists acquired as part of the Hunters acquisition relate to lettings books and are being written off over an expected useful life of 12 years.

Acquired master franchise agreements are identified as a separate intangible asset as they are separable and can be reliably measured by valuation of future cash flows. The life of the relationship is assessed annually. Master franchise agreements are being written off over an expected useful life of 15-25 years as historical analyses shows that, on average, 4%-10% of franchises will change ownership per annum.

Subsequent to initial recognition, intangible assets are stated at deemed cost less accumulated amortisation and impairment charges, with the exception of indefinite life intangibles.

Impairment of non-financial assets
In respect of goodwill and intangible assets that have indefinite useful lives, management is required to assess whether the recoverable amount of each exceeds their respective carrying values at the end of each accounting period.

In respect of intangible assets with definite lives, management is required to assess whether the recoverable amount exceeds the carrying value where an indicator of impairment exists at the end of each accounting period.

The recoverable amount is the higher of fair value less costs to sell and value in use.

Impairment losses represent the amount by which the carrying value exceeds the recoverable amount; they are recognised in the income statement. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. Where an indicator of impairment exists against a definite life asset and a subsequent valuation determines there to be impairment, the intangible asset to which it relates is impaired by the amount determined.

An impairment loss in respect of goodwill is not reversed should the valuation subsequently recover. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

The master franchise agreement is assessed separately for impairment as an independent asset that generates cash inflows that are largely independent of those from other assets.

Investment in subsidiaries
Investments in subsidiaries are stated in the Parent Company's balance sheet at cost less any provisions for impairments.

Equity investments
Investments in the Group balance sheet represent listed investments which are measured at market value and unlisted investments which are measured at cost. Listed investments are revalued at fair value through the profit and loss account based on the quoted share price.

Property, plant and equipment
Items of property, plant and equipment are stated at cost of acquisition less accumulated depreciation and impairment losses. Depreciation is charged so as to write-off the cost of assets over their estimated useful lives on the following bases:

Fixtures, fittings and office equipment	15% - 25% reducing balance or 10% - 33% straight line
Computer equipment	over 3 years
Leasehold buildings and short leasehold improvements	over the lease term

Right-of-use assets
Right of use assets relate to operating leases that have been brought onto the balance sheet under IFRS 16. They are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:
• lease payments made at or before commencement of the lease;
• initial direct costs incurred; and
• the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset

Subsequent to initial measurement, right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

Lease liabilities
Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Prepaid assisted acquisitions support
Prepaid assisted acquisitions support represents amounts payable to franchisees in relation to their acquisition of qualifying managed property portfolios and amounts payable to brokers for assisting with the acquisition of those portfolios. The payments are recognised as an asset and amortised to the profit and loss account over 5 years. The amounts payable to franchisees are amortised as a reduction in revenue, whereas amounts payable to brokers are amortised through cost of sales.

Income taxes
Income tax currently payable is calculated using the tax rates in force or substantively enacted at the reporting date. Taxable profit differs from accounting profit either because some income and expenses are never taxable or deductible, or because the time pattern that they are taxable or deductible differs between tax law and their accounting treatment.

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except if it arises from transactions or events that are recognised in other comprehensive income or directly in equity.

Deferred tax
Deferred income taxes are calculated using the liability method on temporary differences, at the tax rate that is substantively enacted at the balance sheet date. On 24 May 2021, the Finance Bill 2021 was substantively enacted which amended the corporation tax rate from 19% to 25% with effect from 1 April 2023. Deferred tax is generally provided on the difference between the carrying amount of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date. Changes in deferred tax assets or liabilities are recognised as a component of the tax expense in the income statement. For share-based payments the deferred tax credit is recognised in the income statement to the extent that it offsets the share-based payments charge, with any remaining element after offset being shown in the Statement of Changes in Equity.

Cash and cash equivalents
Cash and cash equivalents are defined as cash balances in hand and in the bank (including short-term cash deposits).

Financial assets
The Group and Company only have financial assets comprising trade and other receivables and cash and cash equivalents in the Consolidated Statement of Financial Position.

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision. for impairment.

Impairment of financial assets
Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the Consolidated Statement of Comprehensive Income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, 12 month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Financial liabilities
Financial liabilities are comprised of trade and other payables, borrowings and other short-term monetary liabilities, which are recognised at amortised cost.

Trade payables, other payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Share-based payments
The Group and Company issue equity-settled share-based payments to employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is amortised through the Consolidated Statement of Comprehensive Income over the vesting period of the options, together with a corresponding increase in equity, based upon the Group and Company's estimate of the shares that will eventually vest.

Fair value is measured using the Black-Scholes option pricing model taking into account the following inputs:

the exercise price of the option;

the life of the option;

the market price on the date of the grant of the option;

the expected volatility of the share price;

the dividends expected on the shares; and

the risk free interest rate for the life of the option.

The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

At the end of each reporting period, the Group and Company revise its estimates of the number of options that are expected to vest based on the non-market conditions and recognise the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

5. Critical accounting estimates and judgements and key sources of estimation uncertainty
The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of intangible assets
The Group is required to test, where indicators of impairment exist or there are intangible assets with indefinite lives, whether intangible assets have suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Key assumptions for the value in use calculation are described in note 15.

Share-based payment charge ("SBPC")

The aggregate fair value expense of each grant is determined through using the Black Scholes model and an estimate for the attainment of the performance conditions, where they exist. All the options granted have a non-market-based performance condition, earnings per share, and a market-based performance condition, total shareholder return.

In order to estimate the likely achievement of the performance conditions, management has used the actual results for FY23, the budget for FY24 and projections of earnings for future years as well as taking into account available market data, performance trends and listed company valuation metrics.

The share-based payment charge in relation to the performance-based options granted in 2021 assumes that the EPS performance condition will generate vesting of 100% of the maximum number of shares available under those options because the performance measurement period has ended and, subject to approval by the Board, full vesting has been achieved. The charge is £0.5m.

The share-based payment charge in relation to the performance-based options granted in 2022 assumes that performance will generate vesting of 55.5% of the maximum number of shares available under those options. The charge is £0.2m. If the adjusted EPS performance condition was 100% achieved, the cumulative charge would increase by £0.1m and if the adjusted EPS performance condition was not achieved at all, so 0%, the cumulative charge would decrease by £0.1m.

The share-based payment charge in relation to the performance-based options granted in 2023 assumes that performance will generate vesting of 23% of the maximum number of shares available under those options. The charge is £0.03m. If the adjusted EPS performance condition was 100% achieved, the cumulative charge would increase by £0.06m and if the adjusted EPS condition was not achieved at all, so 0%, the cumulative charge would decrease by £nil.

6. Segmental reporting

The Directors consider there to be 2 operating segments in 2023 and 2022, being Property Franchising and Financial Services.

For the year ended 31 December 2023:

	Property Franchising	Financial Services	Total
	£'000	£'000	£'000
Revenue	25,776	1,502	27,278
Segment profit before tax	8,662	352	9,014

For the year ended 31 December 2022:

	Property Franchising	Financial Services	Total
	£'000	£'000	£'000
Revenue	25,429	1,729	27,158
Segment profit before tax	8,379	454	8,833

There was no inter-segment revenue in any period.

7. Revenue

	2023 £'000	**2022 £'000**
Property Franchising segment:		
Management Service Fees	**16,099**	15,882
Owned offices – lettings and sales fees	**4,902**	5,157
Franchise sales	**458**	318
Franchisee support and similar services	**4,317**	4,072
	25,776	25,429
Financial Services segment:		
Financial Services commissions	**1,502**	1,729
	27,278	27,158

All revenue is earned in the UK and no customer represents greater than 10% of total revenue in either of the years reported.

See note 20 for details of accrued income and note 26 for details of deferred income.

See note 18 for the value of prepaid assisted acquisitions support amortised as a deduction from Management Service Fees.

8. Administrative expenses
Administrative expenses relate to those expenses that are not directly attributable to any specific sales activity.

Administrative expenses for the year were as follows:

	2023 £'000	2022 £'000
Employee costs	**6,526**	6,563
Marketing and digital costs	**1,032**	1,004
Property costs	**513**	408
Amortisation	**1,766**	1,782
Other administrative costs	**1,994**	2,119
	11,831	11,876

9. Employees and Directors
Average numbers of employees (including Executive Directors), employed during the year:

	Group		Company	
	2023	2022	**2023**	2022
Administration	**164**	173	**-**	-
Management	**12**	12	**2**	2
	176	185	**2**	2

Employee costs (including Directors) during the year amounted to:

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Wages and salaries	**7,939**	8,302	**1,151**	929
Social security costs	**842**	946	**150**	126
Pension costs	**175**	193	**48**	45
Private medical insurance	**24**	22	**--**	--
	8,980	9,463	**1,349**	1,100
Share-based payments charge	**783**	411	**613**	366

Key management personnel is defined as Executive Directors and members of the Senior Leadership Team of the Group. Details of the remuneration of the key management personnel are shown below:

	2023 £'000	2022 £'000
Wages and salaries	**2,535**	2,293
Social security costs	**408**	314
Pension costs	**34**	63
	2,977	2,670
Share-based payments charge	**613**	372

The share-based payments charge for the current year has been charged to the Statement of Comprehensive Income, of this £0.58m (2022: £0.36m) relates to Directors.

10. Breakdown of expenses by nature

	2023 £'000	2022 £'000
The operating profit is stated after charging:		
Depreciation	**95**	91
Amortisation – intangibles	**1,531**	1,477
Amortisation – prepaid assisted acquisitions support	**183**	229
Amortisation – leases	**234**	305
Share-based payments charge	**783**	411
Auditor's remuneration (see below)	**137**	127
Staff costs (note 9)	**8,980**	8,791

Audit services		
– Audit of the company and consolidated accounts	**137**	127
	137	127

11. Finance income and costs

	2023 £'000	2022 £'000
Finance income:		
Bank interest	**9**	37
Other similar income	**11**	2
	20	39

	2023 £'000	2022 £'000
Finance costs:		
Bank interest	**261**	358
Interest expense on lease liabilities	**96**	112
	357	470

12. Taxation

	2023 £'000	2022 £'000
Current tax	**2,439**	1,930
Adjustments in respect of previous periods	**(120)**	60
Current tax total	**2,319**	1,990
Deferred tax on acquired business combinations	**(366)**	(366)
Deferred tax on share-based payments	**(309)**	(36)
Deferred tax total	**(675)**	(402)
Total tax charge in Statement of Comprehensive Income	**1,644**	1,588

The tax rate assessed for the period is lower (2022: lower) than the standard rate of corporation tax in the UK. The difference is explained below.

	2023 £	2022 £
Profit on ordinary activities before tax	**9,014**	8,833
Profit on ordinary activities multiplied by the effective standard rate of corporation tax in the UK of 23.5% (2022: 19%)	**2,118**	1,678
Effects of:		
Expenses not deductible for tax purposes	**453**	253
Depreciation in excess of capital allowances	**3**	(1)
Deferred tax provision	**(675)**	(402)
Exercise of share options	**(135)**	--
Adjustments in respect of previous periods	**(120)**	60
Total tax charge in respect of continuing activities	**1,644**	1,588

Tax rate changes

The corporation tax rate in the UK changed from 19% to 25% effective from 1 April 2023, meaning the rate applicable for the financial year ended 31 December 2023 was 23.5% and the rate applicable for next year will be 25%. The value of the deferred tax asset at the statement of financial position date in 2023 and 2022 has been calculated using the applicable rate when the asset is expected to be realised.

13. Earnings per share

Earnings per share is calculated by dividing the profit for the financial year by the weighted average number of shares during the year.

	2023 £'000	2022 £'000
Profit for the financial year attributable to owners of the parent	**7,395**	7,229
Amortisation on acquired intangibles	**1,443**	1,443
Share-based payments charge	**783**	411
(Gain)/loss on revaluation of listed investment	**(87)**	32
Adjusted profit for the financial year	**9,534**	9,115
Weighted average number of shares		
Number used in basic earnings per share	**32,142,942**	32,041,966
Dilutive effect of share options on ordinary shares	**1,418,527**	99,626
Number used in diluted earnings per share	**33,561,469**	32,141,592
Basic earnings per share	**23.0p**	22.6p
Diluted earnings per share	**22.0p**	22.5p
Adjusted basic earnings per share	**29.7p**	28.4p
Adjusted diluted earnings per share	**28.4p**	28.4p

There were options over 2,100,453 ordinary shares outstanding at 31 December 2023; 676,953 had not vested and have performance conditions which determine whether they vest or not in future; it can be determined that 1,423,500 options under the 2021 scheme will vest in full based on these financial statements.The average share price during the year ended 31 December 2023 was above the exercise price of the 1,423,500 options that are due to vest based on these financial statements; for this reason, in 2023 there is a dilutive effect of share options on the earnings per share calculation.

There were options over 2,213,000 ordinary shares outstanding at 31 December 2022; an option over 100,000 did not have performance conditions attached to it. The average share price during the year ended 31 December 2022 was above the exercise price of the 100,000 options without performance conditions; for this reason, in 2022 there was a dilutive effect of share options on the earnings per share calculation.

14. Dividends

	2023 £'000	2022 £'000
Final dividend for 2022		
8.8p per share paid 9 June 2023 (2022: 7.8p per share paid 27 May 2022)	**2,807**	2,489
Interim dividend for 2023		
4.6p per share paid 6 October 2023 (2022: 4.2p per share paid 7 October 2022)	**1,476**	1,340
Total dividend paid	**4,283**	3,829

On 10 January 2024 the Board declared a special dividend of 2p per share payable to those shareholders on the register on 19 January 2024. It was paid on 2 February 2024 and amounted to £0.6m in total.

The Directors propose a final dividend for 2023 of 7.4p per share totalling £4.6m, which they expect will be paid on 12 June 2024. As this is subject to approval by the shareholders, no provision has been made for this in these financial statements.

15. Intangible assets

	Master franchise agreement £'000	Brands £'000	Technology £'000	Customer lists £'000	Goodwill £'000	Total £'000
Cost						
Brought forward at 1 January 2022	18,592	5,032	403	3,846	23,243	51,116
Additions	–	–	387	--	--	387
Disposals	–	–	–	(527)	--	(527)
Carried forward 31 December 2022	**18,592**	**5,032**	**790**	**3,319**	**23,243**	**50,976**
Additions	--	--	--	254	76	330
Carried forward 31 December 2023	**18,592**	**5,032**	**790**	**3,573**	**23,319**	**51,306**
Amortisation and Impairment						
Brought forward at 1 January 2022	3,363	470	344	441	–	4,618
Charge for year	927	220	31	299	**--**	1,477
Amortisation on disposals	--	--	--	(77)	--	(77)
Carried forward 31 December 2022	**4,290**	**690**	**375**	**663**	**--**	**6,018**
Charge for the year	927	220	60	324	**--**	1,531
Carried forward 31 December 2023	**5,217**	**910**	**435**	**987**	**--**	**7,549**
Net book value						
At 31 December 2023	**13,375**	**4,122**	**355**	**2,586**	**23,319**	**43,757**
At 31 December 2022	14,302	4,342	415	2,656	23,243	44,958

The carrying amount of goodwill relates to 6 (2022: 6) cash generating units and reflects the difference between the fair value of consideration transferred and the fair value of assets and liabilities purchased.

Business combinations completed in October 2014 – Xperience and Whitegates
Goodwill is assessed for impairment by comparing the carrying value to the value in use calculations. The value in use of the goodwill arising on the acquisitions of Xperience Franchising Limited ("XFL") and Whitegates Estate Agency Limited ("WEAL") is based on the cash flows derived from the actual revenues and operating margins for 2023 and projections through to 31 December 2028. Thereafter, projected revenue growth was assumed to decline linearly to a long-term growth rate of 2.2%.

The cash flows arising were discounted by the weighted average cost of capital which included a small companies' risk premium to allow for factors such as illiquidity in the shares. These discount rates were 13.5% for XFL and 15.0% for WEAL, the latter higher rate reflecting WEAL's smaller size and more volatile earnings. This resulted in a total value for each company of the identifiable intangible assets that exceeded the carrying values of the respective companies' goodwill.

The Directors do not consider goodwill to be impaired. The Directors believe that no reasonably possible change in assumptions at the year end will cause the value in use to fall below the carrying value and hence impair the goodwill.

The master franchise agreements are being amortised over 25 years. The period of amortisation remaining at 31 December 2023 was 15 years 10 months.

The brand names under which XFL trades of CJ Hole, Parkers and Ellis & Co have been in existence for between 75 years and 173 years. Management sees them as strong brands with significant future value and has deemed them to have indefinite useful lives as there is no foreseeable limit to the period over which the assets are expected to generate net cash inflows for the Group. As a consequence, management annually assesses whether the carrying value of these brands has been impaired.

The Directors believe that no reasonably possible change in assumptions at the year end will cause the value in use of the brands names CJ Hole, Parkers and Ellis & Co to fall below their carrying values and hence impair their intangible values.

The Whitegates brand was valued in a similar manner and deemed to have an immaterial value when the acquisition was made principally due to its lack of profitability over preceding years. It is therefore not recognised separately.

Business combination completed in September 2016 - EweMove

Goodwill is assessed for impairment by comparing the carrying value to the value in use calculations. The value in use of the goodwill arising on the acquisition of EweMove Sales & Lettings Ltd ("ESL") is based on the cash flows derived from the actual revenues and operating margins for 2023 and projections through to 31 December 2028. Thereafter, projected revenue growth was assumed to be 2.2% per annum.

The revenue growth rates used in the valuation range from 11% in FY24 to 4% in FY27.

The cash flows arising were discounted by the weighted average cost of capital being 15.17% which included a small companies' risk premium to allow for factors such as illiquidity in the shares. This resulted in the value in use exceeding the carrying value of the goodwill and separately identifiable intangible assets. The enterprise's overall value exceeds the cash generating unit's carrying value.

The useful life of the master franchise agreement was assessed as 15 years and remains unchanged. The period of amortisation remaining at 31 December 2023 was 7 years 8 months.

The remaining useful life of the brand name was also reviewed. It continues to attract and recruit a similar level of franchisees as in previous years and to attract higher numbers of customers. Given these 2 factors, the remaining useful life of the brand was considered to be unaltered at 21 years. The period of amortisation remaining at 31 December 2023 was 13 years and 8 months.

The carrying value of EweMove, the identified cash generating unit, was £8.0m at 31 December 2023 whereas the recoverable amount was assessed to be £13.0m at the same date. Headroom of £5.0m therefore existed at the year end.

The cumulative effect of an increase in the discount rate to 19.8% and a 75% reduction in the assumed growth rate of the free cash flows would result in a carrying value of £8m.

Business combination completed in March 2021 - Hunters

Goodwill is assessed for impairment by comparing the carrying value to the value in use calculations. The value in use of the goodwill arising on the acquisitions of Hunters is based on the cash flows derived from the actual revenues and operating margins for 2023 and projections through to 31 December 2028. Thereafter, projected revenue growth was assumed to be 2.0% per annum.

The annual revenue growth rates used in the valuation for FY24 to FY28 ranged from 3% to 7%.

The cash flows arising were discounted by the weighted cost of capital being 10.1%. This resulted in the value in use exceeding the carrying value of the goodwill and separately identifiable intangible assets. The enterprise's overall value exceeds the carrying value.

The useful life of the master franchise agreement was assessed as 21 years and remains unchanged. The period of amortisation remaining at 31 December 2023 was 18 years 3 months.

The useful life of the brand name was also reviewed. There have been no significant changes since acquisition so as such it is considered to be unaltered at 20 years. The period of amortisation remaining at 31 December 2023 was 17 years and 3 months.

The useful life of the lettings books was assessed as 12 years and remains unchanged. The period of amortisation remaining at 31 December 2023 was 9 years 3 months.

The carrying value of Hunters, the identified cash generating unit, was £25.0m at 31 December 2023 whereas the recoverable amount was assessed to be £41m at the same date. Headroom of £16m therefore existed at the year end.

The cumulative effect of limiting growth in free cash flow to 2% and increasing the discount rate to 13.6% would result in a carrying value of £25.0m.

Business combination completed in September 2021 – The Mortgage Genie

Goodwill is assessed for impairment by comparing the carrying value to the value in use calculations. The value in use of the goodwill arising on the acquisitions of The Mortgage Genie Limited and The Genie Group UK Limited is based on the cash flows derived from the actual revenues and operating margins for 2023 and projections through to 31 December 2028. Thereafter, projected revenue growth was assumed to decline linearly to a long-term growth rate of 2.2%.

The Directors do not consider goodwill to be impaired despite the poorer trading performance in 2023 resulting from the Liz Truss government at the end of 2022, the continued uncertainty over the direction of mortgage rates in 2023 and the general economic uncertainty. Another year of the same could cause the Board to take a view that the carrying value of the goodwill is impaired. However, the mortgage market started to improve in the second half of 2023 and that has continued into 2024. As a result, the Board expects an improvement in the financial performance of The Mortgage Genie in 2024.

Goodwill and indefinite life intangible assets have been allocated for impairment testing purposes to the following cash generating units.

The carrying values are as follows:

	Goodwill		Brands	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Xperience Franchising Limited	**912**	**912**	**571**	**571**
Whitegates Estate Agency Limited	**401**	**401**	**–**	**–**
Martin & Co (UK) Limited	**75**	**75**	**–**	**–**
EweMove Sales & Lettings Ltd	**5,838**	**5,838**	**–**	**–**
Hunters Property Limited	**15,871**	**15,871**	**–**	**–**
The Mortgage Genie Limited & The Genie Group UK Ltd	**222**	**146**	**–**	**–**
	23,319	**23,243**	**571**	**571**

Company
No goodwill or customer lists exist in the Parent Company.

16. Property, plant and equipment

Group

	Short leasehold improvements £'000	Office equipment £'000	Motor vehicles £'000	Fixtures and fittings £'000	Total £'000
Cost					
Brought forward 1 January 2022	**44**	**267**	**--**	**162**	**473**
Additions	**--**	29	--	8	37
Disposals	**--**	(1)	--	--	(1)
Carried forward 31 December 2022	**44**	**295**	**--**	**170**	**509**
Additions	**--**	21	66	27	114
Carried forward 31 December 2023	**44**	**316**	**66**	**197**	**623**
Depreciation					
Brought forward 1 January 2022	**39**	**154**	**--**	**63**	**256**
Charge for year	3	59	--	29	91
Carried forward 31 December 2022	**42**	**213**	**--**	**92**	**347**
Charge for year	2	51	14	28	95
Carried forward 31 December 2023	**44**	**264**	**14**	**120**	**442**
Net book value					
At 31 December 2023	**--**	**52**	**52**	**77**	**181**
At 31 December 2022	**2**	**82**	--	**78**	**162**

17. Leases

The Group has several operating leases relating to office premises and motor vehicles. Under IFRS 16, which was adopted on 1 January 2019, these operating leases are accounted for by recognising a right-of-use asset and a lease liability.

Right-of-use assets:

	Land and Buildings £'000	Motor vehicles £'000	Total £'000
At 1 January 2022	**1,506**	**62**	**1,568**
Reclassification from Investment Properties	256	--	256
Additions	94	--	94
Amortisation	(277)	(28)	(305)
Carried forward 31 December 2022	**1,579**	**34**	**1,613**
Additions	146	--	146
Amortisation	(211)	(23)	(234)
Carried forward 31 December 2023	**1,514**	**11**	**1,525**

Lease liabilities:

	Land and Buildings £'000	Motor vehicles £'000	Total £'000
At 1 January 2022	**2,693**	**47**	**2,740**
Additions	95	--	95
Interest expenses	109	3	112
Lease payments	(555)	(30)	(585)
Carried forward 31 December 2022	**2,342**	**20**	**2,362**
Additions	143	--	143
Interest expenses	95	1	96
Disposals	(32)	--	(32)
Lease payments	(506)	(21)	(527)
Carried forward 31 December 2023	**2,042**	**--**	**2,042**

18. Prepaid assisted acquisitions support

Group

	Total £'000
Cost	
Brought forward 1 January 2022	**1,166**
Additions	102
Carried forward 31 December 2022	**1,268**
Additions	115
Carried forward 31 December 2023	**1,383**
Amortisation	
Brought forward 1 January 2022	**742**
Charge for year – to revenue	185
Charge for year – to cost of sales	44
Carried forward 31 December 2022	**971**
Charge for year – to revenue	148
Charge for year – to cost of sales	34
Carried forward 31 December 2023	**1,153**
Net book value	
At 31 December 2023	**230**
At 31 December 2022	297

Cashback and broker's commission is presented as prepaid assisted acquisitions support

The additions represent sums provided to franchisees that have made qualifying acquisitions to grow their lettings portfolios. The cashback sum provided is based on a calculation of the estimated increase in MSF as a result of the acquisition and the sum provided for broker's commission is based on the charge payable to the broker. In providing these sums, the Group ensures that franchisees are contractually bound to the relevant franchisor for a period in excess of that required for the economic benefits to exceed the sums provided.

Company

No prepaid assisted acquisitions support exists in the Parent Company.

19. Investments

Group

	Shares in listed and unlisted companies £'000	Total £'000
Cost		
At 1 January 2022	**169**	**169**
Movement in fair value of listed investment	(32)	(32)
At 31 December 2022	**137**	**137**
Movement in fair value of listed investment	87	87
Disposal of listed investment	(224)	(224)
At 31 December 2023	**--**	**--**
Net book value		
At 31 December 2023	**--**	**--**
At 31 December 2022	**137**	**137**

Company

	Shares in Group undertakings £'000	Shares in listed company £'000	Total £'000
Cost			
At 1 January 2022	60,675	68	60,743
Movement in fair value of listed investment	--	(15)	(15)
Capital contribution to subsidiaries – share options	45	--	45
At 31 December 2022	**60,720**	**53**	**60,773**
The Mortgage Genie additional consideration	76	--	76
Movement in fair value of listed investment	--	22	22
Disposal of listed investment	--	(75)	(75)
Capital contribution to subsidiaries – share options	170	--	170
At 31 December 2023	**60,966**	**--**	**60,966**
Net book value			
At 31 December 2023	**60,966**	**--**	**60,966**
At 31 December 2022	**60,720**	**53**	**60,773**

The Property Franchise Group PLC was incorporated on 7 October 2013. On 10 December 2013, a share for share exchange acquisition took place with Martin & Co (UK) Limited; 17,990,000 ordinary shares in The Property Franchise Group PLC were exchanged for 100% of the issued share capital in Martin & Co (UK) Limited.

On 31 October 2014, the Company acquired the entire issued share capital of Xperience Franchising Limited and Whitegates Estate Agency Limited for a consideration of £6.1m.

On 5 September 2016, the Company acquired the entire issued share capital of EweMove Sales & Lettings Ltd, and its dormant subsidiary Ewesheep Ltd, for an initial consideration of £8m. Of the total consideration, £2.1m represented contingent consideration, of which £0.5m was paid out on 30 July 2017 and £0.5m was paid out on 31 December 2017. No further sums are due.

On 19 March 2021, the Company acquired the entire issued share capital of Hunters Property plc for a total consideration of £26.1m.

On 6 September 2021, the Company acquired the entire issued share capital of The Genie Group UK Ltd and 80% of the issued share capital of The Mortgage Genie Limited for £0.5m which comprised an initial cash consideration of £0.4m and a deferred consideration of £0.1m, which was settled in the year ended 31 December 2023.

The carrying value of the investment in EweMove has been considered for impairment through value in use calculations and it was determined that no impairment was required in the year ended 31 December 2023.

The carrying value of the investment in Hunters Property Limited has been considered for impairment through value in use calculations and it was determined that no impairment was required in the year ended 31 December 2023.

The carrying values of the other investments (all companies except for EweMove and Hunters) have been considered for impairment and it has been determined that the value of the discounted future cash inflows exceeds the carrying value. Thus, there is no impairment charge.

The listed investments at 31 December 2022 comprised a 0.2% holding of ordinary shares in OnTheMarket plc, a company listed on the Alternative Investment Market. The shares were sold in 2023.

The Company's investments at the balance sheet date in the share capital of companies include the following, which all have their registered offices at the same address as the Company:

Subsidiaries

	Company number	Share class	% ownership and voting rights	Country of incorporation
Martin & Co (UK) Limited	02999803	Ordinary	100	England
Xperience Franchising Limited	02334260	Ordinary	100	England
Whitegates Estate Agency Limited	00757788	Ordinary	100	England
EweMove Sales & Lettings Ltd	07191403	Ordinary	100	England
Ewesheep Ltd*	08191713	Ordinary	100	England
MartinCo Limited	09724369	Ordinary	100	England
Hunters Property Limited	09448465	Ordinary	100	England
Hunters Property Group Limited*	03947557	Ordinary	100	England
Greenrose Network (Franchise) Limited*	02934219	Ordinary	100	England
Hunters Franchising Limited*	05537909	Ordinary	100	England
Hunters (Midlands) Limited*	02587709	Ordinary	100	England
Hunters Financial Services Limited*	02604278	Ordinary	100	England
Hapollo Limited*	08008359	Ordinary	100	England
RealCube Limited*	07736494	Ordinary	100	England
Hunters Group Limited*	02965842	Ordinary	100	England
Hunters Land & New Homes Limited*	06292723	Ordinary	100	England
Maddison James Limited*	05920686	Ordinary	100	England
Herriot Cottages Limited*	04452874	Ordinary	100	England
Hunters Partners Limited*	03777494	Ordinary	100	England
Hunters Survey & Valuation Limited*	02602087	Ordinary	100	England
RealCube Technology Limited*	08139888	Ordinary	100	England
The Genie Group UK Ltd	12372201	Ordinary	100	England
The Mortgage Genie Limited	09803176	Ordinary	80	England
Michael Searchers Property Management Ltd*	03056834	Ordinary	100	England

* Indirectly owned.

All companies in the subsidiaries list above are exempt from the requirements of the Companies Act 2006 relating to the audit of accounts under section 479A of the Companies Act 2006.

On 31 January 2023 Hunters (Midlands) Limited acquired Michael Searchers Property Management Ltd, having applied the concentration test in IFRS 3 it was concluded that the transaction was in substance the purchase of a customer list rather than a business combination.

At the year end, The Property Franchise Group plc has guaranteed all liabilities of all companies in the subsidiaries list above. The value of the contingent liability resulting from this guarantee is unknown at the year end.

20. Trade and other receivables

	Group		Company	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Trade receivables	**2,792**	1,856	**1**	11
Less: provision for impairment of trade receivables	**(892)**	(420)	**–**	–
Trade receivables – net of impairment provisions	**1,900**	1,436	**1**	11
Loans to franchisees	**433**	319	**–**	–
Other receivables	**248**	60	**96**	–
Amounts due from Group undertakings	**–**	–	**952**	770
Prepayments and accrued income	**1,763**	2,143	**38**	9
Tax receivable	**–**	–	**389**	275
Total trade and other receivables	**4,344**	3,958	**1,476**	1,065
Less: non-current portion – Loans to franchisees	**(210)**	(240)	**–**	–
Current portion	**4,134**	3,718	**1,476**	1,065

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing. The expected loss rates are based on the Group's historical credit losses experienced over the previous year. Forward-looking factors are considered to the extent that they are deemed material.

The Group is entitled to the revenue by virtue of the terms in the franchise agreements and can force the sale of a franchise to recover a debt if necessary.

Ageing of trade receivables
The following is an analysis of trade receivables that are past due date but not impaired. These relate to a number of customers for whom there is no recent history of defaults or where a sale of a franchise could be forced to recover debt. The ageing analysis of these trade receivables is as follows:

	2023 £'000	2022 £'000
Group		
Not more than 3 months	**186**	72
More than 3 months but not more than 6 months	**106**	--
More than 6 months but not more than 1 year	**148**	--
	440	72

The Directors consider that the carrying value of trade and other receivables represents their fair value.

Loans to franchisees are secured against the franchise and the franchisees give personal guarantees over all debts. If a loan payment default occurs, the franchisor could force immediate repayment, pursue the personal guarantees or force a resale of the franchise.

Included within "Prepayments and accrued income" is accrued income of £1.2m (2022: £1.1m) in relation to Management Service Fees for some of our brands that are invoiced at the beginning of the month following the month to which they relate and EweMove licence fees. Hunters invoices to franchisees are dated the same month to which they relate; therefore, their December month balance is included in trade receivables rather than accrued income at the year end.

21. Called up share capital

	2023		2022	
	Number	**£'000**	Number	£'000
Group				
Authorised, allotted, issued and fully paid ordinary shares of 1p each	**32,255,107**	**323**	32,041,966	320
Company				
Authorised, allotted, issued and fully paid ordinary shares of 1p each	**32,255,107**	**323**	32,041,966	320

On 10 July 2023, 213,041 shares were issued at £0.01 to the 2 Executive Directors following the exercise of share options.

22. Share premium

	Number of shares	Share capital £'000	Share premium £'000
At 31 December 2023	**32,255,107**	**323**	**4,129**
At 31 December 2022	**32,041,966**	**320**	**4,129**

Share premium is the amount subscribed for share capital in excess of nominal value.

23. Merger reserve

	Merger reserve £'000
Group	
At 1 January 2022	14,345
At 1 January 2023 and 31 December 2023	**14,345**
Company	
At 1 January 2022	**32,335**
At 1 January 2023 and 31 December 2023	**32,335**

Acquisition of Martin & Co (UK) Limited
The acquisition of Martin & Co (UK) Limited by The Property Franchise Group PLC did not meet the definition of a business combination and therefore, falls outside of the scope of IFRS 3. This transaction was in 2013 and accounted for in accordance with the principles of merger accounting.

The consideration paid to the shareholders of the subsidiary was £17.99m (the value of the investment). As these shares had a nominal value of £179,900, the merger reserve in the Company is £17.81m.

On consolidation, the investment value of £17.99m is eliminated so that the nominal value of the shares remaining is £0.1799m and, as there is a difference between the Company value of the investment and the nominal value of the shares purchased in the subsidiary of £100, this is also eliminated, to generate a merger reserve in the Group of £0.1798m.

Acquisition of EweMove Sales & Lettings Ltd
The consideration for the acquisition of EweMove Sales & Lettings Ltd included the issue of 2,321,550 shares to the vendors at market price. A merger reserve of £2.797m is recognised in the Group and the Company being the difference between the value of the consideration and the nominal value of the shares issued as consideration.

Acquisition of Hunters Property plc
The consideration for the acquisition of Hunters Property plc included the issue of 5,551,916 shares to the vendors at market price. A merger reserve of £11.548m is recognised in the Group and the Company being the difference between the value of the consideration and the nominal value of the shares issued as consideration.

24. Own share reserve and other reserves

Own share reserve

Weighted average cost of own shares held in the Employee Benefit Trust.

Other reserves

	Share-based payment reserve £'000	Other reserve £'000	Total £'000
Group			
At 1 January 2022	905	--	905
Share-based payment charge	411	–	411
At 1 January 2023	1,316	–	1,316
Share-based payment charge	783	–	783
Release of reserve – share options exercised	(524)	--	(524)
Deferred tax on share-based payments	--	98	98
At 31 December 2023	**1,575**	98	**1,673**
Company			
At 1 January 2022	905	–	905
Share-based payment charge	411	–	411
At 1 January 2023	**1,316**	–	**1,316**

Share-based payment charge	783	–	783
Release of reserve – share options exercised	(524)	--	(524)
Deferred tax on share-based payments	--	98	98
At 31 December 2023	**1,575**	98	**1,673**

Share-based payment reserve
The share-based payment reserve comprises charges made to the income statement in respect of share-based payments.

25. Borrowings

	Group		Company	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Repayable within 1 year:				
Bank loan (revolving credit facility)	**2,500**	--	**2,500**	--
Repayable in more than 1 year:				
Bank loan (revolving credit facility)	**--**	5,000	**--**	5,000
Bank loans due after more than 1 year are repayable as follows:				
Between 1 and 2 years (revolving credit facility)	**--**	5,000	**--**	5,000

On 30 March 2021, the Company drew down a £12.5m loan facility provided by Barclays to partially fund the purchase consideration for the acquisition of Hunters Property plc. This loan facility comprised:

Term loan – £7.5m drawn down on 30 March 2021 and was repaid early on 28 November 2022.

Revolving credit facility ("RCF") – £5m drawn down on 30 March 2021. £2.5m was repaid on 30 June 2023 and £2.5m was repaid on 3 January 2024. The facility ended on 26 January 2024. Interest was charged quarterly on the outstanding amount; the rate was variable during the term at 2.2% above the Bank of England base rate. The amount outstanding at 31 December 2023 was £2.5m (2022: £5.0m).

The loans are secured with a fixed and floating charge over the Group's assets and a cross guarantee across all companies in the Group.

The cash outflow for borrowings arising from financing activities during the year was £2.5m (2022: £6.1m).

26. Trade and other payables

	Group		Company	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Trade payables	**1,546**	1,627	**12**	51
Other taxes and social security	**1,223**	1,231	**93**	92
Other payables	**315**	230	**71**	–
Amounts due to Group undertakings	**–**	–	**--**	257
Accruals and deferred income	**3,235**	3,636	**1,512**	1,361
	6,319	6,724	**1,688**	1,761

The Directors consider that the carrying value of trade and other payables approximates their fair value.

Included in "Accruals and deferred income" is deferred income of £0.4m (2022: £0.6m) in relation to revenue received in advance which will be recognised over the next 2 years.

27. Deferred tax

	Group		Company	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Balance at beginning of year	**(5,168)**	(5,570)	**412**	377
Movement during the year:				
Statement of changes in equity	**98**	--	**98**	--
Statement of comprehensive income	**823**	402	**457**	35
Release of deferred tax balance relating to share options exercised in year	**(148)**	--	**(148)**	--
Balance at end of year	**(4,394)**	(5,168)	**820**	412

Deferred taxation has been provided as follows:

	Group		Company	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Accelerated capital allowances	**6**	6	**10**	10
Share-based payments	**853**	445	**810**	402
Acquired business combinations	**(5,253)**	(5,619)	**--**	--
	(4,394)	(5,168)	**820**	412

28. Provisions

The provisions relate to dilapidations on office buildings of £0.18m (2022: £0.21m) in relation to Hunters.

29. Financial instruments

Financial instruments – risk management
The Group is exposed through its operations to the following financial risks:

credit risk;

liquidity risk; and

interest rate risk.

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments
The principal financial instruments used by the Group and Company, from which financial instrument risk arises, are as follows:

receivables;

loans to franchisees;

cash at bank;

trade and other payables; and

borrowings.

Financial assets
Financial assets measured at amortised cost:

	Group		Company	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Loans and receivables:				
Trade receivables	**1,900**	1,435	**–**	–
Loans to franchisees	**433**	319	**–**	–
Other receivables	**248**	60	**–**	–
Cash and cash equivalents	**7,642**	6,684	**2,337**	1,539
Accrued income	**1,209**	1,093	**–**	–
Amount owed by Group undertakings	**–**	–	**819**	20
	11,432	9,591	**3,156**	1,559

Financial liabilities
Financial liabilities measured at amortised cost:

	Group		Company	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Other financial liabilities:				
Trade payables	**1,546**	1,627	**11**	51
Other payables	**315**	230	**461**	92
Accruals	**2,845**	3,028	**1,124**	751
Amounts owed to Group undertakings	**–**	–	**--**	257
	4,706	4,885	**1,596**	1,151

All of the financial assets and liabilities above are recorded in the Statement of Financial Position at amortised cost.

General objectives, policies and processes
The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the finance function. The Board receives monthly reports from the finance function through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Capital management policy
The Board considers capital to be the carrying amount of equity and debt. Its capital objective is to maintain a strong and efficient capital base to support the Group's strategic objectives, provide progressive returns for shareholders and safeguard the Group's status as a going concern. The principal financial risks faced by the Group are liquidity risk and interest rate risk. The Directors review and agree policies for managing each of these risks. These policies remain unchanged from previous years.

The Board monitors a broad range of financial metrics including growth in MSF, operating margin, EBITDA, return on capital employed and balance sheet gearing.

It manages the capital structure and makes changes in light of changes in economic conditions. In order to maintain or adjust the capital structure, it may adjust the amount of dividends paid to shareholders.

Credit risk

Credit risk is the risk of financial loss to the Group if a franchisee or counterparty to a financial instrument fails to meet its contractual obligations. It is Group policy to assess the credit risk of new franchisees before entering contracts and to obtain credit information during the franchise agreement to highlight potential credit risks.

The highest risk exposure is in relation to loans to franchises and their ability to service their debt. The Directors have established a credit policy under which franchisees are analysed for creditworthiness before a loan is offered. The Group's review includes external ratings, when available, and in some cases bank references. The Group does not consider that it currently has significant concentration of credit risk with loans extended to franchisees of £433k.

The Group does not offer credit terms with regards to sales and lettings transactions occurring in the offices it operates itself, revenue is typically recognised at the sale's completion date for a property or upon receipt of rent from a tenant.

Liquidity risk
Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future development, the Group monitors forecast cash inflows and outflows on a monthly basis.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities, including future interest charges, which may differ from the carrying value of the liabilities as at the reporting date:

	Up to 3 months	**Between 3 and 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
As at 31 December 2023	£'000	£'000	£'000	£'000	£'000
Trade and other payables	1,861	--	--	--	--
Loans and borrowings	2,500	--	--	--	--
Lease liabilities	83	249	295	892	525
Total	**4,444**	**249**	**295**	**892**	**525**

Interest rate risk
The Group's exposure to changes in interest rate risk relates primarily to interest earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an ongoing basis with the primary objective of limiting the effect of an adverse movement in interest rates. The Group has bank borrowings with a variable interest rate linked to the Bank of England base rate (see note 25). The recent rate increases are in line with expectations and the Group has factored in further changes to its forecasts.

Fair values of financial instruments
The fair value of financial assets and liabilities is considered the same as the carrying values.

30. Share-based payments

There are a number of share options schemes in place which aim to incentivise Executive Directors and senior management. For each of the schemes, the estimated fair value of the option is calculated at the year ended 31 December 2023 (or at the vesting date if earlier) and the fair value, moderated for the extent to which the option is expected to vest, is spread as a charge between grant and the assumed vesting date. Accordingly, a share-based payments charge is recognised in the Statement of Comprehensive Income in the year ended 31 December 2023.

Share Option Scheme 2023
On 17 May 2023, options over 255,953 ordinary shares were granted to the 2 Executive Directors and certain senior managers. All options have an exercise price of £0.01.

These options have a vesting condition based on 2 performance conditions: adjusted basic earnings per share adjusted for exceptional income/costs, amortisation arising on consolidation and share-based payment charges (“adjusted EPS”); and total shareholder return ("TSR") over the 3 years to 31 December 2025. Each performance condition will apply to 50% of the award being made.

In respect of both performance conditions, growth of 20% in adjusted EPS and 48% in TSR over the 3-year period will be required for threshold vesting of the awards (the “collar”), with growth of 42% or higher in adjusted EPS and 72% or higher in TSR required for all of the awards to vest (the “cap”). Straight-line vesting applies between the collar and the cap.

The following principal assumptions were used in the valuation of the grant made in the year ended 31 December 2023 using the Black Scholes option pricing model:

Assumptions	
Date of vesting	30/04/2026
Share price at grant	£3.13
Exercise price	£0.01
Risk free rate	4.50%
Dividend yield	4.50%
Expected life	3 years
Share price volatility	31.00%

Expected volatility is a measure of the amount by which a share price is expected to fluctuate during a period. The assumptions used in valuing each grant are based on the daily historical volatility of the share price over a period commensurate with the expected term assumption.

The risk-free rate of return is the implied yield at the date of grant for a zero coupon UK government bond with a remaining term equal to the expected term of the options.

It’s expected that with an exercise price of £0.01, should the EPS condition be met, the holder will exercise as soon as the option vests. The Group announces its results usually in April. So, it has been assumed that the options will be exercised on 30 April 2026.

EPS is measured as the basic earnings per share excluding any exceptional income/costs and any share-based payments charges.

Management has used the budget for FY24 and the market outlook and projections for FY25 to determine, at 31 December 2023, the achievement of the EPS condition. The expectation is that 23% of the options will vest.

A share-based payment charge of £29,765 has been recognised in the Statement of Comprehensive Income in the year ended 31 December 2023.

The weighted average contractual life remaining of this option is 2 year and 4 months.

Share Option Scheme 2022
On 9 August 2022, an option over 175,000 ordinary shares was granted to the Chief Executive Officer, an option over 115,000 ordinary shares was granted to the Chief Financial Officer and options over 175,000 ordinary shares were granted to senior management. All options have an exercise price of £0.01.

These options have a vesting condition based on 2 performance conditions: adjusted basic earnings per share adjusted for exceptional income/costs, amortisation arising on consolidation and share-based payment charges ("adjusted EPS"); and total shareholder return ("TSR") over the 3 years to 31 December 2024. Each performance condition will apply to 50% of the award being made.

In respect of both performance conditions, growth of 20% in adjusted EPS and 20% in TSR over the 3-year period will be required for threshold vesting of the awards, with growth of 42% or higher in adjusted EPS and 42% or higher in TSR required for all of the awards to vest. Straight-line vesting applies between the floor and the cap.

Management has used the budget for FY24 and the market outlook and projections for FY25 to determine, at 31 December 2023, the achievement of the EPS condition. The expectation is that 55.5% of the options will vest.

A share-based payments charge of £225,556 has been recognised in the Statement of Comprehensive Income in the year ended 31 December 2023.

The weighted average contractual life remaining of this option is 1 year and 4 months.

Share Option Scheme 2021
On 24 April 2021, an option over 700,000 ordinary shares was granted to the Chief Executive Officer and an option over 400,000 ordinary shares was granted to the Chief Financial Officer under this scheme. On 7 July 2021, options over 425,500 ordinary shares were granted to a Director and senior management under this scheme. All the options issued had an exercise price of £0.01.

These options have a vesting condition based on 2 performance conditions: adjusted basic earnings per share adjusted for exceptional income/costs, amortisation arising on consolidation and share-based payment charges ("adjusted EPS"); and total shareholder return ("TSR") over the 3 years to 31 December 2023. Each performance condition will apply to 50% of the award being made.

In respect of both performance conditions, growth of 60% in adjusted EPS and 80% in TSR over the 3-year period will be required for threshold vesting of the awards, with growth of 65% or higher in adjusted EPS and 90% or higher in TSR required for all of the awards to vest. At threshold vesting, 75% of the shares subject to each performance condition will vest.

A share-based payments charge of £466,511 has been recognised in the Statement of Comprehensive Income in the year ended 31 December 2023, this has been calculated on the basis of 100% of the EPS condition being met and 0% of the TSR condition being met (as a market-based condition whose fair value was measured at the grant date as zero and not revisited).

Post period end 100% of the share options vested.

The weighted average contractual life remaining of this option is 4 months.

Share Option Scheme – CEO bonus deferral

On 24 March 2021, the Chief Executive Officer was granted an option over 100,000 ordinary shares. The award of the nil cost option was in substitution for two thirds of the total £150,000 performance-based cash bonus payable to the Chief Executive Officer for the financial year to 31 December 2020, with a 100% uplift based on a 30-day VWAP applied to the deferred element, and became exercisable 2 years' after being granted, subject to continued employment, vesting criteria and malus conditions. Under the award, the Chief Executive Officer is not be able to dispose of any of the acquired shares for a further period of 2 years (save as required to pay tax due on exercise).

This option vested in full and was exercised in the year ended 31 December 2023.

A share-based payments charge of £23,785 has been recognised in the Statement of Comprehensive Income in the year ended 31 December 2023.

Enterprise Management Incentive ("EMI") Share Option Scheme 2020

There were options over 200,000 ordinary shares granted which fully vested and were exercised in 2023.

A share-based payments charge of £37,091 has been recognised in the Statement of Comprehensive Income in the year ended 31 December 2023.

Movement in the number of ordinary shares under options for all schemes was as follows:

	2023		2022	
	'000	**Weighted average exercise price**	'000	Weighted average exercise price
Number of share options				
Outstanding at the beginning of the year	**2,213**	**£0.01**	1,826	£0.01
Exercised	**(300)**	**£0.01**	--	--
Forfeited	**(69)**	**£0.01**	(116)	£0.01
Granted	**256**	**£0.01**	503	£0.01
Outstanding at the end of the year	**2,100**	**£0.01**	2,213	£0.01

During the year ended 31 December 2023:

- 200,000 options were exercised under the 2020 scheme;
- 100,000 options were exercised under the 2020 deferred bonus scheme; and
- 255,953 options were granted under the 2023 scheme.

The outstanding options at 31 December 2023 comprised 1,423,500 options under the 2021 scheme which will vest in full upon the announcement of these financial statements. There were also 421,000 options under the 2022 scheme and 255,953 options under the 2023 scheme whose vesting is subject to conditions and, to the extent those conditions are achieved, will vest in 2025 and 2026 respectively.

The weighted average remaining contractual life of options is 0.8 years (2022: 1.4 years).

31. Related party disclosures

Transactions with Directors

Dividends

During the year, the total interim and final dividends paid to the Directors and their spouses were as follows:

	2023 £'000	2022 £'000
Interim and final dividend (ordinary shares of £0.01 each)		
Richard Martin	**943**	845
Paul Latham	**11**	9
Phil Crooks	**2**	1
Dean Fielding	**5**	5
David Raggett	**55**	46
Gareth Samples	**7**	-
Glynis Frew	**-**	37
	1,023	943

Directors' emoluments

Included within the remuneration of key management and personnel detailed in note 9, the following amounts were paid to the Directors:

	2023 £'000	2022 £'000
Wages and salaries	**1,151**	1,098
Social security costs	**150**	145
Pension contribution	**48**	45
	1,349	1,288

32. Events after the reporting date

Effective 7 March 2024, the Group acquired the entire issued share capital of Belvoir Group PLC, a competitor property franchisor with a network of over 300 franchised offices across the UK operating under 6 brands which also has a significant financial services division comprising a network of over 300 mortgage advisers. The consideration was £107.2m, being £103.5m in relation to a share for share exchange whereby each Belvoir shareholder was issued 0.806377 new shares in The Property Franchise Group PLC and £3.7m cash consideration which was used to settle share option obligations. It is likely that the majority of consideration will be attributed to intangible fixed assets including master franchise agreements, brands, customer relationships and goodwill.

Due to the proximity of the acquisition to the date the financial statements were authorised for issue by the Board, it has not been possible to provide all of the information required for disclosure in accordance with IFRS 3 'Business Combinations'. The main areas of non-disclosure include a qualitative description of the factors which make up goodwill and a fair value of the amounts recognised as of the acquisition date for each major class of assets acquired and liabilities assumed. Further disclosure of the items required under IFRS 3 will be included in the June 2024 half year report.