



Belvoir Group

Opening the door to property, mortgage and franchise expertise

Belvoir Group PLC

Annual report and accounts 2022



Belvoir Group is a leading UK property, mortgage and franchise group operating through two divisions: a network of property franchisees and a network of mortgage advisers, combining to support customers throughout their property journey.

Our purpose

Our purpose is to help people realise their property, mortgage and franchise aspirations.

Our vision

Our vision is to be the agency of choice for our colleagues and our customers, providing the best property, mortgage and franchise expertise in our industry.

Read about our ESG strategy from **page 20**

Read about our stakeholder engagement from **page 16**

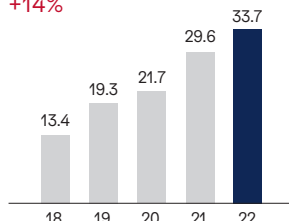
Read about our approach to governance from **page 38**

Our highlights

Revenue (£m)

£33.7m

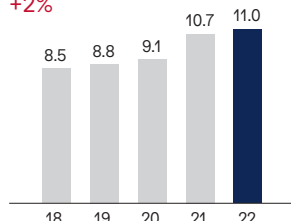
+14%



MSF (£m)

£11.0m

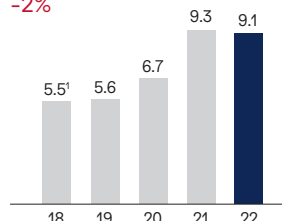
+2%



Profit before tax (£m)

£9.1m

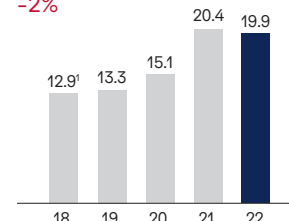
-2%



EPS (p)

19.9p

-2%



Operational highlights

- Acquired Mr and Mrs Clarke, a personal estate agency business operating through ten partners, in March 2022 for £0.05m
- Acquired The TIME Group, a network of 63 financial services advisers, in May 2022 for £4.5m
- Expanded Belvoir's mortgage adviser network by 17% to 284 (2021: 243)
- Operating from 487 (2021: 426²) locations, up 14%, giving greater reach nationwide
- Doubled the number of assisted acquisitions to 14 (2021: 7) deals on behalf of franchisees, adding £3.9m (2021: £1.2m) to their annual revenue, equating to around 4% in total franchise network revenue
- Managed portfolio up 4% to 75,500 (2021: 72,900) properties
- Number of written mortgages up 11% to 18,329 (2021: 16,585)
- Number of house sales down 11% to 10,970 (2021: 12,320), compared with 15% decline in UK house transactions

Financial highlights

- Group revenue increased 14% to £33.7m (2021: £29.6m) with 12% attributable to acquired businesses
- Management service fees (MSF) grew by 2% to £11.0m (2021: £10.7m)
- Profit before tax was just 2% lower at £9.1m (2021: £9.3m), but profit after tax was marginally ahead making 2022 a 26th year of unbroken profit growth
- Continued strong lettings bias reflected in gross profit ratio of 56% lettings, 16% sales, 23% financial services and 5% other (2021: 56%, 19%, 20% and 5%)
- Administrative costs up 16% to £11.2m (2021: £9.7m) with 10% reflecting the increased size of the Group and 6% attributable to inflationary pressures
- The Group continued to be highly cash generative with 107% (2021: 100%) of EBITDA converting to operating cash of £10.8m (2021: £10.3m)
- Year-end cash of £3.2m (2021: £7.4m) after deploying £4.0m on two corporate acquisitions
- Debt significantly reduced by £6.7m to £2.0m (2021: £8.7m) leaving the Group in a net cash position of £1.2m (2021: net debt of £1.3m)
- Increased total dividend per share for the year up 6% to 9.0p (2021: 8.5p)

1. 2018 includes net exceptional credit of £0.6m.

2. Excludes Nottingham Building Society dual-branded branches.

In this report

Strategic report

- 01 Our year in review
- 02 At a glance
- 03 Our investment case
- 04 Chairman's statement
- 06 Our markets
- 10 Our business model
- 12 Chief Executive Officer's statement
- 14 Our strategy
- 16 Our stakeholders
- 20 Sustainability

- 28 Our key performance indicators (KPIs)
- 30 Financial review
- 33 Risk management

Corporate governance

- 36 Board of Directors
- 38 Introduction to corporate governance
- 39 Statement of corporate governance
- 43 Audit Committee report
- 45 Directors' remuneration report
- 48 Directors' report

Financial statements

- 50 Independent auditor's report
- 55 Group statement of comprehensive income
- 56 Statements of financial position
- 57 Statements of changes in equity
- 58 Statements of cash flows
- 59 Notes to the financial statements

Shareholder information

- 82 Notice of Annual General Meeting
- 84 Corporate information
- 84 Corporate calendar
- IBC Our awards

Our business overview

Belvoir Group

Since opening our first lettings office in 1995, to operating two divisions, property franchise and financial services from 487 locations nationwide in 2022, Belvoir has been helping people to realise their property aspirations for over 27 years.

Opening the door to property expertise

Opening the door to mortgage expertise

BELVOIR!

Established in 1995
Historically a lettings franchise, Belvoir now offers both sales and lettings services across the UK.

159 offices



Acquired in 2015
Originally an East Midlands-based estate agent, this network is now a strong regional property brand covering both the East and West Midlands.

39 offices



Established financial services division in 2017
Brook, acquired in 2017, trades as the largest appointed representative of the Mortgage Advice Bureau (MAB), one of the UK's leading networks for mortgage intermediaries. Through Brook, the Group subsequently acquired MAB (Gloucester) in 2018, Nottingham Mortgage Services in 2021 and TIME Mortgage Experts in 2022 and now manages a network of 284 mortgage, protection and financial services advisers operating through 149 businesses.

149 businesses



Acquired in 2020
Based in North Lincolnshire and the Humber, Lovelle is a strong regional, predominantly sales network.

16 offices



Acquired in 2021
Nicholas Humphreys specialises in student lettings in university towns across the UK.

20 offices



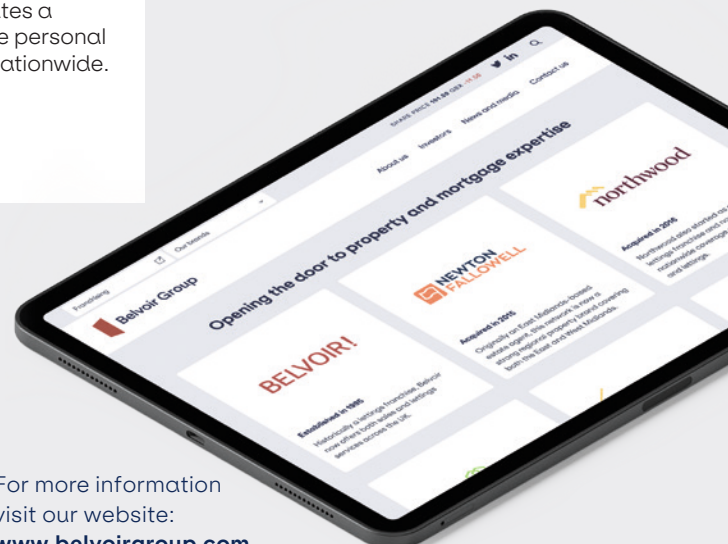
Acquired in 2016
Northwood also started as a specialist lettings franchise and now has nationwide coverage offering both sales and lettings.

91 offices



Acquired in 2022
Mr and Mrs Clarke operates a specialist concierge-style personal estate agency network nationwide.

13 territories



For more information
visit our website:
www.belvoirgroup.com

Why invest?

Belvoir has a proven track record in delivering growth. During the 2007 financial crash, the 2020 Covid-19 pandemic and the current cost-of-living crisis, Belvoir has continued to build on its resilient business model of supporting networks of entrepreneurial business owners. This is underpinned by a strong bias towards lettings, providing a reliable recurring revenue stream.

Proven multi-brand franchise network model



7
brands

Harnessing entrepreneurial self-motivated franchisees and advisers coupled with specialist central support

Learn more about our brands from [page 2](#)

History of strong financial growth

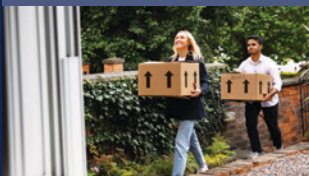


26
years

Unbroken profit growth with profit after tax up threefold in five years

Learn more about our performance from [page 28](#)

High degree of recurring revenue



56%
of gross profit from lettings

Highly cash generative and underpinned by recurring gross profit from core lettings business

Learn more about our risks from [page 33](#)

Diversification



23%
of gross profit generated by financial services in 2022

Gross profit contribution from financial services up from £0.3m in 2016 to £4.7m in 2022

Learn more about our business model from [page 10](#)

Long-serving, experienced leadership team



13
years average length of service

Stable management team with 27 years average industry experience

Learn more about our leadership from [page 36](#)

Successful acquisition strategy



10
acquisitions since 2015

Six franchise brands and four financial services businesses fully assimilated into the Group

Learn more about our acquisitions from [page 13](#)



Building on a successful growth strategy”



I am delighted to be reporting on another successful year for the Belvoir Group, my first as a Non-Executive Director and then from October 2022 as Chairman. It gives me great pride to have been asked to take on the responsibility of chairing a Group made up of so many talented and dedicated people and I firmly believe that Belvoir has a lot to look forward to in the years ahead.

Overview of performance

Belvoir Group is reporting another exceptional year of financial performance despite the market uncertainty caused by the cost-of-living crisis in the wake of both the war in Ukraine and the pandemic, and exacerbated further by the mini-budget in September 2022 and successive interest rate rises. The Group has developed a strategy to protect against such impacts with a diversified approach to its network of property franchises and the ability to balance revenue from both lettings and sales alongside its expanding network of financial services advisers.

Total revenue increased by 14% to £33.7m (2021: £29.6m) which was achieved on the back of a 37% increase the year before. Group profit before tax was marginally lower at £9.1m (2021: £9.3m) but this is still ahead of management expectations given that 2021 was an exceptional year due to the recovery of the market post-Covid-19.

Cash generation and acquisition strategy

The Group continued to be highly cash generative and, after spending £4.0m on acquisitions in the year, is reporting a net cash position as at 31 December 2022 of £1.2m (2021: net debt of £1.3m) with all remaining bank debt repaid since the year end. This is an excellent platform from which to assess further strategic acquisitions in 2023. The Board remains focused on identifying opportunities of all sizes to enhance our diversified business model and to drive additional management service fees by adding to our portfolio of highly respected franchised brands.

Dividends

The Board is pleased to announce a 6% increase in our total dividend to 9.0p per share (2021: 8.5p). Accordingly, the final dividend for 2022 will be 5.0p per share and this will be paid on 22 May 2023 to all shareholders on the register at the close of business on 11 April 2023 subject to shareholders' approval on 18 May 2023.

Corporate governance

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.

 [Learn more about our governance from page 38](#)

Sustainability and ESG

Sustainability and other environmental, social and governance matters are at the forefront of the Board's agenda and form an important consideration in our day-to-day trading and our strategy for the future.

The Board has commissioned external consultants to help the Group achieve a carbon neutral position in 2024 and to set a plan in place for moving towards full net zero in the years ahead. The management team recognises the current climate crisis and, whilst our operations do not cause significant direct harm to the environment, there is a lot the Group can do to minimise carbon emissions and our indirect impact.



The Board is committed to operating a sustainable business and aims to become carbon neutral in 2024.”

The Board also remains committed to its social impact and particularly looking after its employees, franchisees and financial services advisers. The Group will continue to provide extensive support to its franchisees and advisers as they represent the engine of the business. During the year we have also undertaken a staff survey for our direct employees and acted upon that to introduce a range of new benefits including a health cash plan, a new cycle-to-work scheme and birthday leave aimed at improving staff wellbeing and making sure they enjoy working for the Group.

I would like to take this opportunity to recognise everyone involved in the Belvoir Group for their wonderful individual contributions and for their continued commitment to serving our customers. Therefore, on behalf of the Board, thank you to our employees, our franchisees, our financial advisers and our wider network of customers, suppliers and other friends of the Group. Our success is dependent on each and every one of you.



Learn more about our ESG strategy from [page 20](#)

Board changes

I would like to pass on the gratitude of the entire Belvoir Group leadership team to our previous Chairman, Michael Stoop, who stood down in September 2022. Michael is a hard act to follow with his extensive knowledge of franchising and his committed approach to governance and the management of the Board. The Board thanks him for his four and a half years of service and wishes him well for the future.



Learn more about our Board from [page 36](#)

Outlook

Although the market uncertainty seen towards the end of 2022 will continue to have some impact during the first half of 2023, the Group has started the year well and the Board is positive about its medium to longer-term growth trajectory. We have the financial strength to invest in more acquisitions and we are committed to this strategy where it adds value to the Group. I look forward to leading the Board through 2023 and to the opportunities the year will bring us.

Jon Di-Stefano

Non-Executive Chairman

Q&A

with the Chairman

What are the strategic priorities for the Group in 2023?

Our strategic priorities are very clear. First, we will focus on supporting our existing franchisees and our adviser network. They represent the driving force of our business, and their success is our success. This will include continuing to put a significant focus on our extremely successful assisted acquisitions programme. This picked up real momentum in 2022 with 14 acquisitions adding £3.9m of franchise revenue. Second, we will continue to assess and then act upon potential corporate acquisitions. We have the management ability and the financial firepower to take on new property brands and adviser networks when the right opportunities arise. Finally, we are also looking at other ways to enhance our business model either via related services or other franchise businesses or in related sectors such as the professionally managed build to rent sector.

What challenges do you foresee this year?

First and foremost, we have to manage our way through the aftermath of the challenges presented by the mini budget of September last year and rising interest rates. Whilst this has now stabilised, the impact it had on mortgage instructions in the final quarter of last year will affect completed mortgage business at the start of 2023. That said, our extensive network of advisers and our wide customer base enable the Group to offset those challenges by working harder on remortgages where increased interest rates are forcing customers to look for better deals.

We are well diversified across our property franchise portfolio and that means the Group is well set to deal with any further wider economic challenges. Equally, we are in a good position to capitalise on acquisition opportunities that may arise as a result.

What most excites you about Belvoir and your new role?

The Belvoir Group is a wonderful business made up of committed people and managed by an exceptional leadership team. I am most excited to be working with this dedicated Group and helping it to continue to succeed. The business is built upon some well-respected brands and our commitment to our customers is second to none. I take pride every time I read about a franchisee or a financial adviser being recognised by an award or for their customer service and I know that each and every one of them strives to do the same each day.

How would you describe your leadership style?

Leading a board is really about helping others to demonstrate their leadership and strategic skills. Whilst governance and ensuring we remain focused on our ethical and environmental impacts are important, the ability to ensure everyone has a voice and can help to drive our strategy is critical to the success of our Board. I like to think that my leadership style is collaborative and makes sure we will function successfully as a Board, which in turn will promote the wider business and drive the Group to the next level.

Apart from the strategic priorities, where will the Board focus its efforts in 2023?

Aside from our strategic priorities, the Board will maintain a keen eye on our approach to sustainability in the year ahead. We are fully aware of the climate crisis and that every business has a part to play in helping to avert that crisis and reduce its own impact on the environment. I am delighted that the Belvoir Group is committed to being carbon neutral in 2024 and I look forward to working with the rest of the Board and the management team to set out a roadmap to being fully net zero in the years ahead.

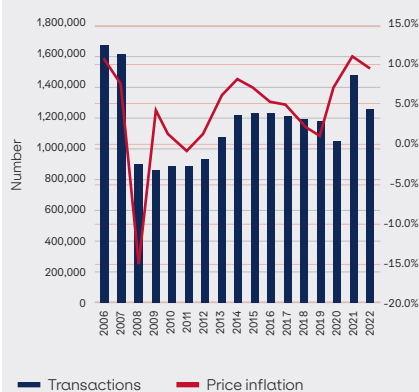
Helping people to realise their property and mortgage aspirations

2022 was a surprisingly good year for the property market, despite the impact of the cost-of-living crisis. More than 1.26 million people bought a new home and rental demand remained high versus supply, driving up rent on new lets by 10.8% year-on-year.

Market trends – property

Residential property sales – second strongest year since 2007

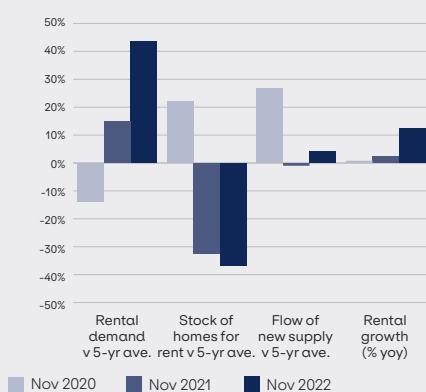
Annual housing transactions and house price inflation



- The residential sales market remained surprisingly resilient until the autumn, reflecting an overhang of cash deposits that had built up during Covid-19 lockdowns and a shortage of supply.
- Transactions in 2022 fell by 15% to 1.26 million¹ (2021: 1.48 million) but were 4% ahead of the pre-pandemic six-year average of 1.21 million¹.
- Property prices increased by 9.3%² year-on-year versus forecast growth of up to 4.0%.

Residential lettings – ongoing severe shortage of rental properties

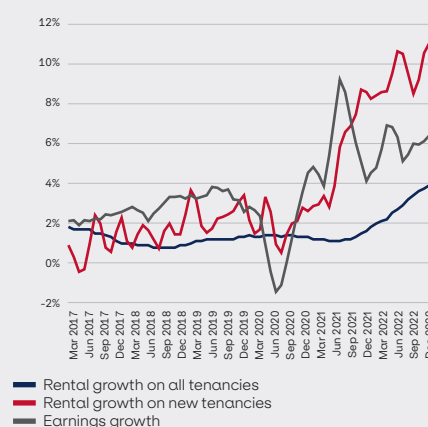
Excess demand in the private rented sector (PRS) continued to push up rents



- Demand was up 46%³ on the five-year average, whilst the stock of available homes to let fell by 38%³.
- Rent on new UK lets increased by 10.8%⁴ whilst rent across both existing and new tenancies rose by 4.2%⁵, the highest rise recorded since the start of the ONS Rental Index in 2016.
- Given the forecast population growth of 2.1⁶ million from 2020 to 2030 and the five-year average of 230,000⁷ net additional dwellings, excess demand for rental properties will prevail.

Affordability – key to both renters and owners

Rent increases on new tenancies outstripping earnings growth



- Upward pressure on both rents and wages means that rents on new tenancies now account for 31.4%⁴ (2021: 30.5%) of household earnings.
- First-time buyer (FTB) house price to earnings ratio was only marginally up at 5.6¹⁰ (2021: 5.5) partly due to a lower level of price inflation on flats which aided FTB affordability.
- However, the average FTB is now spending around 39%¹⁰ (2021: 32%) of take-home pay on mortgage repayments due to the increased rates.

Our response

The second highest number of house sales since 2007 were reported in 2022, second only to 2021.

There is a general consensus amongst forecasts for 2023 at around 1.0 million transactions and prices to fall by no more than 10%.

Our strong estate agency networks, Newton Fallowell and Lovelle, saw sales down 15% in 2022, whereas our traditional lettings networks, Belvoir and Northwood, which have been building their residential sales business in recent years, saw sales fall by just 4%.

Contrary to headlines suggesting an exodus of private landlords, the English Housing Survey 2021/22 reported that the number of households in the PRS had increased by 4% to 4.6 million (2020/21: 4.4 million). This represented 19%⁸ of the overall housing stock, just 1% down on its peak of 20%⁸ in 2016/17.

Only 49%⁹ of private landlords use a lettings agent. Our agents are planning a programme of seminars aimed at educating landlords as to upcoming changes in the PRS and how a professional lettings agent can help them to navigate the new regulations.

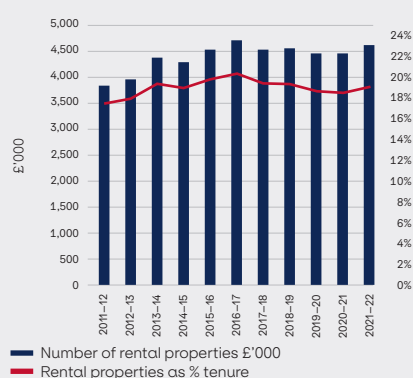
The upward pressure on rents is unlikely to ease as higher borrowing costs and increased regulation drive up landlord costs.

With house prices forecast to fall and more competitively priced mortgage products returning to the market, affordability should improve for home-buyers.

Increased supply is key to moderating both rental and house price inflation. Whilst house building levels have recovered to pre-Covid-19 levels, a fall of 38%¹¹ is predicted for 2023 partly due to the loss of Help to Buy.

Buy-to-let (BTL)

Private rented properties



- Outstanding BTL mortgage debt at December 2022 was 3%¹² up on 2021.
- BTL performed well prior to the mini budget, but mortgage rate rises, with five-year fixed rates temporarily hitting 6.5% in October 2022, made BTL purchases at a high loan-to-value (LTV) less attractive.
- To avoid failing lender's stress tests and to maintain their return, landlords are switching to cash with 59%¹³ of BTL purchases being mortgage-free in 2023 to date, up from 53%¹³ in 2022.

So far this year, 12.1%¹³ of houses sold were a BTL purchase, the same level as in 2022.

Our franchisees are seeing both new and existing landlords attracted by lower house prices in 2023 and forecast rent rises. Furthermore, the ability to fund BTL purchases in cash or with lower LTV mortgages alongside more settled BTL mortgage rates means that the BTL market remains viable for investors.

The Group has good franchisee coverage of northern regions where higher rental yields are attracting new BTL investment.

Technology and online/hybrid models

PropTech advances



- The "PropTech" industry continues to provide the solutions to improving efficiencies in the moving process with increased adoption of technology across the property sector.
- Initial virtual viewings, remote identity checks and digital signatures have made significant savings in time and cost.
- The market share of online agents has fallen from its peak of 8.2%¹⁴ in 2019 to 7.3%¹⁴ with the local expertise of a high street agent being a crucial factor in the agency selection process.

We have invested in technology to improve efficiencies in the sales and lettings process for both home movers and franchisees. This has eroded the technology edge from which online agents previously benefited, with sellers preferring knowledgeable and highly skilled local agents.

In 2022 we acquired a home-based personal agent franchise model, Mr and Mrs Clarke, recognising the different ways in which our customers want to interact with their estate agent and in which potential franchisees want to operate.



Despite predictions of a lower number of house sales, lower house prices and lower rental growth for 2023, given the continued lack of stock, coupled with high equity levels and most homeowners being on fixed repayment mortgages, we expect both markets to remain stable in 2023."

Dorian Gonsalves

Chief Executive Officer

Revenue from lettings

▲ 5%

Revenue from sales

▼ 10%

Revenue from financial services

▲ 26%

Market trends – property continued

Legislation – reform of the private rented sector

2022 saw changing regulations in England and Wales and the failed introduction of rent controls in Scotland with more changes expected in 2023.



- Five UK housing ministers in 2022 slowed progress of the rental reform legislation with no confirmation as to when the minimum EPC rating for rental properties might be raised from “E” to “C”.
- The Building Safety and Fire Safety Acts came into force in April 2022 and January 2023 respectively introducing additional responsibilities for landlords of properties in high-rise buildings, houses in multiple occupation (HMOs) and buildings with self-contained flats.
- In December 2022, the Renting Homes (Wales) Act 2016 replaced assured shorthold tenancies by occupation contracts.
- Scotland introduced rent controls, initially capping rent increases at 0% p.a. but adjusted to 3% following a backlash from landlords.

Our response

Whilst we have training and systems in place to ensure our franchisees, landlords and tenants keep up to date with new legislation, it is increasingly difficult for individual landlords and independent agents to do so. With increasing fines and localised rules being implemented, the need for landlords to instruct a qualified lettings and property management expert becomes more acute.

A Fairer Private Rented Sector white paper – England

Further to the Renters Reform Bill and the Levelling Up white paper of last year, more detailed plans are emerging of the priorities in the reform of the PRS, moving to a system of “fairer private rent”. With the twists and turns of the political landscape and appointments, we have been waiting for clarity to confirm the trajectory is still as billed. We have now been told that the Bill will be produced in March.



There are twelve principal aims in the white paper:

- to halve the number of non-decent rented homes by 2030 and require privately rented homes to meet the Decent Homes Standard for the first time;
- run pilot schemes with a selection of local councils to explore different ways of enforcing standards;
- to abolish Section 21 “no-fault” evictions and deliver a simpler, more secure tenancy structure;
- expedite landlords’ ability to evict based on anti-social behaviour and introduce new grounds for persistent arrears and sale of the property;
- to only allow increases to rent once per year, end the use of rent review clauses, and improve tenants’ ability to challenge excessive rent increases through the First Tier Tribunal;
- to introduce a new single ombudsman that all private landlords must join;
- to target the areas where there are unacceptable delays in court proceedings and strengthen mediation and ADR;
- to introduce a new Property Portal to make sure that tenants, landlords and local councils have the information they need;
- to strengthen local councils’ enforcement powers;

- to make it illegal for landlords or agents to have blanket bans on renting to families with children or those in receipt of benefits;
- give tenants the right to request a pet in their property, which the landlord must consider and cannot unreasonably refuse; and
- to work with industry experts to monitor the development of innovative market-led solutions to passport deposits.

“We see the majority of these reforms as a good step forward for the sector, which quality agents will be able to manage on behalf of landlords with little issue. For example, the Section 21 abolition makes for a dashing headline but, in reality, when they amend the Section 8 notices to allow landlords to serve notice when they wish to sell or move back in the reality is perfectly manageable for landlords and agents. If an Act is implemented, we are ready to guide all franchisees and in turn they will be ready to guide all landlords safely though the changes with our Compliance and Operations team, in the same way we have brought Scotland and Wales through their reforms.”

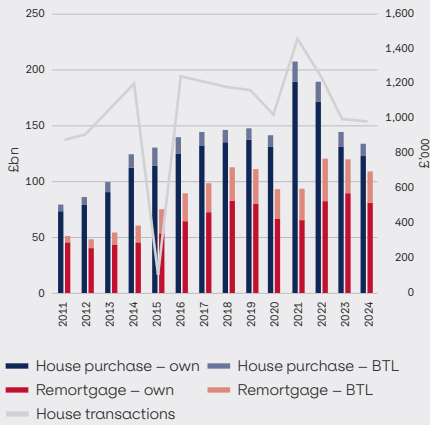
Grace Milham
Group Operations Director

1. <https://www.gov.uk/government/statistics/monthly-property-transactions-completed-in-the-uk-with-value-40000-or-above>
 2. <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/january2023>
 3. <https://advantage.zpg.co.uk/insights/rental-market-report>
 4. <https://homelet.co.uk/homelet-rental-index>
 5. <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/indexofprivatehousingrentalprices/december2022>
 6. <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/bulletins/nationalpopulationprojections/2020basedinterim>
 7. <https://www.gov.uk/government/statistics/housing-supply-net-additional-dwellings-england-2021-to-2022/housing-supply-net-additional-dwellings-england-2021-to-2022>
 8. <https://www.gov.uk/government/statistics/english-housing-survey-2021-to-2022-headline-report/english-housing-survey-2021-to-2022-headline-report#section-1-households>

Market trends – financial services

Mortgage lending

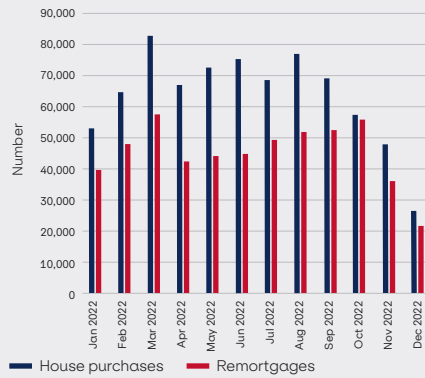
Forecast house transactions ('000) and gross mortgage lending by type (£bn)



- Gross lending is estimated at £322bn¹⁵ in 2022, 4% ahead of 2021, and is forecast to fall by 15% and 8% in 2023 and in 2024 respectively.
- As predicted, the remortgage market remained strong, up 30%¹², but lending for house purchases was down from 2021 by 7%¹².
- The BTL market saw record gross lending in 2022 of an estimated £56bn¹⁶, but this was driven primarily by remortgaging, up 33%¹⁶, with BTL lending for new purchases down by 5%¹⁶ to £17bn 2021.

Remortgages

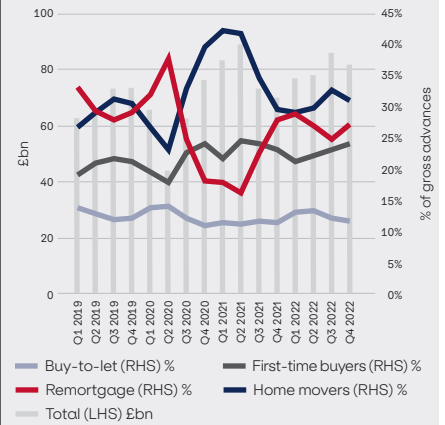
Mortgage approvals – house purchases and remortgages



- Forecast gross remortgaging in 2022 was up 30% to £120bn¹⁵, the highest since 2008.
- The majority of the 1.4 million households with a fixed-rate mortgage ending in 2023 had fixed their interest rate at under 2%¹⁷.
- Despite a forecast fall in house prices, the problem of borrowers with negative equity is expected to be less acute due to higher average deposits.
- Many landlords buying recently bought with cash or are on five-year fixed rates so will not need to remortgage until 2025 at the earliest.

First-time buyers

Borrowers as a percentage of gross advances



- FTBs fell 11% in 2022 to 362,461¹⁸, but remained above the five-year average of 352,000.
- The Bank of England withdrew its affordability stress test in August which benefited FTBs.
- The Help to Buy equity loan scheme closed in October but the Mortgage Guarantee Scheme was extended until December 2023.
- The new Government scheme, First Homes, and the private sector initiative “Deposit Unlock” provide further FTB support.
- Most FTBs in 2022 had locked in comparatively low mortgage rates under two or five-year deals with higher average deposits, giving them a reasonable “cushion”.

Our response

The turmoil created by eleven base rate rises from 0.1% in December 2021 to 4.25% in March 2023 is driving people to mortgage intermediaries, such as Brook. Intermediaries are forecast to rise from 84% to 90%¹⁶ of the mortgage market by 2024 which will benefit our financial services division, especially given our substantial client bank to service.

Following a successful trial, we are rolling out a detailed mortgage qualification process to our website traffic through our Live Chat feature to generate mortgage leads. The direct two-way integration between our property software CRM and our mortgage lead management system will allow our estate agents to send leads straight through to one of our advisers.

Lenders are returning to the 90% and 95% mortgage markets with more competitive rates including to FTBs following the withdrawal of products and sharp rate increases in the wake of the mini budget.

Our advisers are well positioned to provide specialist advice to support FTBs to choose the right product for their needs.

9. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1078643/EPLS_Headline_Report_2021.pdf
 10. <https://www.nationwidehousepriceindex.co.uk/reports/nationwide-building-society-affordability-report-mortgage-rate-rises-add-to-affordability-pressures>
 11. <https://www.housingtoday.co.uk/news/housing-starts-forecast-to-fall-38-next-year/5119842.article>
 12. <https://www.fca.org.uk/data/mortgage-lending-statistics>
 13. <https://www.hamptons.co.uk/research/articles/southern-investors-switch-to-cash#/>
 14. <https://www.twentyci.co.uk/phmr/twentyci-property-homemover-report-end-of-year-2022/>
 15. <https://www.ukfinance.org.uk/data-and-research/data/mortgage-market-forecasts>
 16. <http://www.imla.org.uk/resources/publications/imla-the-new-%60normal-prospects-for-2023-and-2024.pdf>
 17. <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/articles/howincreasesinhousingcostsimpacthouseholds/2023-01-09>
 18. <https://moneyage.co.uk/first-time-buyer-levels-fall-11-in-2022-halifax.php>

Focused on achieving growth

Our business model is built on 27 years of experience of operating a Central Office team providing support and guidance to a network of entrepreneurial individuals with the drive and local knowledge to deliver success.



Our difference

Service excellence

Our experience and focus on customer service have enabled us to stand out from the crowd and are critical to the success of our Group. Our property franchisees and financial services advisers undergo intensive training and regular audits to ensure that they are equipped to deliver our required high standard of service.

Greater financial stability

A strong lettings base providing a recurring revenue stream coupled with an increasing revenue stream from property sales and financial services provide the Group with greater financial stability. Our model also enables our property franchisees to build a capital asset which, unlike income-based franchise options, provides a financial return on exit.

Network model

Both our franchisees and advisers benefit from the backup and support of a Central Office team whilst operating their own business with the entrepreneurial drive of an owner-manager.

Proactive growth

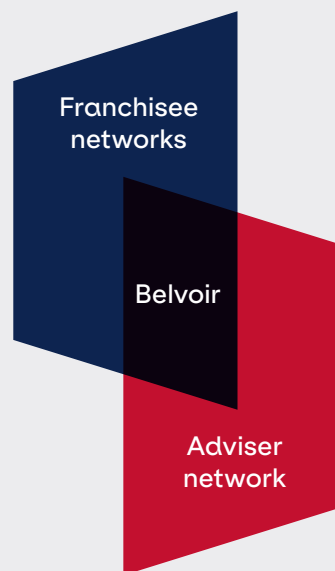
We proactively identify suitable earnings enhancing businesses for our property franchisees to bolt onto their existing business, whilst also initiating the roll out of additional property services, such as financial services, to be offered by our franchisees, providing the opportunity for accelerated and sustained growth.



Our process

Belvoir sits at the centre of our two divisions

Belvoir operates a network of property franchisees and a network of financial services advisers supported by our Central Office team.



BELVOIR!

northwood
Over & Above

NEWTON FALLOWELL

lovelle

Nicholas Humphreys

Clarke.

Mortgage Advice Bureau

These two divisions overlap with our franchisees providing a lead source to our advisers who are well placed to provide mortgage and other property-related financial services advice to our landlords and our homeowners. Our advisers benefit from the reliable lead source, our property franchisees benefit from an additional revenue stream and our customers benefit from the smoother sales progression associated with one of our advisers being involved with the mortgage.

Learn more about our strategy from [page 14](#)

Supporting both divisions

Both divisions are supported centrally to ensure that the individual franchise owners and advisers achieve their growth potential.



Selection

We work closely with potential new franchisees and advisers to ensure that they are a good fit for our business model of high-quality service delivery and sound business ethics. This process minimises the risk to both the Group and our business partners and assures our high success rate.



Brand equity

Our brands are highly regarded and respected for their core values of professionalism and customer service. We invest continually in our brands to ensure that messaging remains fresh and relevant to our markets.



Support

Each franchisee and adviser has a dedicated business mentor who helps them to develop their business. Advice and support are available from Central Office in specialist areas such as legal, IT, compliance and marketing.



Induction

All new franchisees and advisers undertake an intensive induction programme on joining to ensure that they have the necessary skills and know-how to make their business a success.



Networking

We facilitate a culture of learning from each other and sharing experiences through national and regional networking groups and at the annual conference held by each network.



Training

In addition to the induction training, a continual programme of professional training and development is conducted both centrally and via webinars.

Delivering value

Franchisees and advisers

We provide a proactive support system, bringing the best and most up-to-date tools, advice, training and services to our business partners.

141 courses

offering specialist training

Employees

We recognise the need to attract, retain and develop the best talent to our Central Office team, offering opportunities for ongoing learning and professional development, to ensure that we deliver a professional service to our networks.

51 staff

holding or training towards a professional qualification

Customers

Our professional service goes above and beyond legal requirements. Our franchisees' key role is to deliver exceptional customer service to their clients.

4.6



online star rating (independently generated by trustist.com)

Shareholders

Our Board is committed to building a business capable of creating value for our shareholders based on sound business ethics.

EPS down by only 2% following exceptional market in 2021

19.9p

-2%

(2021: 20.4p)

“
**Further
developing our
resilient and
diversified
business model”**



The Group benefited from the resilience of its lettings portfolio and its diversification into financial services.

Overview of performance

Group revenue increased by 14% to £33.7m (2021: £29.6m), marking another record year. The housing sector performed better in 2022 than many commentators had forecast at the start of the year, with UK residential sales transactions down 15% on 2021, but around 6% ahead of pre-pandemic levels, house prices rising by 9.3% and rents across all tenancies up by 4.2%. Meanwhile, the mortgage market saw an increase in remortgages which softened the impact of the fall in activity associated with new house purchase mortgages.

Like-for-like revenue growth was 2%. During the year the Belvoir Group extended its reach through the acquisitions of TIME Mortgage Services (TIME), which expanded the Group's network of mostly self-employed financial services advisers, and Mr and Mrs Clarke (MMC), which provided a platform from which to develop Belvoir's personal estate agency franchise model. As a result, the Group achieved a further 12% growth from its corporate acquisition strategy.

Revenue from the financial services division increased by 26% to £18.1m (2021: £14.4m), of which like-for-like growth was 4%. The Group's network of advisers expanded by 41 advisers to 284 (2021: 243), with the acquisition of TIME enabling greater penetration of the Northwest. As demand for new purchase mortgages fell back, reflecting the lower level of activity in the residential sales market, our advisers benefited from their extensive client books with demand for remortgages increasing as interest rates started to rise. This shift was reflected in our ratio of remortgages to new purchase mortgages moving to 50:50 (2021: 33:67), albeit fees earned from remortgages run at around 70% of new purchase mortgages.

Our property division continued to be underpinned by substantial recurring lettings income. With a stronger lettings to sales ratio of 77:23 (2021: 74:26), revenue from the property division was up 2% to £15.6m (2021: £15.2m). Management service fees (MSF), the key underlying return from franchisees,

were up 2% for the year to £11.0m (2021: £10.7m), and revenue from corporate-owned offices was down 2% to £3.5m (2021: £3.6m) having franchised out the Nicholas Humphreys Burton office in September 2022 in line with our franchising strategy.

Lettings revenue increased by 5% to £11.2m (2021: £10.7m), of which like-for-like growth was 4%. Whilst rents on new tenancies were up 11% by the end of the year, this will take time to roll through to all rental properties as landlords cannot increase the rent mid-tenancy and many choose not to do so until there is a change of tenant. Higher rents on new lets acted as a deterrent to some renters considering moving, which impacted the fees charged to landlords on a change of tenancy.

Sales revenue was lower by 10% to £3.3m (2021: £3.7m), with the like-for-like movement down 15%. Sales MSF from the underlying business fell by just 9%, reflecting a stronger performance from our franchisees when compared with our corporate-owned offices, and indeed the market as a whole, down 15%, demonstrating the power of our franchising model. Our traditional lettings franchise brands, Belvoir and Northwood, which have been building their residential sales business in previous years, reported a fall in sales revenue of just 4%.

The Group's highly successful assisted acquisitions strategy regained momentum following two years of subdued activity due to Covid-19. Franchisees completed on 14 (2021: 7) assisted acquisitions, which added £3.9m (2021: £1.2m) to their revenue and equates to around 4% in total annual franchise revenue against which Belvoir charges MSF. With a strong pipeline of assisted acquisitions at the start of the year, our expectation is that this level of franchise-led acquisition activity will be built on further in 2023.

Group house sales in 2022 were down 11% to 10,970 (2021: 12,320) as anticipated given the strong market in 2021, the number of mortgages arranged by Belvoir's advisers was up 11% to 18,329 (2021: 16,585) supported by an increased adviser base and the

Belvoir Group now manages a portfolio of 75,500 (2021: 72,900) properties. The Group's network revenue, being the total revenue across all our Group companies, our franchisees and our advisers, totalled £121m (2021: £112m).

Our strategic priorities

The Group continued to identify suitable growth opportunities that complement its existing business model. The acquisition of TIME, an established Mortgage Advice Bureau appointed representative, extended the Group's network of financial advisers to support our franchisees at a local level, as well as servicing leads from independent agents. The strategic aim is to achieve greater penetration of financial services to the Group's client base for the benefit of both individual franchisees and the Group as a whole.

The acquisition of Mr and Mrs Clarke provided the Group with a new service offering, which recognises the breadth of ways in which customers want to interact with their estate agent and the different ways in which potential new franchisees or partners want to operate. This network will require further investment in order to build momentum and the Group intends to relaunch the Mr and Mrs Clarke brand at franchise exhibitions later this year. The combination of MMC's strong branding and the expertise and credibility that the Belvoir Group can bring will only strengthen the business' growth potential.

At a franchise level, we remain committed to enabling franchisees to grow their businesses under our assisted acquisitions growth strategy. This is primarily focused on franchisees acquiring the lettings book from a local competitor which has a strong recurring lettings stream. Since 2014, we have supported 126 such transactions which have been an important part of an average MSF per office increase of 68% to £33,500 (2014: £20,000) over the same period.

Creating value

Over the past eight years, the Group has acquired ten businesses that met its strategic investment criteria funded primarily by debt or from cash reserves. The Group is highly cash generative and at the end of 2022 was operating in a net cash position for the first time since 2016. The Board intends to continue its successful growth strategy both at a franchise level, under its assisted acquisitions programme, and at a corporate level in identifying suitable acquisition targets with the aim of further enhancing shareholder value.



The acquisition of Mr and Mrs Clarke provided the Group with a new service offering, which recognises the breadth of ways in which customers want to interact with their estate agent and the different ways in which potential new franchisees or partners want to operate.”

Our marketplace

2022 was a surprisingly good year for the property market, despite the impact of the cost-of-living crisis. Few expected property prices to continue rising, with house price inflation year-on-year at 9.3% (2021: 10.8%), or transactions numbers to fall by just 15%. Despite the significant number of house purchases in 2021, there remained an unsatisfied surplus

demand that supported continued sales activity through most of 2022, with 1.26 million (2021: 1.48 million) households buying a new home. At this level of transactions, 2022 was second only to 2021 in the last 15 years.

Meanwhile, rental inflation remains high, outstripping wage growth, with rents on new lets up 10.8% in 2022. Tenant demand is not being met by new landlord instructions and so the upward pressure on rents continues. The Renters Reform Bill is coming downstream in 2023 and short-term changes in the proposed legislation include the abolishment of Section 21 “no-fault” evictions, a new single ombudsman and once-a-year rent increases. With increasing regulation of the private rented sector, the opportunity for professional lettings agents is to assist the 50% of private landlords who are currently self-managing.

The mini budget in September 2022 created a high degree of uncertainty within the property and related financial services markets, with base rates doubling from 1.75% to 3.5% between August and December. This led to a rapid rise in mortgage lending rates, the withdrawal of many mortgage products by lenders and a tightening of mortgage criteria. This impacted the market in two ways. Firstly, borrowers with pre-existing mortgage offers, which locked in lower interest rates, were keen to complete on their house purchases before their offer expired, resulting in the level of fall-through of transactions in Q4 being relatively low. Secondly, instruction levels for house sales and demand for mortgages in Q4 2022 were adversely affected, down 36% and 32% respectively, with less appetite for making a significant financial commitment on a new house purchase or remortgaging at a higher cost until there was some clarity on Government economic policy and its impact on mortgage rates.

Outlook

The Autumn Statement reversed many of the fiscal initiatives proposed in the mini budget, which somewhat reassured borrowers and lenders. This has seen the return to the market of many mortgage products with strong competition between lenders pushing mortgage rates back down. At the same time, the reduction in house prices since August has helped to improve affordability. As a result, the level of sales instructions and mortgage applications to date in 2023 have shown signs of improvement, up 9% and 21% respectively, compared with Q4 2022. Given the lead time from instruction to completion of a house sale and from mortgage application to drawdown can be up to five months, the improvement in activity so far in H1 is not likely to flow through into financial performance until H2.

The Group's franchise business model is underpinned by its property franchisees and financial services advisers who are highly motivated entrepreneurs and demonstrate the ability to make the most of the opportunities presented in all market conditions. Our property franchisees benefit from significant recurring lettings revenue that contributes around 56% of Group gross profit and our financial services advisers have substantial client books from which to offer remortgages and other financial products, so are not entirely reliant on new mortgage business.

The Board is confident that the resilience and diversity of Belvoir's business model will enable the Group to perform well against the market as a whole in 2023 and beyond, despite the current challenging market conditions.

Dorian Gonsalves

Chief Executive Officer

Strategy for growth

Our medium-term strategy is focused on leveraging our property and franchising expertise to meet our purpose of helping people to realise their property aspirations through a highly professional network of franchisees and advisers.

Links to KPIs

- 1 MSF
- 2 Net financial services commission
- 3 Profit before tax
- 4 EPS
- 5 Number of franchise offices
- 6 Average MSF per office
- 7 Number of managed properties
- 8 MSF p.a. from assisted acquisitions
- 9 Number of advisers
- 10 Number of mortgages arranged

Learn more about our KPIs from [page 28](#)

Links to risks

- A Ability to generate planned revenue and profit growth
- B Ability to recruit and retain skilled franchisees and advisers
- C Reputational risk
- D Ability to execute our assisted acquisitions strategy
- E Legislative and regulation changes
- F Online threat

Learn more about how we manage risk from [page 33](#)

Strategy

1
Group acquisitions strategy

Objective

Accelerating business growth through the acquisition of additional franchised property networks and property-related services companies

2
Assisted acquisitions programme

Increasing the market penetration of existing franchise territories through a proactive approach to finding them a local portfolio acquisition

3
Recruitment

Increasing UK coverage of both our property franchise and financial services networks

4
Diversification

Expanding our offering of property-related services and ways of engaging with clients

5
Marketing and PR

Continuous drive to increase brand awareness across all Group brands

Milestones of 2022

- Acquisition of Mr and Mrs Clarke, a specialist concierge-style personal estate agency business operating through ten partners
- Acquisition of The TIME Group, a network of 63 financial services advisers providing greater coverage in the Northwest

Focus for the future

- Identify other franchise property or financial services networks to bring into the Group
- Position Belvoir to take advantage of further strategic consolidation and alliances within the property sector
- Identify alternative property-related income streams complementary to the Group

Links

Links to KPIs



Links to risks



- 14 (2021: 7) transactions completed by franchisees under the assisted acquisitions programme
- Added £3.9m (2021: £1.2m) of acquired franchisee revenue to the network and £300,000 (2021: £130,000) p.a. in MSF
- 117 (2021: 122) franchisees enrolled on the acquisition research programme

- Target to add around £5.0m of additional annual network revenue under the assisted acquisitions programme in 2023, dependent on market conditions
- Provide a model to convert larger acquisition opportunities for our franchisees
- Position our franchisees to take advantage of consolidation within the sector

Links to KPIs



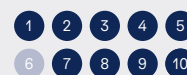
Links to risks



- Ten new franchise owners joined the Group
- Six new franchise offices and six personal estate agency territories opened
- 40 new advisers joined Belvoir's financial services network in addition to those operating under the TIME network
- Successful franchise of one of the Nicholas Humphreys corporate-owned offices to branch manager

- Continue to attract new franchise owners to the Group
- Open offices in new territories
- Facilitate the resale of existing property franchise offices
- Extend our financial services network of advisers across the UK

Links to KPIs



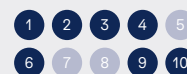
Links to risks



- Through the acquisition of Mr and Mrs Clarke, the Group has a platform from which to develop a personal estate agency franchise model
- 107 estate agency offices offer financial services through a Brook financial adviser
- 154 (62%) of our traditional lettings franchise networks, Belvoir and Northwood, were active in selling houses in 2022

- Encourage collaboration between franchisees and advisers to maximise conversion of mortgage leads
- Extend the range of property-related services offered through our franchise networks
- Identify complementary businesses within the property sector that operate on a similar franchise basis

Links to KPIs



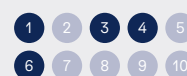
Links to risks



- Launched the new Nicholas Humphreys website on the Group platform
- Launched the new Belvoir Group investor and franchise websites deploying the new Group branding
- Introduced an additional paid Managed Marketing service to help franchisees generate more leads from more effective local marketing
- Launched two new premium sub-brands for Northwood and Belvoir

- Integrate our Group CRM and mortgage advisers for direct lead referral to ease lead generation from our franchise network
- Launch an automated lead responder and nurture programme for inbound leads to help generate more business from our clients
- Further develop our Managed Marketing service to include more lead generation via paid social and display advertising

Links to KPIs



Links to risks



Building strong partnerships

We set out how we have engaged with key stakeholders, which provides valuable input into the Board's decision making.

This engagement sets the context for the strategy set out on pages 14 and 15. In particular our engagement with shareholders has influenced our acquisition, capital structure and dividend policy. Our engagement with our franchisees has influenced our assisted acquisitions programme, our diversification into financial services and the roll out of our new technology programme. Our employees are fundamental to the execution of our strategy. We aim to be a responsible employer, providing a fair package of pay and benefits including opportunities for personal development and sharing in the financial success of the Group.

[Learn more about our key decisions from page 18](#)

Links to KPIs

- 1 MSF
- 2 Net financial services commission
- 3 Profit before tax
- 4 EPS
- 5 Number of franchise offices
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- B Ability to recruit and retain skilled franchisees and advisers
- C Reputational risk
- D Ability to execute our assisted acquisitions strategy
- E Legislative and regulation changes
- F Online threat

[Learn more about how we manage risk from page 33](#)



Franchisees and advisers

Why are they important?

Our local franchisees and advisers are ultimately those who deliver the Group services to our customers

Our priorities

- Excellent training and professional development
- High satisfaction level from our franchisees and advisers
- Embedding the best customer service experience into our business model

Our engagement

- Dedicated MD and Business Development Manager to provide business support
- Ongoing compliance and regulatory updates, training and development
- Regional networking groups and an annual conference enabling franchisees and advisers to share ideas
- Academy held for new financial advisers joining the industry

Outcomes

- Increased average revenue per franchise office
- Increased average written mortgage business per adviser
- High level of success across our networks

Links to KPIs

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10

Links to risks

- A
- B
- C
- D
- E
- F



Employees

Why are they important?

People lie at the heart of everything that we do, so attracting and retaining talented individuals is an important success factor

Our priorities

- Recruitment and retention
- Staff training and wellbeing to develop effective teams
- Incentivising and rewarding staff

Our engagement

- Annual personal development review and regular one-to-one meetings between staff and their line manager
- Twice-yearly team briefings held by the CEO and CFO to give updates on Company performance and gather employee feedback
- Senior and long-serving staff are incentivised through Company share option schemes

- 60% of staff have length of service of over two years
- 17 of our senior and long-serving staff were awarded share options in 2022
- Our recent staff survey reported that 85% of staff were proud to work for the Company and would recommend it as a good place to work

Links to KPIs

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10

Links to risks

- A
- B
- C
- D
- E
- F



Communities

Why are they important?

The vibrancy of our local communities is critical to the success of our independent business networks

Our priorities

- Providing youth employment opportunities
- Encouraging an ethos of charitable giving
- Promoting investment in local businesses

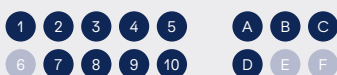

Our engagement

- Apprenticeship opportunities for young people from our local community
- Ten young people were given a permanent job in the Group following their Kickstart placement
- Participation in fundraising events across the Group

- Four apprentices were recruited in 2022
- Ten Kickstart placements developed into permanent roles
- Six new franchise offices opened in 2022, providing local employment opportunities

Links to KPIs

Links to risks

Shareholders

Why are they important?

As owners of the Belvoir Group, our shareholders need to understand and have confidence in the business strategy

Our priorities

- Transparency of our business operations to investors
- Aligning Group strategy with the interests of shareholders
- Making Belvoir an attractive and reliable investment proposition

Our engagement

- Regular virtual investor presentations and one-to-one meetings providing institutional and private investors direct access to our CEO and CFO
- All recorded CEO interviews uploaded to the PLC website, www.belvoirgroup.com
- Clear guidance to shareholders

- 51% of our shares are now in the hands of retail investors
- Our two largest institutional investors at flotation remain shareholders
- Positive investor feedback on engagement, accessibility and transparency

Links to KPIs

Links to risks




Regulators

Why are they important?

The regulators are responsible for setting industry standards that give customers confidence in our sector

Our priorities

- Adhering to industry standards as a minimum
- Educating franchisees and advisers on new regulations
- Meaningful engagement with the regulator and other Government bodies

Our engagement

- Belvoir attends quarterly meetings of The Lettings Industry Council
- Belvoir submits monthly data to Propertymark to help drive informed statistics for key Government initiatives
- Belvoir participates in discussions on key industry legislation changes and regulatory reforms, including the Renters Reform Bill

- Encourages use of accredited, trained and fully insured property professionals
- Ensures all customers are treated fairly
- Improves standards across the sector

Links to KPIs

Links to risks



Key decisions

Directors' Section 172 statement

Businesses do not operate in isolation. Without a good understanding of who the key stakeholders are and their needs, a business will fail to deliver sustainable value to shareholders and other stakeholders.

The Directors take their duties under Section 172(1) of the Companies Act 2006 seriously and consider that they have acted in the way they consider, in good faith, would promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in Section 172(1) (a–f) in the decisions taken during the year ended 31 December 2022. Our key decisions in 2022 are set out on page 18.

Our aim to support customers throughout their property journey. We do this primarily through our franchisees and our network of advisers. The Board considers its key stakeholders to be its franchisees and advisers, employees, the communities in which the Group operates, shareholders and regulators. The Board takes seriously the views of these stakeholders in setting and implementing our strategy. To the extent that it is relevant, in addition to the stakeholders discussed opposite, the impact on the environment and the communities in which the Group operates is considered when making decisions.

Key decisions in 2022


Acquisition of Mr and Mrs Clarke

This enabled the Group to extend the reach of its franchise offering through a specialist personal agency business model, providing valuable operational and business development support to the franchisees within the Mr and Mrs Clarke network and enhancing the quality of services available to the local communities in meeting their property aspirations.

Acquisition of The TIME Group

This enabled the Group to extend its network of financial service advisers providing specialist high-quality mortgage advice to house-buyers and giving greater coverage of our franchise businesses in the Northwest.

Both acquisitions provide future incremental return to investors.

 Learn more about our acquisitions from [page 14](#)

Franchise out of the corporate-owned Nicholas Humphreys offices

Each of the branch managers of the three corporate-owned Nicholas Humphreys offices were given the opportunity to become the franchise owner of their office. This resulted in the franchising out of the Burton and Derby offices in September 2022 and March 2023 respectively, enabling these two entrepreneurial individuals to build further on an established local business in their community.

Bank funding

Having settled the outstanding bank loan in Q1 2023 and given the cash generative nature of the Group, the Board decided to put in place a £1m overdraft facility with HSBC to cover any unforeseeable short-term cash requirements that would enable further acquisitions aimed at increasing shareholder value.





MR. and MRS. Clarke.

Strategy in action

Aligning to strategic goals

The acquisition of Mr and Mrs Clarke in March 2022 provides the Group with a new service offering, which recognises the breadth of ways in which our customers want to interact with their estate agent and the different ways in which potential new franchisees or partners want to operate.

Expanding our strategic opportunities with a discerningly different offering

The barrier to entry for our more traditional bricks and mortar offering can be very high. With the brokerage model growing within the estate agency sector, we see this as a strategic opportunity to have a lower cost entry option and introduce a high-quality personal agency model with the flexibility to work from home.

The Mr and Mrs Clarke franchisees run their own business with support from the Mr and Mrs Clarke head office team. There is a design studio to create bespoke marketing, a cutting-edge CRM system to manage business, an online social network to learn and collaborate, and a PR and social media team to build national brand awareness and help with local lead generation.

As part of Belvoir, Mr and Mrs Clarke will benefit from a broad range of skills and expertise to support expansion of its network as well as the credibility of being part of an established, highly respected Group that is very experienced in estate agency, lettings, franchising and financial services.

The Instagram Agency

Mr and Mrs Clarke has created a digital-first brand centred on being “discerningly different” by advertising homes in a truly beautiful way, with an industry-leading website that enables its partners to run their businesses effectively without a high street office.

Brand awareness, PR and social media are at the heart of what makes the Mr and Mrs Clarke brand so attractive to potential franchisees. That’s why The Telegraph said that Mr and Mrs Clarke is “The Instagram Agency”.

16
agents covering the UK

17,500
people following Mr and Mrs Clarke on Instagram

Our sustainability journey

Having launched our ESG strategy last year, we aim to become carbon neutral in 2024 and are looking at how to achieve net zero thereafter.

While we have made progress in many of the pillars set out in our strategy last year, we are especially proud of our progress regarding people and the work we have undertaken to measure our carbon footprint.

Being a service-based business, our people are our most important asset. In early 2022 we conducted a staff survey which provided some valuable insight and ideas about what improvements and changes would be meaningful to them. As a result we have rolled out a number of additional benefits including birthday leave and Medicash health benefits and have made a number of improvements to the main Central Office to create a more positive working environment. We have recently run the survey again and will continue to do so on an annual basis to ensure we maintain a positive feedback loop with staff.

We have always prided ourselves on our dedication to growing and developing apprentices. Almost every apprentice we have employed in recent years is still with us and is an incredible asset to the business. In 2022 we took on another two apprentices with a further one having just started at the beginning of 2023. On a similar note our engagement with the Government Kickstart Scheme has led to ten additional people having been employed on a permanent basis by our franchisees.

Our decarbonisation strategy

A key ESG focus for us in 2022 was our carbon footprint. In order to make positive change in this area we employed the services of sustainability consultancy Orbis Advisory which has developed a project plan to help us achieve the following goals:

- accurately measuring our current carbon footprint;
- make positive changes to decarbonise as much as possible;
- offsetting any remaining carbon using relevant and reputable schemes; and
- achieving a carbon neutral position in 2024.

We have achieved the first of those goals and after an extensive exercise of collating data, Orbis Advisory has conducted its analysis and produced an overview of our carbon footprint. The carbon footprint is calculated in accordance with the GHG Protocol; however, note that franchisees were excluded from the 2022 calculations.

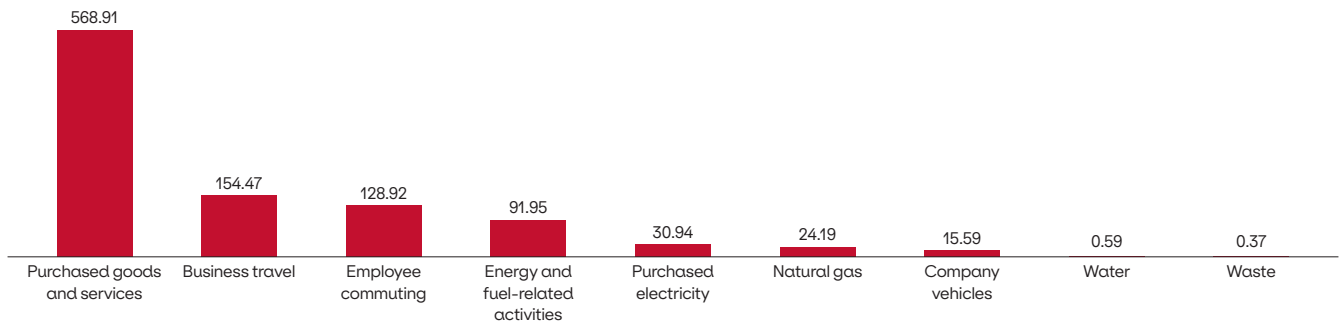
The table below details our emissions by scope giving a total of 1,015.92 tCO₂e in 2022. The emissions intensity by full-time employees of 7.42 will be tracked and monitored on an annual basis. The graph opposite analyses the sources of our emissions, with purchased goods and services accounting for the majority of our emissions (56%), followed by business travel (15%) and employee commuting (13%).

Emissions by scope and intensity metric

Scope	Emissions (tCO ₂ e)
Scope 1	39.78
Scope 2	30.94
Scope 3	945.21
Total	1,015.93
Emission per FTE	7.42

In accordance with the GHG Protocol, calculations in this footprint are based on the principle of operational control. Under this approach, the footprint accounts only for emissions from assets under the Belvoir Group's operational control, meaning assets for which the Group can introduce and direct operating policies. This included all of our Central Office locations, and any corporate-owned lettings and estate agency businesses, totalling eight locations. The time period for which the data was measured was 2022.

Distribution of Belvoir's emissions in tCO₂e for 2022 by emissions driver, largest to smallest



Having measured our carbon output, we can now begin the process of decarbonisation.

To increase the positive impact of our work on our carbon footprint, we have a clear engagement strategy in place via a series of three online workshops held by Orbis Advisory and us. The aim of these workshops is to bring the franchisees along on our journey, and to motivate and engage them and ultimately provide the knowledge and guidance needed to embark on their own ESG strategies. Each workshop can be attended live digitally but will also be recorded and held on our internal intranet so franchisees have access to this content as and when it becomes appropriate for their business.

Workshop 1: Overview of calculating our carbon footprint, why it's important, how we do it and how it fits within the wider strategy.

Workshop 2: Introductory training on calculating and reducing carbon footprint.

Workshop 3: More in-depth training on reducing carbon footprint and offsetting.

Our material issues and strategic focus areas

Building trust

- Culture and values
- Trust and transparency
- Affordability and accessibility

Read more detail on building trust on [page 23](#)

Raising standards

- Professional integrity and standards
- Tenants' and landlords' rights
- Greener homes

Read more detail on raising standards on [page 24](#)

Nurturing talent

- Talent attraction and retention
- Diversity and inclusion
- Employee wellbeing

Read more detail on nurturing talent on [page 25](#)

Harnessing technology

- Technology and digital transition
- Energy use and emissions

Read more detail on harnessing technology on [page 26](#)

Building local businesses

- Supporting entrepreneurship and SMEs
- Socioeconomic development

Read more detail on building local businesses on [page 27](#)

Group ESG strategy

Our five-pillar ESG strategy was launched last year after a process of collaboration with internal stakeholders, interviews with external stakeholders, research and a comprehensive review of our material ESG issues. Our aim was to create an ESG strategy that was relevant and meaningful to our stakeholders and worked to resolve issues for which we could have a significant impact. Each pillar has been broken down into areas of interest and metrics chosen to support each one to focus our efforts and to measure progress.





Building trust

A strong culture of integrity and professional ethics underpin what we do. We develop trusted relationships with our stakeholders by being straightforward, honest and open in all our communications and transactions at every level of our business.

Culture and values

It is important to us that our culture and values are not only known across the business but are felt too. We introduced a staff survey last year for the first time to help us ensure that all staff had a way to make their views and opinions known to the Board. 85% of staff who answered the survey agreed with the statement “I am proud to work for the Company and would recommend it as a good place to work”, which was up from 80% last year.

85%

of staff are proud to work for Belvoir

Trust and transparency

To maintain a strong sense of trust and transparency with customers, we display all reviews on our website no matter the sentiment. We feel that this allows potential clients to get genuine insight from our reviews before deciding to work with us which makes the customer experience more valuable for both parties.

Our Trustist review scores are generated from reviews from multiple review sites including Google, Facebook and allAgents.

4.6 stars

Trustist score for all offices across all brands

Affordability and accessibility

Affordability and accessibility are important factors and ultimately the rent we charge will be in line with the market to reduce the possibility of costly rent arrears.

Franchisees conduct rent reviews on an annual basis to ensure the rents charged are appropriate for the market to ensure fair rents for both our clients and our landlords.

According to the ONS, the average weekly median household disposable income in 2022 was £619¹. The average weekly rent charged by Group offices was £207.55.

34%

Average weekly rent charged by Belvoir Group offices in 2022 was 34% of the average of median household disposable income

1. [https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/householddisposableincomeandinequality/financialyearending2022#:~:text=2.,\(ONS\)%20Household%20Finances%20Survey](https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/householddisposableincomeandinequality/financialyearending2022#:~:text=2.,(ONS)%20Household%20Finances%20Survey).



Case study – building trust

Richard Morris, Newton Fallowell Loughborough

“I have been an estate agent for a long time and took on the Newton Fallowell Loughborough office eight years ago when it rebranded after the previous owner decided to sell. Because I was a former employee and then went on to become the boss, it gave me a different perspective on culture and values. I decided to take steps to develop an environment where employees felt that their views mattered, and they felt happy working in a family-run business where they knew their work and their input was appreciated.

“As an example of how we achieve this, whenever anyone joins the team at Newton Fallowell Loughborough they receive a welcome pack, which contains a book called “The Art of Being Brilliant” by Andy Cope. The book is full of tips and advice to enhance personal development, communication and leadership – all of which is so important in business. We then encourage people to share their top take-aways from the book. We also have a WhatsApp group where the team can share positive quotes and videos, and personal achievements. We have team meetings where we talk about what we are good at and what changes we can make to move from being good to being great. It is the team that comes up with the answers to these questions, and we then try and implement their ideas to help move the business forward.

“Our values at Newton Fallowell Loughborough all encompass honesty – honesty with ourselves, honesty with each other and honesty with our customers. If someone makes a mistake, they hold their hands up to it, learn from it and we move on. I like to think that these values come naturally to everyone, and we have created a culture of creativity and empowerment that provides an excellent customer experience.”



We have created a culture of creativity and empowerment that provides an excellent customer experience.”



Raising standards

We maintain the highest professional standards across our network through guidance, support and training for our franchisees and advisers, so they can offer a quality service to customers, protect tenants and buyers, and support landlords in providing safe homes that meet energy efficiency standards.

Professional standards and integrity

Our professional standards are what make us stand out from our competitors and keep our clients safe. We have a team of industry professionals dedicated to upholding these standards by providing guidance for franchisees, keeping them abreast of compliance updates and carrying out extensive annual audits. Each office's audit acts as a snapshot of how that franchisee conducts itself from a compliance point of view and a score is attributed to each office and key points followed up to ensure our risk and our franchisee's risk is managed as much as possible.

86%

Average audit score for 2022

Tenant and landlord rights

Our intention is always to act in a way that is fair for both landlords and tenants (as well as vendors and buyers) and as such we monitor the number of complaints for our offices with The Property Ombudsman, the industry's independent redress scheme, to ensure they remain as low as possible compared to the industry average.

0.15

Number of supported complaints with TPO in 2022 per office on average

Greener homes/business

In order to make as much difference as possible with our ESG strategy, we believe that it's our responsibility to start raising questions with our key suppliers to motivate and encourage them to have their own ESG strategies.

We have introduced a simple change to our supplier management process and now ask every supplier that comes on board whether it has an ESG strategy. Our intention is to encourage suppliers who do not already have an ESG strategy to think about implementing its own policies, and in doing so prompt some positive change that spreads further than our own doorstep.

All new suppliers now asked if they have an ESG strategy as part of supplier onboarding process



Case study – raising standards

Grace Milham, Belvoir Group Operations Director

“Every year, each office within the Belvoir Group undergoes a detailed financial and compliance audit. A total of 139 points are checked, after which the office is awarded a grade, and this helps the franchisee and us to see immediately whether their standards have been maintained or improved upon from the previous year. If the audit uncovers something that might have serious consequences for the brand, we will work with that franchisee until any problem areas have been rectified and this will be rechecked the following year. Franchisees are offered support from the Operational Specialist team if needed, or if they seem to be struggling with a particular point on the check list, so that we can ensure that they get it right the next time the audit is conducted.

“A number of offices do manage to achieve 100% in their audit, which is incredible given the amount of legislation that has been implemented in recent years. This is a heavily regulated industry and enormous effort and investment are committed to helping offices remain compliant.

“The auditing process is also very helpful to offices, as it provides an annual health check that enables franchisees to understand how their teams are performing. Audits also help to ensure that standards are enforced across the entire Belvoir Group, which in turn benefits our clients and the national brand.

“We have a total of three auditors, who physically go out to each office to conduct the audits, which take about four hours to complete. Auditing is a comprehensive and thorough process, and one that is taken very seriously by the team, as this is a contributory factor to the Belvoir Group retaining its outstanding reputation for professionalism and transparency within the sector.”



Audits help to ensure that standards are enforced across the entire Belvoir Group, which benefits our clients and the national brand.”



Nurturing talent

We attract and retain a talented team that offers unrivalled support to our network by investing in its development, supporting its wellbeing, and reinforcing an inclusive and open Company culture.

Talent attraction and retention

We are fortunate enough to have many very experienced members of staff at all levels who provide an invaluable amount of stability and knowledge and help support and guide the newer members of the team.

28%

of employees have over five years' service

We endeavour to support our staff, franchisees and franchisees' staff with plenty of opportunities for professional development and last year we launched our first Group-wide training academy and employed a dedicated in-house training manager. We also ran a mini MBA training course for all managers for their further development.

141

training courses held in 2022

Diversity and inclusion

Creating a diverse and inclusive workforce and culture is something we are continually working on, appreciating the benefits this brings with regards to experience, insight and multiple points of view. As part of our staff survey 85% of our staff agreed with the following statement:

"The Company demonstrates a commitment to improving diversity."

85%

of staff agree that the Company demonstrates a commitment to improving diversity

To further support this we have just developed and launched a new training course covering both cultural awareness and unconscious bias so we can ensure everyone has the insight and knowledge to work with clients and colleagues more confidently and respectfully.

Cultural awareness and unconscious bias training course introduced

Employee wellbeing

Many of the recent staff benefits introduced have been with employee wellbeing in mind. Medicash health benefits were offered to all staff members to help cover all of their healthcare needs, the ability to sell and buy up to five days of annual leave was introduced to allow people to take more control over their time and everyone was given their birthday off. A mental health library has been introduced and extensive redecoration and improvements have been carried out to our Central Office greatly improving people's working environment. We also have five trained mental health first aiders among staff.

23%

of employees had one or more periods of absence in 2022



Case study – nurturing talent

Garth Stinson, Senior Trainer, Belvoir Group

"I joined the Belvoir Group in August 2022 after a lengthy career in the military and civilian police force, where most recently I was a lecturer at the Lincoln Police Academy, focusing on leadership and teamwork.

"Since starting my new role at Central Office, a brand-new comprehensive version of the three-week induction course has been developed, which will include all the knowledge that franchisees require to launch their businesses, but we will also equip them with more leadership and people skills, as these are key to success within this industry.

"In addition, I am working on an exciting new High-Growth Progression Course, which will be piloted to twelve of the Group's most high-performing franchisees. Should this scheme prove successful it will be rolled out across the Group and longstanding franchisees can benefit by accessing further management and relationship building skills as well as enhanced customer service and confidence building within their teams.

"Each brand within the Belvoir Group has its own ethos and training requirements, and we know that by getting the training right for these brands, we will make a huge difference to their businesses. I have compiled a prospectus of about 100 new training courses, and aim to make these as accessible, affordable and convenient as possible. Although it is important that many courses are delivered face to face at Central Office, we will be developing versions that can be accessed via video and/or webinars. We recognise that there is also a need to provide regional training courses, and this is something that is planned for the future, as well as post-course support through the franchisee's journey with the Belvoir Group.

"My ultimate aim, which is shared by the Senior Management Team, is to make the Belvoir Group training academy the very best of its kind in the UK."



Each brand within the Belvoir Group has its own ethos and training requirements."



Harnessing technology

We invest in integrated and fully supported IT solutions in partnership with sector-specialist software providers to build efficiency and effectiveness through our network, to reduce our environmental impacts and to meet changing customer needs.

Technology and digital transition

In an ever-evolving industry, efficient use of technology is key to ensuring our business is run efficiently, and that we can effectively capitalise on all available income streams. The significant progress made on our long-term project to move every franchised business across to one central CRM means we are much closer to having all important centralised data at a level we haven't had before, enabling us to execute more strategic nurture journeys and giving us a greater understanding of business performance and customer behaviour. Investment in other customer-facing digital marketing tools such as online chat and instant online valuations and continually developing our websites keeps us on the front foot and exceeding customer expectations compared to our competitors. Further investment in cyber security and updating the IT fundamentals of our business operations provide necessary protection in an ever-changing digital landscape. We have a security first approach to all our key systems; all staff receive phishing simulation emails and cyber-user awareness training on an ongoing basis. We are working with users to adopt good cyber hygiene working practices to help mitigate risk.

£51,215

Absolute expenditure on R&D

Energy use and emissions

This is an area of focus and we have instructed a professional third party to help us measure our own carbon footprint with a clear project plan in place to become carbon neutral by reducing our carbon output as much as possible and offsetting the rest.

You can read much more about our carbon neutral project on pages 20 and 21.

Improvements made to our Central Office building to increase insulation and switch to LED lighting and new, more energy efficient boilers further support this aim.

1,015.92 tCO₂e

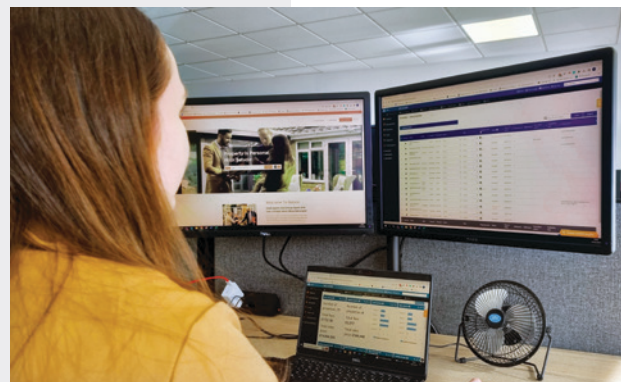
Our current carbon footprint

Net zero target

One of the recent benefits rolled out to staff is an updated cycle-to-work scheme, a salary sacrifice scheme to help staff purchase bikes and accessories.

The carbon footprint work we are doing with Orbis Advisory is a precursor project to hopefully enable us to begin a journey to becoming net zero.

Cycle-to-work scheme launched



Case study – harnessing technology

David Newton, Belvoir Group Marketing and IT Director

“In terms of harnessing technology, 2022 was another very busy year for the Belvoir Group, as we continued the process of moving all offices onto a common Customer Relationship Management (CRM) platform.

“It is our intention to fully integrate this CRM platform into our technology stack to help us increase automation and therefore enhance the customer journey and customer interactions. The integration of CRM into our email marketing platform has enabled us to further nurture potential leads, as well as maintaining contact with current clients and retaining contact with past clients. The 24/7 live chat facility has also proven to be popular, as it makes it easier for people to communicate with us at any time of day or night.

“Importantly, this integration process also enables easier referrals into our growing mortgage business. A successful pilot trial allowed easy access to our large database of tenants, landlords and sellers and will now be rolled out to all brands across the Belvoir Group.

“Throughout 2022 we continually reviewed our customers' needs and worked on how the Belvoir Group could best satisfy them. To do this we have invested in the very best products that are able to provide the necessary functionality that is open to integration on our Application Programming Interface (API).

“Future plans for 2023 include launching an automated lead response and nurture programme. The integration and automation facilitated within this programme will increase efficiency by reducing the risk of human error through manual input and automatically removing duplications.”



We continually reviewed our customers' needs and worked on how the Belvoir Group could satisfy them.”



Building local businesses

We find, support and develop skilled entrepreneurs to grow their own businesses, expanding our network and providing much-needed investment and employment opportunities in local communities across the UK.

Supporting entrepreneurship/SMEs

Supporting our franchisees is key to our overall success. A combination of Central Office and field support, tailored to the needs of our different brands, ensures that franchisees have the knowledge, training and tools that they need to grow their businesses. A third-party independent survey of our franchisees asked the franchisees how committed they were to growing their business, the results of which are below.

Franchisees committed to expanding their business

Belvoir	Northwood	Newton Fallowell
83%	89%	100%
Lovelle	Nicholas Humphreys	
75%	100%	

It is important to us that we source talented people from our local community as much as possible to ensure we are helping to support our local economy. 92% of our Senior Management Team based at our Central Office are from within a 50-mile radius.

92%

of Senior Management Team hired from local community at significant location of operation

Socioeconomic development

Most of our franchises are owned and run by local people and provide jobs for around five people per franchise on average. Many of our franchises work closely with their local communities, sponsoring local school events and sports teams and raising money for charity. Centrally organised charity fundraising has raised funds for Crisis, Just a Drop, Community Heartbeat and British Heart Foundation as well as for smaller charities in and around Grantham.

£5,185

Total raised for charity from centrally organised activities*

* Not including amounts raised by franchisees' individual fundraising activities.



Case study – building local businesses

Brian and Loretto Linehan, Belvoir Southampton and Belvoir Basingstoke

Brian and Loretto Linehan are an entrepreneurial husband-and-wife team who launched Belvoir Southampton as a cold start in 2013. In 2015 they expanded their business with a small acquisition, but in November 2022 they bought Belvoir Basingstoke from the retiring owner, completing on the second largest resale in Belvoir's history. Within ten years of joining Belvoir, Brian and Loretto are now operating two businesses with a combined turnover of over £1.8m.

"Since starting Belvoir Southampton we have been consistently committed to growing and developing the business, whilst providing the very best customer service to our clients," says Brian. "The acquisition of Belvoir Basingstoke was very exciting for us, as it is a large and very successful estate and lettings agency, with a great reputation in the local area. It has also consistently been the number one franchise in the Belvoir rankings.

"Belvoir's Acquisition and Franchise Support teams at Central Office did a great deal of work to help make this resale process as smooth as possible and we are very grateful for all their help.

"With this resale we took on about 530 properties, and in 2021 when the sales market was extremely buoyant Belvoir Basingstoke sold about 250 houses. Loretto and I aim to use our experience and expertise to help move Belvoir Basingstoke on to the next level and to further enhance our interactions with customers. There has been a lot of buy-in for this from the existing team which all remained with us, and this has provided excellent continuity for clients, who were able to enjoy a seamless transition with continued high-quality service."



A strong local team delivering the best customer service to our community is fundamental to our successful business growth."

Measuring our performance

The Group tracks a series of financial and non-financial metrics that demonstrate the progress it is making. These have been discussed in further detail throughout the Strategic report.

Links to strategy

- 1 Group acquisitions strategy
- 2 Assisted acquisitions programme
- 3 Recruitment
- 4 Diversification
- 5 Marketing and PR

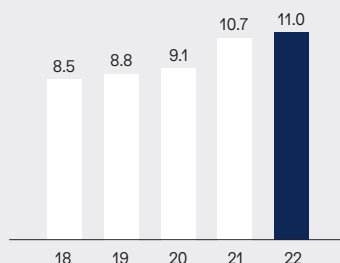
Learn more about our strategy from [page 14](#)

Financial KPIs

MSF (£m)

£11.0m

+2%



Definition

Fees to the franchisor based on a percentage of franchisee revenue

Comment

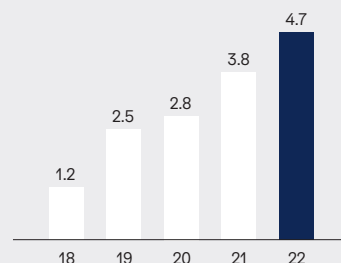
Up 2% with lettings growth of 5% mitigating the fall in sales of 6% as sales transactions normalised following a peak year in 2021

Links to strategy: 1 2 3 4 5

Net financial services commission (£m)

£4.7m

+22%



Definition

Commission receivable on financial services less commission payable to advisers

Comment

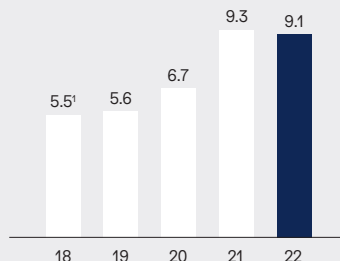
Predominantly reflects impact of acquired financial services businesses expanding the adviser network

Links to strategy: 1 2 3 4 5

Profit before tax (£m)

£9.1m

-2%



Definition

Profit before tax arising from ongoing operations

Comment

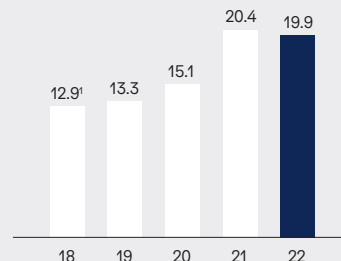
Profits impacted by reduced house sales and associated mortgage activity following a peak year in 2021 and a normalisation of overheads following the pandemic

Links to strategy: 1 2 3 4 5

EPS (p)

19.9p

-2%



Definition

Earnings per share equates to retained profit divided by the number of shares

Comment

Decrease in EPS reflecting reduced house sales activity, investment in MMC and normalisation of overheads post-pandemic

Links to strategy: 1 2 3 4 5

1. 2018 included net exceptional credit of £0.6m.

2. Excludes NBS branches.

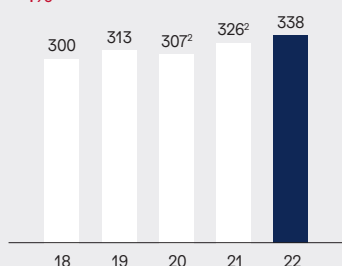
3. Excludes Mr and Mrs Clarke and corporate-owned offices.

Non-financial KPIs

Number of property franchise offices (#)

338

+4%



Definition

325 franchised estate and lettings agencies with a physical high street presence and 13 personal agents

Comment

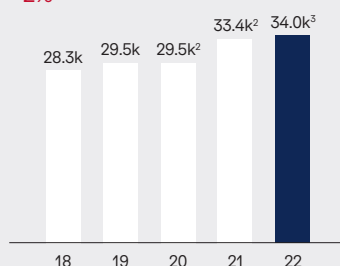
Office numbers extended to include the Mr and Mrs Clarke personal agents

Links to strategy: [1](#) [2](#) [3](#) [4](#) [5](#)

Average MSF per franchised office (£)

£34,000

+2%



Definition

MSF from high street networks divided by the number of physical franchise offices

Comment

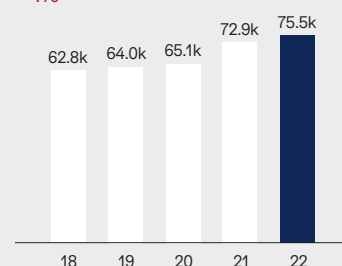
Focus on growth through diversification and acquisition has increased the average size of our offices

Links to strategy: [1](#) [2](#) [3](#) [4](#) [5](#)

Number of managed properties (#)

75,500

+4%



Definition

Total number of properties managed on behalf of landlords within the Group

Comment

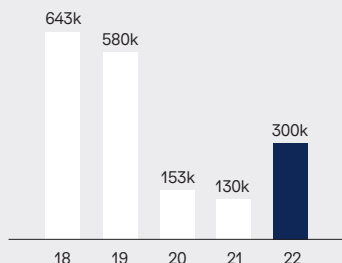
Growth has been supported by the increase in assisted acquisitions during 2022

Links to strategy: [1](#) [2](#) [3](#) [4](#) [5](#)

MSF p.a. from assisted acquisitions (£)

£300,000

+131%



Definition

Additional MSF p.a. arising from the assisted acquisitions programme

Comment

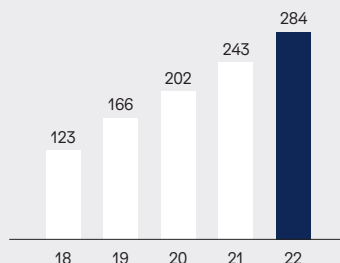
A greater willingness in vendors' appetite for selling as the property market normalises

Links to strategy: [1](#) [2](#) [3](#) [4](#) [5](#)

Number of advisers (#)

284

+17%



Definition

The number of advisers operating within Brook at the year end

Comment

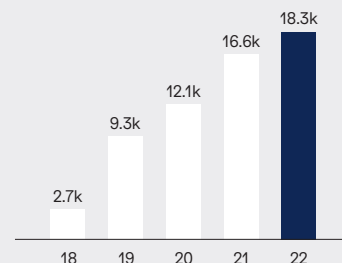
Brook extended its footprint of advisers through the acquisition of TIME and is working with 107 Group offices

Links to strategy: [1](#) [2](#) [3](#) [4](#) [5](#)

Number of mortgages arranged (#)

18,329

+12%



Definition

The number of mortgages written for clients of Brook during the year

Comment

Increased adviser network through acquisition of TIME delivered greater quantity of written mortgage business

Links to strategy: [1](#) [2](#) [3](#) [4](#) [5](#)

“Investing in future growth”



Creating shareholder value underpins our growth strategy.

Revenue

Group revenue in 2022 increased by £4.1m to £33.7m (2021: £29.6m). Corporate acquisitions and disposals added net £3.6m, whilst revenue on a like-for-like basis increased by £0.5m.

Revenue from the financial services division increased by £3.7m to £18.1m (2021: £14.4m), of which £0.5m was on a like-for-like basis and £3.2m arose from the full year ownership of Brook Mortgage Service, acquired on 30 July 2021, and the acquisition of TIME on 23 May 2022.

Revenue from the property division was up £0.4m to £15.6m (2021: £15.2m). Income streams in the property division comprise: management services fees (MSF), these being our key underlying revenue stream from franchisees; revenue generated by corporate-owned offices; franchise sales, which include fees charged to franchisees joining the Group and renewal fees from existing franchisees; and other fees.

Within the underlying property business, growth in lettings of £0.4m and in franchise fees of £0.1m mitigated the reduction in revenue from sales of £0.6m as the property market normalised. The additional £0.4m of property revenue was the net impact of the acquisition of Mr and Mrs Clarke Ltd on 10 March 2022, the full year's ownership of White Kite Group 2021 Limited (trading as Nicholas Humphreys), which was acquired on 31 March 2021, and the franchising of the Nicholas Humphreys Burton office, previously corporate-owned, in September 2022.

MSF increased by £0.3m to £11.0m (2021: £10.7m) with £0.2m arising from Mr and Mrs Clarke and the full year ownership of the Nicholas Humphreys network. Lettings MSF were up £0.4m to £8.6m (2021: £8.2m), of which £0.3m arose from the underlying network. MSF from property sales were down £0.2m to £2.3m (2021: £2.5m), having benefited from £0.1m of additional sales MSF from the Mr and Mrs Clarke network.

Income from corporate-owned offices was down £0.1m with a shortfall in sales revenue of £0.3m being mitigated by an increase of £0.1m from lettings and of £0.1m from the full year ownership of the Nicholas Humphreys network.

Revenue from franchise sales in 2022 was up £0.2m to £0.5m (2021: £0.3m). Six (2021: seven) new franchise owners were recruited to our traditional high street brands and six to our personal agency model operating as Mr and Mrs Clarke.

Other income was unchanged at £0.6m (2021: £0.6m).

The table opposite details revenue growth/(reduction) on a like-for-like basis and the net impact of acquisitions and the franchising out of the corporate office in 2022*. See note 2 for further segmental information.



The Board aims to offer a reliable and growing income stream to investors whilst retaining sufficient funds for further investment to meet its strategic growth objectives.”

Revenue growth table	2021	Like-for-like basis		Impact of 2022 acquisitions & disposals		2022	Total growth
MSF							
Lettings	£8.2m	£0.3m	3%	£0.1m	2%	£8.6m	5%
Sales	£2.5m	(£0.2m)	(9%)	£0.1m	3%	£2.3m	(6%)
Total MSF	£10.7m	£0.1m	0%	£0.2m	2%	£11.0m	2%
Corporate office income							
Lettings	£2.4m	£0.1m	5%	£0.0m	0%	£2.6m	6%
Sales	£1.2m	(£0.3m)	(29%)	£0.1m	10%	£1.0m	(19%)
Total corporate office income	£3.6m	(£0.2m)	(6%)	£0.1m	4%	£3.5m	(2%)
Lettings (MSF and corporate)	£10.7m	£0.4m	4%	£0.1m	1%	£11.2m	5%
Sales (MSF and corporate)	£3.7m	(£0.6m)	(15%)	£0.2m	5%	£3.3m	(10%)
Franchise sales and other income	£0.9m	£0.1m	17%	£0.1m	7%	£1.1m	24%
Property division	£15.2m	£0.0m	0%	£0.4m	2%	£15.6m	2%
Financial services division	£14.4m	£0.5m	4%	£3.2m	22%	£18.1m	26%
Total Group revenue	£29.6m	£0.5m	2%	£3.6m	12%	£33.7m	14%

* In the above table, the numbers presented are rounded and the percentages are calculated from the more precise numbers detailed in note 2 Segmental information. As a result of the rounding, whilst the amounts and percentages are accurate movements, they might not add across.

Gross profit

Gross profit increased by £1.3m to £20.3m (2021: £19.0m) with the gross profit ratio by business activity being 56% lettings, 16% sales, 23% financial services and 5% other (2021: 56%, 19%, 20% and 5%), continuing to demonstrate the significant bias towards our recurring lettings income stream.

The lower gross profit margin from financial services of 26% (2021: 27%) reflected the addition of the TIME advisers which increased the proportion of self-employed advisers who are paid a higher share of mortgage commission than employed advisers but are responsible for their own administrative costs.

Administrative expenses

Administrative expenses increased by £1.5m to £11.2m (2021: £9.7m). Incremental overheads of £1.0m resulted from operating the acquired businesses. The remaining increase of £0.5m in the underlying overheads reflects additional staff costs of £0.4m and general overheads of £0.1m associated with being fully back to normal operations post-Covid-19 and inflationary pressures.

Operating profit

Operating profit was at £9.0m (2021: £9.3m), 3% down on the prior year.

Profit before taxation

Profit before taxation of £9.1m (2021: £9.3m) is after interest receivable on franchisee loans of £0.2m (2021: £0.2m), which is regarded by the Group as part of its ongoing operations to extend the network reach.

Taxation

The effective rate of corporation tax for the year was 18.8% (2021: 20.6%). The higher effective rate in 2021 reflected changes to the deferred tax asset and deferred tax on intangibles resulting from the increase in corporation tax to 25% which will take effect from April 2023.

Earnings per share

Basic earnings per share was down 2% to 19.9p (2021: 20.4p) based on an average number of shares in issue in the year of 37,292,000 (2021: 36,142,000). When the dilutive effect of share options is incorporated, the earnings per share was 19.6p (2021: 20.3p).

Profit attributable to owners was £7.4m (2021: £7.4m).

Dividends

The Board is proposing a final dividend for 2022 of 5.0p per share (2021: 4.5p). Subject to shareholders' approval at the AGM on 18 May 2023, this dividend will be paid on 22 May 2023, to shareholders on the register on 11 April 2023. The ex-dividend date is 6 April 2023.

In total, the 2022 dividend for the year will be 9.0p (2021: 8.5p) with dividend cover at 2.2x. The Board aims to offer a reliable and growing income stream to investors whilst retaining sufficient funds for further investment to meet its strategic growth objectives.

Financial review continued

Cash flow

The Group continues to achieve a high conversion of cash from operating activities with 107% (2021: 100%) of EBITDA converting into cash of £10.8m (2021: £10.3m). The net cash inflow from operations was £9.6m (2021: £8.6m) reflecting the enlarged Group.

The net cash used in investing activities was £3.4m (2021: £3.5m):

- On 23 September 2022 the sale of the Nicholas Humphreys Burton corporate office generated proceeds of £0.7m.
- On 10 March 2022 the Company acquired the entire share capital of Mr and Mrs Clarke Ltd for £0.05m cash consideration, net of cash acquired.
- On 23 May 2022 Brook Financial Services Ltd acquired the entire share capital of The TIME Group for £4.0m cash consideration, net of cash acquired.
- The cash outflow of franchisee loans granted was £0.9m (2021: £0.8m) with the level of assisted acquisitions activity recovering following two years in which such activity was impacted by Covid-19.
- The cash inflow from repayments to the franchise loan book was £0.8m (2021: £1.0m).
- Interest received on the franchise loan book was £0.2m (2021: £0.2m).

During 2022 £6.8m (2021: £0.9m) was repaid against the HSBC loan and associated finance costs were £0.2m (2021: £0.2m). A further £0.2m (2021: £0.2m) was paid in lease costs. Dividend payments totalled £3.2m (2021: £3.3m, of which £0.5m was a catch-up of the suspended final 2019 dividend payment). As a result, net cash outflow from financing activities totalled £10.4m (2021: £3.6m).

Liquidity and capital resources

At the year end the Group had cash balances of £3.2m (2021: £7.4m) and a term loan of £2.0m (2021: £8.7m). The HSBC loan facility was fully repaid on 1 March 2023. Given the cash generative nature of the business, as demonstrated by our ability in recent years to fund acquisitions in cash alongside repaying substantial bank debt, the Group has put in place an overdraft facility of £1.0m to provide the appropriate flexibility to meet any short-term cash requirements.



The Group continues to operate from a sound financial platform with net assets of £38.1m (2021: £33.6m), with the main change being the additional intangible assets arising from the acquisitions of The TIME Group Ltd and Mr and Mrs Clarke Ltd, which were funded from existing cash reserves.”

Unearned indemnity commission

Associated with our growing financial services division is the accounting treatment of unearned indemnity commission. This comprises three elements, the net effect of which is £0.6m (2021: £0.7m):

- The Group accounts for amounts withheld by Mortgage Advice Bureau from weekly commission payments in respect of unearned indemnity commission within other debtors. At the year end this balance was £2.0m (2021: £1.6m).
- Revenue is reduced to reflect the estimated clawback of commission by Mortgage Advice Bureau arising on the cancellation of life assurance policies within four years following inception and a refund liability is recognised for unearned indemnity commission. At the year end the refund liability was £2.1m (2021: £1.5m).
- Also, on a weekly basis the estimated clawback of commission recoverable from our advisers is accounted for within other debtors. At the year end this balance was £0.7m (2021: £0.6m).

Financial position

The Group continues to operate from a sound financial platform with net assets of £38.1m (2021: £33.6m), with the main change being the additional intangible assets arising from the acquisitions of The TIME Group Ltd and Mr and Mrs Clarke Ltd, which were funded from existing cash reserves.

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. These have been discussed in detail throughout the Strategic report and are illustrated on pages 28 and 29.

Louise George

Chief Financial Officer

How we manage risk

As with all businesses, we face a wide range of risks and uncertainties on a daily basis.

Principal risks and uncertainties

The Board has determined the most significant risks to achieving the business objectives, including those that would threaten its business model, future performance, solvency or liquidity. The table on pages 34 and 35 summarises these principal risks and how they are managed or mitigated. The risks listed do not comprise all those associated with the Group and are not set out in any order of priority. There could be additional risks and uncertainties that are not presently known to management or currently deemed to be less material, which may also have an adverse effect on the business.

Our risk management framework

Board of Directors

- Leadership of risk management, sets strategic objectives and risk appetite and monitors performance
- Accountable for the effectiveness of the Group's internal control and risk management processes

Audit Committee

- Delegated responsibility from the Board to oversee risk management and internal controls
- Oversees the effectiveness of the Group's internal control and risk management processes
- Monitors the independence and expertise of the external auditor

Executive Directors

- Communicate and disseminate risk policies
- Support and help operating companies to assess risk
- Encourage open communication on risk matters
- Assess materiality of risks in the context of the whole Group and monitor mitigation and controls

Operations Board

- Defines risk management roles at operational and project level
- Uses approach to risk as an explicit part of decision making and management of external relationships
- Continuous identification of risk, assurance and self-assessment

Risk management continued



The Board has determined the most significant risks to achieving the business objectives, including those that would threaten its business model, future performance, solvency or liquidity.”

Potential impact	Mitigating activities	Change in risk
Ability to generate planned revenue and profit growth		
<p>The economic instability in terms of higher energy prices and increases to both tax and interest rates, and the political uncertainty in Eastern Europe are likely to affect both consumers and businesses. This could have a negative impact on our ability to grow as planned, organically, through corporate acquisitions and under our assisted acquisitions programme.</p>	<p>Both the economic and political landscape are regularly reviewed by the Board and mitigating action is taken wherever possible. Given the extraneous factors involved, there may be limits to the level of direct action that can be taken. However, the Board will be prioritising work that puts our franchisees and advisers in the strongest position to weather any storms caused by wider economic and political pressures.</p>	<p>Increase in risk ▲ Our franchise business model proved to be resilient throughout both the 2007 crash and the recent Covid-19 pandemic. We will continue to help our franchisees and advisers to take advantage of all growth opportunities as the market conditions evolve post-pandemic.</p> <p>Links to strategy: 1 2 3 4 5</p>
Ability to recruit and retain skilled franchisees and advisers		
<p>The ability of the Group to attract new franchisees and advisers with the appropriate expertise and skills, in available and suitable locations, cannot be guaranteed.</p> <p>The strong labour market in 2022 made the recruitment of advisers particularly challenging.</p>	<p>The Board continually monitors the performance of the Recruitment team and is focused on identifying innovative ways of attracting successful new joiners. The recruitment marketing message is aimed at attracting the widest possible range of people irrespective of age, gender and race.</p>	<p>Increase in risk ▲ Tougher economic conditions often encourage people to look for alternative employment models where they have more control over their working life. This could increase interest from potential new franchisees and advisers.</p> <p>Links to strategy: 1 2 3 4 5</p>
Reputational risk		
<p>The Group's reputation, in terms of the way in which it and its franchisees/ advisers conduct their business and the financial results which they achieve, is central to the Group's future success. Failure by the franchisees/ advisers to meet the expectations of their customers may have a material impact on the reputation of the brands within the Group.</p>	<p>New joiners are subject to an intensive training programme and subsequent monitoring and support from a dedicated business development mentor. The Group also offers ongoing training courses to ensure continuing professional development.</p>	<p>No change in risk ● Our franchisees and advisers are subject to ongoing training and compliance to ensure that they operate at the highest standard, which, in turn, minimises reputational risk for the Group.</p> <p>Links to strategy: 1 2 3 4 5</p>

Links to strategy

- 1 Group acquisitions strategy
- 2 Assisted acquisitions programme
- 3 Recruitment
- 4 Diversification
- 5 Marketing and PR

Learn more about our strategy from [page 14](#)

Potential impact	Mitigating activities	Change in risk
Cyber risk		
As the sector becomes more technology led and given the recent roll out of a new Group-wide property platform, our operations are better controlled but equally are now more vulnerable to Group-wide cyber-attack, ransomware and data breaches. Such an attack could affect the Group's ability to function as normal.	We cannot make the business bullet-proof but are committed to adopting best practice across the Group, including anti-email spoofing measures, centralised email signature management and performing regular simulated phishing attacks on our users, coupled with continuous user awareness training.	<p>Increase in risk ▲</p> <p>The roll out of new cyber security measures, including regular staff training videos, is mandatory across the Group giving improved business protection at all levels.</p> <p>Links to strategy: 1 2 3 4 5</p>
Legislative and regulation changes		
<p>Professionalising the property sector was originally set out in the Regulation of Property Agents (RoPA) report and subsequently referred to in the Levelling Up white paper.</p> <p>Furthermore, the new Consumer Duty principles set higher and clearer standards of consumer protection across financial services and require firms to act to deliver good outcomes for customers.</p>	The Board welcomes the proposed changes aimed at professionalising the property sector and protecting consumers. Our support system already covers in-depth upfront and ongoing training of all our franchisees and advisers. We also have a comprehensive system of audit and compliance to ensure best practice.	<p>No change in risk ●</p> <p>The recommended changes might deter new entrants to the sector but might also provide opportunities for professionally run, reputable businesses.</p> <p>Links to strategy: 1 2 3 4 5</p>
Online threat		
<p>The market share for online agencies offering a low-cost solution fell to less than 7% in 2022. Greater threat to the traditional high street model is likely to emerge from independent agency models.</p> <p>The Group needs to ensure that it can meet the demands of a new generation of landlords, tenants, buyers and sellers for whom a technical platform is second nature, and for whom a physical office presence is less critical.</p>	The pandemic accelerated the use of technology by both agents and the public. The Group has adopted a new technology platform aimed at improving the customer journey. In 2022 the Group acquired a personal agent network so as to extend the way in which we deliver our services.	<p>Decrease in risk ▼</p> <p>There was no significant consumer shift to the online agencies during the pandemic. The long-term viability of online agencies is yet to be proved, with several failures resulting in much less willingness to continue funding unproven models.</p> <p>Links to strategy: 1 2 3 4 5</p>

The Strategic report is contained on pages 1 to 35. It was approved by the Board on 24 March 2023.

An experienced Board

Belvoir has a highly experienced Board of Directors with a commitment to driving profitability and long-term shareholder value. The Directors of the Company who were in office during the year up to the date of signing the financial statements were:



Appointment
April 2022

Experience

Jon has a deep understanding of the housebuilding and construction sector from his 19-year tenure at AIM-listed Telford Homes Plc. After nine years as CFO, Jon was appointed as CEO in 2011, overseeing an increase in profits from £3m in 2011 to over £40m when the business was sold to CBRE in 2019. Jon is currently CEO of Greencore Construction Ltd.

Key skills

Strategic growth/stakeholder relations

Committee membership

Audit Committee member
Remuneration Committee Chairman



Appointment
October 2011

Experience

Dorian has extensive experience in the property industry having spent seven years with Countrywide before joining Belvoir in 2005 as Business Development Manager. Appointed Sales Director a year later and subsequently Chief Executive Officer, Dorian also spent five years as a director of The Property Ombudsman. Dorian has a deep understanding of franchising and the strategic vision to deliver a successful franchise operation.

Key skills

Strategic business planning/
franchising/people management



Appointment
June 2014

Experience

Louise is a Chartered Accountant having qualified with Ernst & Young in 1991. She has 21 years' board-level experience with AIM-listed companies overseeing a wide range of corporate transactions. Over the past eight years Louise has undertaken ten significant acquisitions for the Group. Louise, who is also a Chartered Secretary, serves as Company Secretary to the Group.

Key skills

Financial management/mergers and acquisitions/investor relations

Learn more about our Remuneration Committee from **page 45**

Learn more about our governance from **page 38**

Learn more about our stakeholder engagement from **page 16**

Learn more about our Audit Committee from **page 43**



Michelle Brook
Executive Director

Appointment

January 2022

Experience

Michelle has 34 years' experience within the financial services sector. Having previously worked for Mortgage Advice Bureau, Michelle set up her own business in 2010, building it to a network of 32 advisers before selling to the Belvoir Group in 2017. As Managing Director of the financial services division since 2017, Michelle has overseen the financial services network increase to 284 advisers.

Key skills

Financial services/people management



Paul George
Non-Executive Director

Appointment

June 2018

Experience

Paul has extensive experience in audit, reporting and governance having, until April 2020, spent 16 years as an executive director at the Financial Reporting Council (FRC), most recently responsible for corporate governance and reporting. Prior to the FRC, Paul was an executive director of MCG PLC and an audit partner at KPMG. Paul is also a partner of Board Excellence, a business providing board advisory services, and a non-executive director of Strip Tinning Holdings plc.

Key skills

Corporate reporting/corporate governance

Committee membership

Audit Committee Chairman
Remuneration Committee member



Mark Newton
Non-Executive Director

Appointment

March 2016

Experience

Mark, a Chartered Surveyor, has 46 years' experience of estate agency. He joined Black Horse Agencies in 1984 and subsequently was appointed managing director of Legal & General Estate Agents. In 1999 Mark established Newton Fallowell, which he built into a network of 30 franchise offices before selling to Belvoir in July 2015. Initially joining the Board as an Executive Director, Mark changed roles to become a Non-Executive Director with effect from 1 January 2022.

Key skills

Estate agency/financial services

Committee membership

Audit Committee member

Promoting a culture of good governance

At Belvoir we recognise that high standards of corporate governance underpin our continuing success.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Group and Company's auditor is unaware;
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information; and
- the Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

High standards of corporate governance continue to be a key priority for the Belvoir Board. We continually review the framework within which we operate and the processes implemented to ensure that they reflect the complexities of our business and, whilst acknowledging our size, are also capable of adding value as the business grows. In 2018

the Board adopted the 2018 Quoted Companies Alliance Corporate Governance Code (the "QCA Code") as the basis of the Group's governance framework.

The Board sets out the overall strategic direction for Belvoir, regularly reviews management performance and ensures that the Group has the right level of resources available to support our strategic goals. The Board is satisfied that the necessary controls and resources are in place such that these responsibilities can be properly addressed.

Within Belvoir we promote a culture of good governance in dealing with all key stakeholders: our franchisees, our employees, our customers and our shareholders. This section of the annual report describes our corporate governance structures and processes and how they have been applied throughout the year ended 31 December 2022.

Jon Di-Stefano
Non-Executive Chairman



An established Board with complementary skills

The Board has adopted the QCA Code as the basis of the Group's governance framework and set out below is a summary of how, at 31 December 2022 and for the year then ended, the Company was applying the key requirements of the Code.

Board of Directors

Board changes in 2022 involved:

- the appointment of Michelle Brook as Financial Services Director on 5 January;
- the appointment of Mark Newton as a Non-Executive Director on 5 January, having previously served as an Executive Director since March 2016;
- the appointment of Jon Di-Stefano as a Non-Executive Director on 1 April and subsequently as Non-Executive Chairman from 30 September; and
- the resignation of Michael Stoop on 30 September.

Since 30 September the Board comprised a Non-Executive Chairman, three Executive Directors and two Non-Executive Directors. Due to his substantial shareholding and his prior role as an Executive Director, Mark Newton is not considered to be independent. Notwithstanding their small shareholdings, both Jon Di-Stefano and Paul George are considered to be independent. At every AGM one-third of the Directors must retire by rotation.

The Board has nine scheduled meetings a year, but meets more frequently if required, and has full and timely access to all relevant information to enable it to carry out its duties.

The Board reserves for itself a range of key decisions such as strategy, acquisitions, significant contracts and internal controls, to ensure it retains proper direction and control of the Group, whilst delegating authority to individual Directors who are responsible for the executive management of the business.

There is a clear division of responsibilities at the head of the Company between the Chairman running the Board and the Chief Executive Officer running the Group's operations.

The role of the Chairman is to manage the Board in the best interests of its stakeholders, to ensure that shareholders' views are communicated to the Board and to be responsible for ensuring the Board's integrity and effectiveness.

The role of the Chief Executive Officer is to manage the Group on a day-to-day basis, to ensure that Board decisions are implemented effectively and to develop and propose Group strategy to the Board.

The Board considers the current Board structure appropriate for the Company. There are processes in place enabling Directors to take independent advice at the Company's expense in the furtherance of their duties and to have access to the advice and services of the Company Secretary.

The role of Company Secretary is undertaken by the Chief Financial Officer, Louise George, who is a qualified company secretary with the skills and capability to deliver this function effectively.

Board Committees

The Board has delegated specific responsibilities to the Audit and Remuneration Committees. Given its relatively small size, the Board as a whole fulfils the function of the Nominations Committee. The Board considers that collectively the members of each Committee

have the appropriate experience and none of them have interests which conflict with their positions on the Committees. All Board Committees have their own terms of reference, which are available from the Company Secretary upon request.

Remuneration Committee

The Remuneration Committee has two scheduled meetings a year and additional meetings as required, and is responsible for determining the contractual terms, remuneration and other benefits of the Executive Directors. During 2022 the Remuneration Committee comprised Paul George, Michael Stoop, who acted as the Chairman until 1 April and as a Committee member until 30 September, and Jon Di-Stefano, who acted as Chairman from his appointment on 1 April.

Details of the level and composition of the Directors' remuneration are disclosed in the Directors' remuneration report from page 45.

Audit Committee

The Audit Committee has three scheduled meetings a year. During the year the Audit Committee comprised Mark Newton from 5 January, Jon Di-Stefano from 1 April, Michael Stoop until 30 September and Paul George, who acted as the Chairman and is considered to have recent and relevant financial and legal knowledge and experience.

Paul George reports in further detail on the work and responsibilities of the Audit Committee on pages 43 and 44.

Internal control

The Board is responsible for the Company's system of internal control and has delegated the review of its effectiveness to the Audit Committee. This is reported on in detail within the Audit Committee report on page 44.

Financial reporting

There is a comprehensive planning system, including regular periodic forecasts which are presented to and approved by the Board. The performance of the Group is reported monthly and compared to the latest forecast and the prior period.

Board effectiveness

The Board continually assesses the appropriateness of its agendas, and the information needed to support the Board's role in setting strategy, overseeing performance and decision making. Further to the internally facilitated review conducted in Q1 2022 and the resignation of Michael Stoop as Chairman in Q3 2022, the Board reassessed its needs and how it should operate going forward and decided to appoint Jon Di-Stefano as Chairman. Furthermore, the Board looked closely at the matters the Board should focus on and how to ensure it remained strategically rather than operationally focused and revamped its agenda accordingly.

In addition to the assessment of the effectiveness of the Board as a whole, the Chairman held one-to-one meetings with each individual Director to discuss the effectiveness of the Board as a whole and their own performance and how they can contribute to the continued success of the Group.

Statement of corporate governance continued

2022 key shareholder engagements

January

- **Board changes**
RNS/Director video interview
- **Director appointment**
RNS/Director video interview
- **Pre-close trading update**
RNS/CEO video interview

March

- **Acquisition of Mr and Mrs Clarke**
RNS/CEO video interview

April

- **Preliminary results**
Online meetings/RNS/CEO video interview
- **Investor Meet Company**
CEO and CFO online presentation to retail investors with Q&A session
- **Annual report published**
Report
- **Mello and Shares/AJ Bell retail investor webinars**
CEO and CFO online presentation to retail investors with Q&A session

May

- **Acquisition of The TIME Group**
RNS
- **Mello2022 Investor Conference**
Exhibiting and presenting to retail investors
- **AGM trading update**
RNS
- **AGM**
Meeting

June

- **Strengthening of alliance with the Nottingham Building Society**
RNS/CEO video interview
- **Proactive Investors Forum**
CEO and CFO online presentation
- **Exercise and sale of management's share options**
RNS

August

- **Pre-close trading update**
RNS
- **Grant of share options**
RNS

September

- **Interim results**
Meetings/RNS/CEO video interview
- **Investor Meet Company online presentation**
CEO and CFO presentation with Q&A session

October

- **Shares/AJ Bell retail investor event**
CEO online presentation with CEO and CFO Q&A session

November

- **MelloLondon Investor Conference**
Exhibiting and presenting to retail investors

Relations with shareholders

Keeping investors informed is an essential part of the Company's corporate communications strategy and is achieved by means of an active investor relations programme. The aim is to ensure that the Company's business model, strategic goals and future prospects are clearly understood by the investment community. The Company operates a high level of transparency with regard to its operations by providing consistent information across all channels of communication. The Board places a high emphasis on shareholder engagement and, through an open and transparent dialogue with shareholders, aims to ensure that shareholders' objectives and views on the Company's performance are understood. The Chairman makes himself available to major shareholders on request and the CEO conducts interviews covering key events during our corporate calendar which are published online and made available through our corporate website.

The Group's corporate website, www.belvoirgroup.com, aims to provide investors with the required information to fully understand the business, including the annual and interim reports, and to potentially make an investment decision. The website is regularly reviewed and updated to reflect new information.

All shareholders will receive at least 21 clear days' notice of the Annual General Meeting, which is normally attended by all Directors. Shareholders are invited to ask questions during the meeting and to meet with Directors after the formal proceedings have ended.



Dorian and Louise are clear in their communication and continue to execute a well-defined strategy of acquisitive and organic growth. The business is built on solid foundations, and I expect it will continue to deliver through the ups and downs of the property cycle.”

Lewis Robinson

Crucible Clarity Funds plc

Our Company culture

Belvoir has developed from a family-owned lettings agency to the multi-brand Group it is today based on the core principle of encouraging individual endeavour within a supportive network. This lies at the heart of franchising.

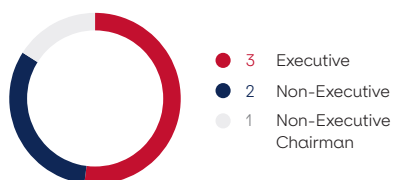
Our ethos has always been that of encouraging and harnessing both the entrepreneurial spirit of our franchisees and advisers and the ambition of our employees to achieve their personal goals.

We foster an environment where franchisees and advisers are encouraged to learn from others within their network whilst also testing out their own ideas in the knowledge that they have the wider safety net of the Group.

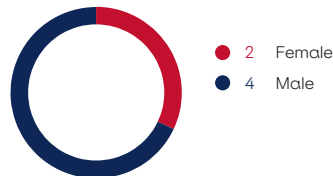
We nurture our staff to develop in their role, balancing individual performance with working as part of a team. The continual growth of the Group has opened up new opportunities for our people to progress their career in a dynamic environment where going above and beyond is both recognised and rewarded.

Board composition, diversity and experience

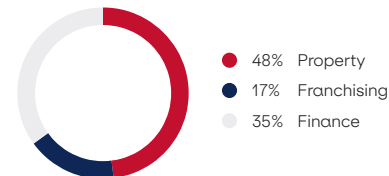
Composition and roles



Diversity



Sector experience

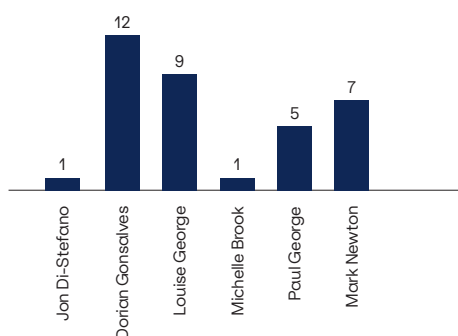


The QCA Code provides that the Board should be balanced between Executive and Non-Executive Directors and should have at least two independent Non-Executive Directors.

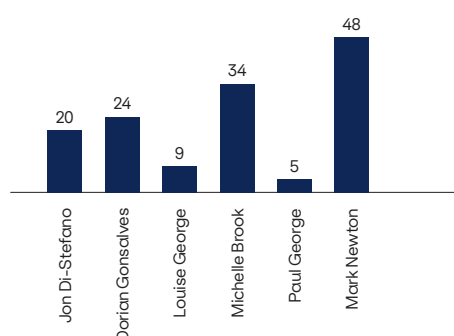
Board experience

As of the date of this report.

Length of tenure (years)



Industry experience (years)



Attendance at meetings

Meetings attended	Main Board	Remuneration Committee	Audit Committee
Total number of meetings	9	4	3
Jon Di-Stefano	●●●●●●●●	●●●●	●●●
Michael Stoop	●●●●○●	●●●	●●
Dorian Gonsalves	●●●●●●●●	●●●●	●●●
Louise George	●●●●●●●●	●●●●	●●●
Michelle Brook	●●●●●●●●	●●●●	●●●
Paul George	●●●●●●●●	●●●●	●●●
Mark Newton	●●●●●●●●	●●●●	●●●

● Meetings attended
 ○ Meetings missed
 ● Not due to attend

Workforce engagement

Staff survey

We carried out a staff survey across all business units for the first time at the start of 2022. As a result of the feedback, the Group made a number of changes aimed at improving the working environment and staff benefits. Changes include the refurbishment of our Central Office building, birthday leave, a Medicash health plan and a cycle-to-work scheme. A subsequent survey was conducted at the end of the year and going forward the survey will be conducted annually.

Staff briefings

The CEO and CFO conduct a series of team briefings across all business units in the Group twice a year following the interim and preliminary results. The objective is to engage with staff on the Group's vision and how the Group is performing against its strategic objectives. Staff are encouraged to ask questions of the Senior Management Team.

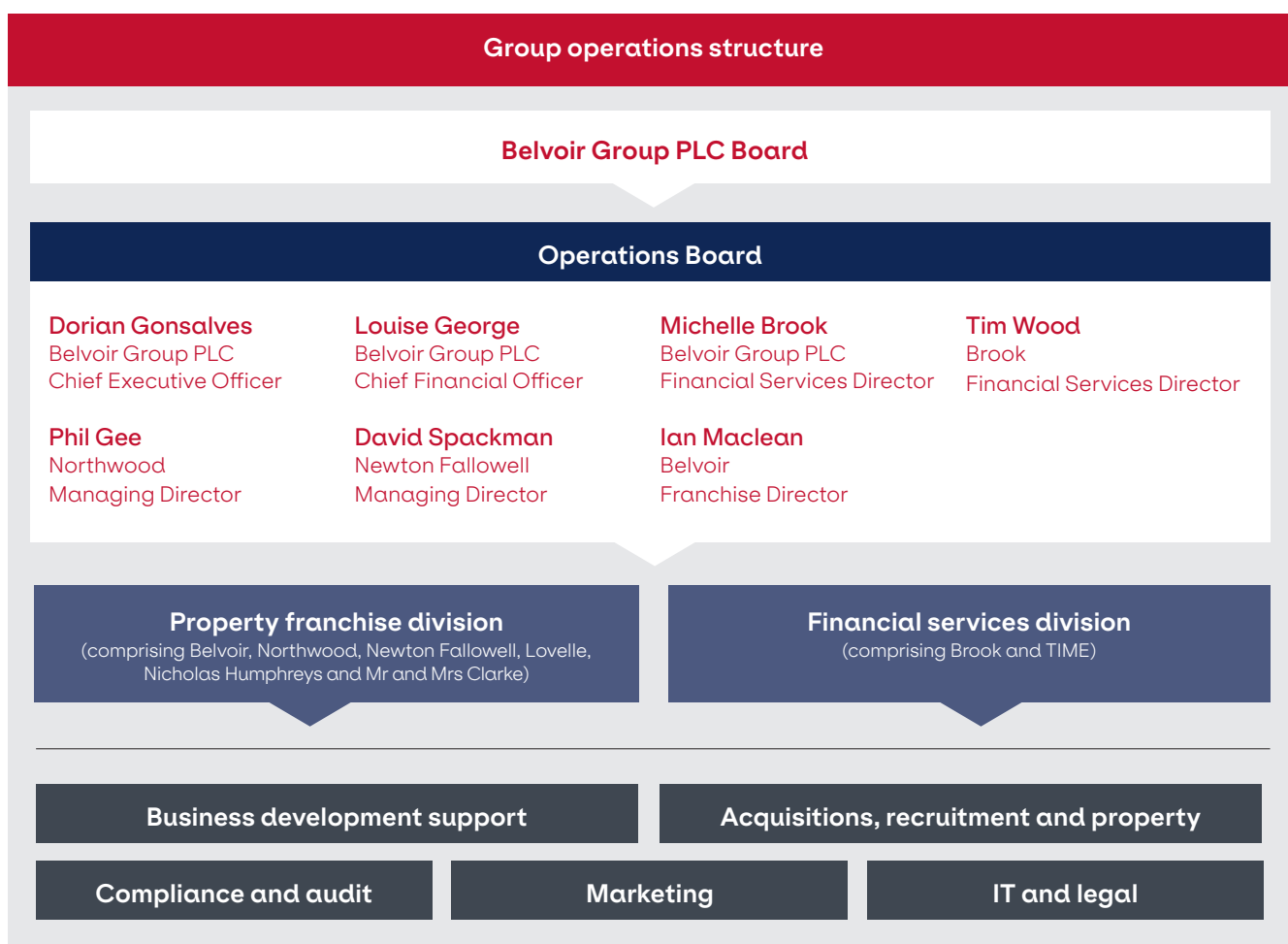
Statement of corporate governance continued

Operations Board

The Operations Board comprises the Executive Directors and the heads of each business unit. The Operations Board meets monthly and is responsible for executing the strategy as set out by the Board. This is conducted through two sub-boards: one for the property franchise division and one for the financial services division. The CEO and CFO attend the

meetings for both divisions to ensure the effective roll out of the strategic integration of our property franchise and financial services networks.

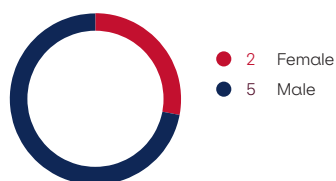
Each member of our senior team is a capable manager with considerable sector experience averaging 27 years and length of service averaging 13 years.



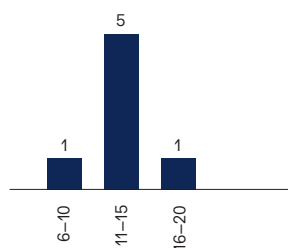
Senior team diversity and experience

As of 31 December 2022.

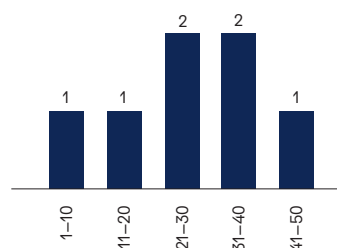
Gender diversity



Length of service (years)



Industry experience (years)



“ Supporting a robust audit ”



As Audit Committee Chairman, I have great pleasure in reporting to you how we have discharged our responsibilities during the year.

Corporate governance

Key highlights

- Recommended to the Board the approval of the interim announcements and annual report and accounts
- Extensive interaction with the auditor on its independence, audit planning and results of their work
- Consideration of the principal risks and uncertainties
- Review of the work of the Group Audit and Compliance team



The Audit Committee’s responsibilities are to ensure the integrity of the financial statements of the Group and the effectiveness of the Group’s underlying internal controls on behalf of the Board. I am a firm believer that to achieve these responsibilities the Committee needs an open and transparent culture, the required skills and expertise and excellent support. We are fortunate in this regard.

I am delighted that Jon Di-Stefano and Mark Newton joined the Audit Committee in March 2022. As a former CFO and current CEO Jon brings significant practical corporate reporting and risk management expertise to the Committee. Mark is able to bring a lifetime’s experience within the industry and a wealth of practical guidance. I take this opportunity to thank Michael Stoop, who stepped down from the Board and Committee during the year, for his support over the last few years. Jon and I are both independent and collectively our deep understanding of corporate reporting, risk management, governance and audit combined with Mark’s deep industry knowledge, ensures that we have the skills and appropriate attitude to deliver the Committee’s responsibilities effectively. The Committee receives great support from Louise George, our Chief Financial Officer, and Julie Wilson, our Group Financial Controller, and input from our auditor, which attended two meetings during the year. There is an excellent flow of information from the Executive Team, an open dialogue on the key judgements and respect for the challenge provided by the auditor.

Since I wrote to you last March the Audit Committee has held three scheduled meetings. Ahead of the interim results we met to review the interim accounts and in particular focused on the key judgement matters in preparing the results and in particular the recoverability of loans to franchisees and the underlying financial resilience of the Group. In December we met to consider the key risks faced by the Group, the controls to mitigate those risks and the audit plan in light of the risks and underlying controls. These discussions reflected the strengthening of auditing standards through the introduction of ISA 315 and regulatory requirements more generally. We also discussed the auditor’s application of materiality, its independence and its proposed audit fee for 2022.

Audit Committee report continued

In line with best practice, in March I had a one-to-one discussion with the audit partner to discuss progress on the audit and any emerging issues. Later in March, the Audit Committee discussed the report from the auditor on its work and the annual report and accounts. The key issues discussed were the matters identified by the auditor as significant risks. In addition to the presumed risks in respect of management override and revenue recognition, these related to the recoverability of franchise loans and the carrying value of intangibles and investments in the parent company. Through discussion, the Committee satisfied itself on the approach to the key judgements and as a result recommended to the Board the approval of the annual report and accounts. So far as the Committee is aware there were no matters of disagreement between the auditor and management.

During the year BDO provided non-audit services to the Group, including tax advice. The fees paid for these services are outlined in note 3. The use of BDO for non-audit work has been carefully evaluated by the Audit Committee and was not considered to have impaired its independence and objectivity.

The Audit Committee is also responsible for reviewing the Company's system of internal control, including financial, operational and compliance controls and risk management, and for considering its effectiveness on behalf of the Board. The procedures in place are designed to meet the particular needs of the Company in managing the risks to which it is exposed. As part of its audit work the auditor reported to the Committee that it had not identified any significant deficiencies. The Board receives regular reports from the Group's Audit and Compliance team on its programme of visits and testing of controls operated by franchisees. The Committee met with the head of the Group's Audit and Compliance team to discuss the team's structure and

programme of work. In addition, the Committee considered the extent to which monthly management reporting was consistent with the audited financial statements and received confirmation from the Chief Financial Officer and Group Financial Controller that there had been no material breaches in the internal control framework during the year. As a result, the Committee is satisfied with the effectiveness of the Group's system of internal controls but, by their very nature, these procedures can provide reasonable, but not absolute, assurance against material misstatement or loss.

The Committee has again reviewed the need for an internal audit function. The Committee has decided that, given the nature of the Company's business and assets and the overall size of the Company, the systems and procedures currently employed provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investment and the Company's assets, is in place. A traditional internal audit function is therefore considered unnecessary, particularly given the work of the Audit and Compliance team which carries out legal compliance checks and risk-based audits on all franchisees at least once a year.

Finally, I would like to thank Michael, Jon, Mark and all attendees of the meetings during the year for the open and constructive way in which we met our responsibilities.

Paul George
Non-Executive Director
24 March 2023



The Audit Committee's responsibilities are to ensure the integrity of the financial statements of the Group and the effectiveness of the Group's underlying internal controls on behalf of the Board. I am a firm believer that to achieve these responsibilities the Committee needs an open and transparent culture, the required skills and expertise and excellent support. We are fortunate in this regard."

“
Setting the
overall policy
on remuneration”



The Directors present their Remuneration report for the year ended 31 December 2022.

Corporate governance

Key highlights

- Assessed and set market-facing remuneration packages for the Executive Directors
- Reviewed the Executive bonus scheme and set appropriate performance hurdles
- Structured the 2022 LTIP to align with shareholder interests and expectations over a three-year period
- Ensured remuneration policy is applied consistently across senior management and that it aligns appropriately with the principles applied to the Directors

Time spent

Review and assessment of remuneration for Executive Directors

35%

Review of remuneration across the Group to inform decisions on executive pay

10%

Assessing performance against existing executive bonus and LTIP arrangements

25%

Adapting performance criteria for future executive bonus and LTIP arrangements

30%

The Remuneration Committee sets the overall policy on remuneration and other terms of employment of Directors. The Remuneration Committee aims to ensure that the remuneration packages offered are competitive and designed to attract, retain and motivate Directors of the right calibre. When assessing the pay and benefits of the Directors, the Remuneration Committee takes account of remuneration and benefits information in the marketplace and the pay and employment conditions elsewhere in the Group.

In August 2022 the Remuneration Committee awarded a tranche of share options under the LTIP scheme that incorporated longer-term objectives designed to ensure that the Executive Directors and Senior Management Team continue to be incentivised to maximise profitability and shareholder return. Those objectives seek to ensure alignment with shareholder expectations for the performance of the Group over a three-year period.

Remuneration for Non-Executive Directors consists of fees for their services in connection with Board and Committee meetings. These fees are to be determined by the Committee without the involvement of the Non-Executive Director concerned. Non-Executive Directors do not participate in any Group pension or share option schemes.

All Directors are subject to retirement by rotation.

Basic salary or fees

Basic salary or fees for each Director are reviewed annually by the Remuneration Committee, taking into account the performance of the individual and information from independent sources on the rates of salary for similar posts.

Directors' remuneration report continued

Annual bonus

The Company operates a bonus scheme to incentivise Executive Directors to meet the financial and strategic objectives of the Group. During the financial year ended 31 December 2022, a total bonus of £408,000 (2021: £253,000) was awarded to the Directors.

Pension

During the year pension contributions of £57,000 (2021: £42,000) were paid to Executive Directors.

Taxable benefits

The Directors' taxable benefits are tabled opposite.

Service contracts

The Executive Directors of the Company do not have a notice period in excess of twelve months under the terms of their service contracts. Their service contracts contain no provisions for predetermined compensation on termination which exceed one year's salary and benefits in kind. Non-Executive Directors do not have service contracts with the Company but have letters of appointment.

Board members

Dorian Gonsalves
Louise George
Michelle Brook
Jon Di-Stefano
Paul George
Mark Newton

Notice period

Twelve months' notice
Twelve months' notice
Six months' notice
Three months' notice
Three months' notice
Three months' notice

Company policy on external appointments

The Company recognises that its Directors are likely to be invited to become non-executive directors of other companies and that exposure to such non-executive duties can broaden their experience and knowledge, which will benefit the Group. Executive and Non-Executive Directors are, therefore, subject to the approval of the Company's Board, allowed to accept non-executive appointments, as long as these are not with competing companies and are not likely to lead to conflicts of interest. Executive and Non-Executive Directors are allowed to retain the fees paid.

Share options

The Remuneration Committee is responsible for awarding options over ordinary shares to Executive Directors, certain senior managers and long-serving staff under the Company Share Option Plan (CSOP) and the Belvoir Performance Share Plan, a long-term incentive plan (LTIP). These schemes are intended to offer long-term incentives. The Remuneration Committee believes that the potential for share ownership and participation in the growing value of the Company increases the commitment and loyalty of Directors and staff.



The Remuneration Committee sets the overall policy on remuneration and other terms of employment of Directors. The Remuneration Committee aims to ensure that the remuneration packages offered are competitive and designed to attract, retain and motivate Directors of the right calibre.”

Options outstanding as at 31 December 2022 are tabled below:

Directors' share options	Share option scheme	Number	Exercise price	Date of grant	Vesting period	Expiry date
Executive Directors						
Dorian Gonsalves	LTIP	247,347	£0.01	30/06/2021	33 months	30/06/2031
Dorian Gonsalves	LTIP	101,075	£0.01	02/08/2022	32 months	02/08/2032
Louise George	LTIP	207,122	£0.01	30/06/2021	33 months	30/06/2031
Louise George	LTIP	92,475	£0.01	02/08/2022	32 months	02/08/2032
Michelle Brook	LTIP	9,527	£0.01	30/06/2021	33 months	30/06/2031
Michelle Brook	LTIP	58,065	£0.01	02/08/2022	32 months	02/08/2032

Directors' emoluments

The figures below represent emoluments earned by Directors during the relevant financial year and relate to the period of each Director's membership of the Board. Benefits incorporate all benefits assessable to tax arising from employment by the Group.

Directors' emoluments	Salary and fees £'000	Bonus £'000	Pension £'000	Benefits £'000	Total 2022 £'000	Total 2021 £'000
Executive Directors						
Dorian Gonsalves	235	192	23	1	451	344
Louise George	216	175	20	2	413	291
Michelle Brook	135	41	14	1	191	—
Mark Newton	—	—	—	—	—	150
	586	408	57	4	1,055	785
Non-Executive Directors						
Jon Di-Stefano	31	—	—	—	31	—
Michael Stoop	55	—	—	—	55	51
Paul George	40	—	—	—	40	37
Mark Newton	36	—	—	7	43	—
	162	—	—	7	169	88
Total remuneration	748	408	57	11	1,224	873

Directors' interests

The interests of the Directors in the shares of the Company are tabled below:

Directors' interests	31 December 2022		31 December 2021	
	Shares	Options	Shares	Options
Dorian Gonsalves	646,322	348,422	646,322	247,347
Louise George	418,923	299,597	409,114	207,122
Michelle Brook	475,162	67,592	475,162	9,527
Jon Di-Stefano	10,000	—	—	—
Mark Newton	435,507	—	435,507	—
Paul George	20,000	—	20,000	—

Resolution

A resolution to shareholders to approve the Directors' remuneration report will be put forward at the Annual General Meeting.

By order of the Board

Jon Di-Stefano

Non-Executive Chairman and Chairman of the Remuneration Committee
24 March 2023

“ Focusing on supporting our stakeholders and delivering value”



The Directors present their annual report and audited consolidated financial statements of the Group for the financial year ended 31 December 2022.

The Directors of the Company who were in office during the year and up to the date of signing the financial statements are detailed on pages 36 and 37.

Dividends

The Company paid its interim dividend for the financial year ended 31 December 2022 of 4.0p per ordinary share on 28 October 2022.

The Board recommends a final dividend for the financial year ended 31 December 2022 of 5.0p (2021: 4.5p) per share to be paid on 22 May 2023 to all shareholders on the register at the close of business on 11 April 2023 subject to shareholders' approval on 18 May 2022. The ex-dividend date will be 6 April 2023.

Future developments

The Board continues to deliver growth through the support of the Group's franchise property networks to promote organic growth, expansion into new territories, the financial and commercial support of franchisee-led assisted acquisitions and diversification into financial services. Furthermore, the Board is pursuing strategic growth through the acquisition of other franchised property networks and complementary businesses (such as financial services) operating under a similar business model, building on the Group's strength as a highly regarded franchisor within the residential property sales and lettings sector.

Capital and equity structure

Details of the ordinary shares of the Company are shown in note 19 of these financial statements.

Substantial shareholders

As at the date of this report, the Company had been notified of the following interests representing 3% or more of its issued share capital:

	Number of shares	% of issued share capital
Gresham House Asset Management	5,064,431	13.6%
Canaccord Genuity Wealth Management	2,697,360	7.2%
Unicorn Asset Management	2,023,305	5.4%
Liontrust Asset Management	1,403,528	3.8%

Directors' indemnity

The Group maintains third-party Directors' and officers' liability insurance which gives appropriate cover against any legal action that may be brought against them.



The Board continues to deliver growth through the support of the Group's franchise property networks to promote organic growth, expansion into new territories, the financial and commercial support of franchisee-led assisted acquisitions and diversification into financial services.”

Employees

The Group believes in a policy of equal opportunities. Recruitment and promotion are undertaken on the basis of merit regardless of gender, race, age, marital status, sexual orientation, religion, nationality, colour or disability. If an employee becomes disabled during the course of their employment, adjustments are made where possible to enable such employee to carry on working despite their disability.

Going concern

The Group and the Company's financial statements have been prepared on a going concern basis.

After consideration of forecasts for at least twelve months from the date of signing of the financial statements and making appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence, and execute its plan for acquisition growth, for the foreseeable future.

There are no material uncertainties, of which the Directors are aware, that may cast doubt on the entity's ability to continue as a going concern by reference to guidance by the Financial Reporting Council on the assessment of going concern.

Financial and risk management policies

Details of the Group's financial and risk management policies are discussed in note 21 of these financial statements.

Directors' Section 172 statement

The Directors' Section 172 statement is set out on page 18.

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared both the Group and the parent company financial statements in accordance with UK-adopted international accounting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for both the Group and the parent company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent company will continue in business.

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

The Directors are also responsible for safeguarding the assets of the Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website are the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and parent company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Governance section, confirm that, to the best of their knowledge:

- both the Group and the parent company financial statements, which have been prepared in accordance with UK-adopted international accounting standards in conformity with and as applied in accordance with the provisions of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the Group and parent company; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the Group and parent company, together with a description of the principal risks and uncertainties that they face.

Exemption from audit by parent guarantee

Belvoir Group PLC has agreed to guarantee the liabilities of its trading subsidiaries, thereby allowing them to take exemption from an audit under Section 479A of the Companies Act 2006. See note 10.

Independent auditor

BDO LLP has expressed its willingness to continue as auditor. In accordance with Section 489 of the Companies Act 2006 a resolution to re-appoint BDO LLP will be proposed at the forthcoming Annual General Meeting.

By order of the Board

Louise George

Chief Financial Officer
24 March 2023

Independent auditor's report

To the members of Belvoir Group PLC

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Belvoir Group PLC (the parent company) and its subsidiaries (the Group) for the year ended 31 December 2022 which comprise the Group statement of comprehensive income, the Group and Company statements of financial position, the Group and Company statements of changes in equity, the Group and Company statements of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Overview

Coverage	94% (2021: 95%) of Group profit before tax 84% (2021: 100%) of Group revenue 96% (2021: 95%) of Group total assets
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Key audit matters

	2022	2021
Recoverability of franchisee loan debtors	•	•
Carrying value of Group intangible assets, including goodwill and parent company investments	•	•

Materiality

Group financial statements as a whole
£455,000 (2021: £465,000) based on 5% (2021: 5%) of profit before tax

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the parent company's ability to continue to adopt the going concern basis of accounting included:

- We assessed the Group's trading and cash flow budgets and forecasts, which cover the period to 31 December 2024, including the impact of the bullet repayment due under the current banking facilities in March 2023.
- Our work included assessing the key assumptions by reference to past performance, specifically considering the impact on the UK economy of the continued evolution of the Russia-Ukraine war, the wider political and economic factors currently affecting the UK and how these may impact the future trading and prospects.
- We reviewed the alternative scenarios modelled by the Directors, together with their reverse stress test, to assess the impact of the sensitivities on going concern, checking that the alternative scenarios took into consideration all reasonably foreseeable events and circumstances of which we were aware.
- We assessed the budgets, forecasts and sensitivities undertaken against the level of available cash and any undrawn facilities to assess the reasonableness of headroom available to the Group.
- We also reviewed the disclosures in the financial statements to ensure they are adequate and consistent with the Directors' assessment and reflect any relevant uncertainties inherent in forecasting future events.

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

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

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group manages its operations from one single location in Grantham, UK. At the statement of financial position date, the Group consisted of the parent company, eight trading subsidiaries (all of which operate within the UK) and a number of dormant subsidiaries.

The Group engagement team carried out full scope audit procedures on the parent company and four trading subsidiaries. We focused on these entities as they were significant components relevant to the Group's financial position and performance. For the remaining trading subsidiaries, specific procedures on revenue and cash and a desktop review on the remaining financial information were performed by the Group engagement team.

This work, together with procedures performed at the Group level over the Group consolidation, provided the evidence required to form our opinion on the Group financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
<p>Recoverability of franchisee loan debtors</p> <p>The Group's accounting policy, significant judgements and key sources of estimation uncertainty are described in note 1.</p> <p>Details of the impairment provision are included in note 13.</p>	<p>The Group provides loans to franchisees which are held as a financial asset measured at amortised cost.</p> <p>Management applies an expected credit loss model in determining the recoverability of the franchisee loans which requires judgement and includes estimation uncertainty.</p> <p>The Group's model considers both the expected performance of the loan and the ability of the Group to recover loans through repossession and sale of the franchisee's business. The repossession and sale values are based on the average of the multiples paid by the Group and franchisees acquiring portfolios during the year under the assisted acquisitions programme.</p> <p>There is a risk that the franchisee loan debtors may be misstated due to the significant judgements and estimates involved.</p>	<p>We obtained the analysis of the Group's loans to franchisees and examined management's assessment of their recoverability.</p> <p>We tested the inputs into the Group's model, including the estimates used to assess the probability of cash shortfalls, and compared this with recent evidence, including recent defaults, any non-performing loans and the actual outcomes achieved on repossessions.</p> <p>We tested a sample of the loans to supporting documentation and evidence to confirm that post-year-end repayments have been received in line with the original loan agreements or where appropriate, reflecting any forbearance granted.</p> <p>We compared the key inputs used in the assessment of the values that could be achieved through repossession and sale, being multiples of revenue achieved in historical sales of franchisees' businesses, with recent empirical evidence and challenged management's assessment of the potential impact of the downturn in the economic outlook in the UK.</p> <p>Key observations</p> <p>Based on the procedures performed we consider the judgements and estimates made by management in its assessment of the recoverability of franchisee loan debtors to be appropriate.</p>

Independent auditor's report continued

To the members of Belvoir Group PLC

An overview of the scope of our audit continued

Key audit matters continued

Key audit matter

Carrying value of the Group's intangible assets, including goodwill, and the parent company's investments

The Group's accounting policy, significant judgements and key sources of estimation uncertainty are described in note 1.

Details of the impairment considerations are included in note 9.

A significant proportion of the Group's net assets comprise goodwill and intangible assets.

Goodwill is tested for impairment, at least annually, with other intangible assets tested where indicators of impairment are identified. Testing is undertaken through comparing the recoverable amount of the cash generating unit (CGU) to which the goodwill and other intangible assets are allocated, based on a value in use calculation, to its carrying value.

Furthermore, the cost of investments in subsidiaries held by the parent company are tested for impairment where an indicator of impairment arises.

Management's review found no evidence of impairment in any of the CGUs tested, nor in relation to the parent company's investments in subsidiaries.

The risk that the Group's intangible assets, including goodwill, and the parent company's investments are impaired is considered significant due to the level of judgement involved in performing impairment reviews and the opportunity for management bias within the assumptions.

How the scope of our audit addressed the key audit matter

We reviewed the financial performance of the CGUs to which the Group's intangible assets relate, also considering any relevant external information, to assess whether there were indicators of impairment in the associated fixed assets at the Group level or the investments in subsidiaries held by the parent company.

We also checked the impairment models prepared by management and challenged the judgements made and estimates applied in the impairment testing in each relevant CGU, including:

- the identification of CGUs and allocation of assets and cash flows to ensure compliance with the requirements of the applicable accounting standard;
- the integrity of the value in use models and appropriateness of the discount rate and the assumptions of forecast future trading and cash generation. This included challenging the robustness of the key assumptions, such as the growth rate and impact of the current cost of living crisis on expected future transaction levels in the markets the Group operates in; and
- the comparison of the forecasts to recent financial performance, budgets approved by the Board and external market data and checking consistency with the information used to assess going concern.

We used our internal valuations experts to independently verify the discount rate and performed our own sensitivity analysis over the key valuation inputs.

Key observations

Based on the procedures performed, we found the judgements made by management in their impairment reviews to be appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality we use a lower materiality level, performance materiality, to determine

the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2022 £	2021 £	2022 £	2021 £
Materiality	455,000	465,000	432,000	441,000
Basis for determining materiality	5% of profit before tax		95% of Group materiality	
Rationale for the benchmark applied	Profit before tax is considered an appropriate benchmark as it is the key performance measure used by stakeholders to assess the Group's performance.		Capped at 95% of Group materiality given the assessment of the components' aggregation risk.	
Performance materiality	341,000	348,000	324,000	330,000
Basis for determining performance materiality	Performance materiality for the Group and parent company has been based upon 75% (2021: 75%) of materiality as there have been no significant changes in the Group's operations and there is a low expectation of known and likely misstatements and no history of significant internal control deficiencies.			

Our application of materiality continued

Component materiality

We set materiality for each component of the Group based on a percentage of between 29% and 95% (2021: between 34% and 95%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £130,000 to £432,000 (2021: from £156,000 to £441,000). In the audit of each component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £23,000 (2021: £23,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report and accounts 2022, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report

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

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report continued

To the members of Belvoir Group PLC

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

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

- enquiring of management and the Audit Committee, including obtaining and reviewing supporting documentation, concerning the policies and procedures of the Group and the parent company relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they had knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- obtaining an understanding of the legal and regulatory frameworks applicable to the Group and the parent company based on our understanding of the Group, sector experience and discussions with management and the Audit Committee. The most significant laws and regulations for the Group and the parent company are UK-adopted international accounting standards, the Companies Act 2006, corporate taxes and VAT legislation, employment taxes, health and safety, the Bribery Act 2010, the Housing Act and related legislation impacting the conduct of business with landlords and tenants; and
- discussing amongst the engagement team to assess how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas:
 - management override of controls; and
 - revenue recognition, specifically the manipulation of revenue using fraudulent journals.

Our procedures in response to the above included:

- enquiries of management and those charged with governance and reviewing correspondence with the relevant authorities to identify any irregularities, including fraud or instances of non-compliance with laws and regulations. We corroborated our enquiries through our review of Board meeting minutes;
- testing the appropriateness of accounting journals, including those relating to the consolidation process and other adjustments made in the preparation of the financial statements. We used data assurance techniques to identify and analyse the complete population of all journals in the year, using this information to identify any which we considered were indicative of management override. We also tested the manual journals posted in the recognition of the revenue. Testing over these journals was performed by agreeing to the relevant supporting documentation;

- reviewing the Group's accounting policies for non-compliance with the relevant accounting framework and testing disclosures to supporting documentation. Our work also included considering significant accounting estimates for evidence of misstatement or possible bias and testing any significant transactions that appeared to be outside the normal course of business; and
- assessing the appropriateness of the revenue recognition policies against the requirements of the applicable accounting standards and testing the application of the policies for a sample of transactions.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert for any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error as fraud may involve deliberate concealment by, for example, forgery or misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

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

Andrew Mair (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
Nottingham, UK
24 March 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Group statement of comprehensive income

For the financial year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Revenue	2	33,718	29,647
Cost of sales	3	(13,449)	(10,602)
Gross profit		20,269	19,045
Administrative expenses	3	(11,231)	(9,705)
Operating profit		9,038	9,340
Profit on disposal of corporate offices		149	—
Finance costs	5	(283)	(211)
Finance income	5	214	167
Profit before taxation		9,118	9,296
Taxation	6	(1,711)	(1,912)
Profit and total comprehensive income for the financial year		7,407	7,384
Profit for the year attributable to the equity holders of the parent company		7,407	7,384
Earnings per share attributable to equity holders of the parent company			
Basic	8	19.9p	20.4p
Diluted	8	19.6p	20.3p

The accompanying notes form an integral part of these consolidated financial statements.

Statements of financial position

As at 31 December 2022

	Notes	Group		Company	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Assets					
Non-current assets					
Intangible assets	9	37,308	34,761	3	—
Investments	10	—	—	44,956	44,656
Property, plant and equipment	11	540	501	42	21
Right-of-use assets	12	539	699	—	—
Trade and other receivables	13	1,741	1,788	—	—
		40,128	37,749	45,001	44,677
Current assets					
Trade and other receivables	13	6,759	5,605	7,982	6,830
Cash and cash equivalents	15	3,217	7,413	592	5,144
		9,976	13,018	8,574	11,974
Total assets		50,104	50,767	53,575	56,651
Liabilities					
Non-current liabilities					
Lease liabilities	12	378	522	—	—
Interest-bearing loans and borrowings	17	—	7,867	—	7,867
Deferred tax liability	22	2,545	2,872	11	5
		2,923	11,261	11	7,872
Current liabilities					
Trade and other payables	16	5,755	4,526	1,495	565
Lease liabilities	12	177	191	—	—
Interest-bearing loans and borrowings	17	2,039	861	2,039	861
Corporation tax liability		1,073	281	—	—
		9,044	5,859	3,534	1,426
Total liabilities		11,967	17,120	3,545	9,298
Total net assets		38,137	33,647	50,030	47,353
Equity					
Shareholders' equity					
Share capital	19	373	373	373	373
Share premium	19	13,159	13,159	13,159	13,159
Share-based payments reserve		491	238	491	238
Revaluation reserve		162	162	(50)	(50)
Merger reserve		(5,774)	(5,774)	8,101	8,101
Retained earnings		29,726	25,489	27,956	25,532
Total equity		38,137	33,647	50,030	47,353

The Company made a profit after tax in the year of £5,594,000 (2021: £7,418,000).

The financial statements on pages 55 to 81 were approved and authorised for issue by the Board on 24 March 2023 and signed on its behalf by:

Louise George

Chief Financial Officer

Registered number 07848163

The accompanying notes form an integral part of these consolidated financial statements.

Statements of changes in equity

For the financial year ended 31 December 2022

Group

	Notes	Share capital £'000	Share premium £'000	Share-based payments reserve £'000	Revaluation reserve £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2021		351	12,150	968	162	(5,774)	20,440	28,297
Changes in equity								
Issue of equity share capital	19	22	1,009	—	—	—	—	1,031
Share-based payments	25	—	—	223	—	—	—	223
Transfer upon exercise or cancellation of share options		—	—	(953)	—	—	953	—
Dividends	7	—	—	—	—	—	(3,288)	(3,288)
Transactions with owners		22	1,009	(730)	—	—	(2,335)	(2,034)
Profit and total comprehensive income for the financial year		—	—	—	—	—	7,384	7,384
Balance at 31 December 2021		373	13,159	238	162	(5,774)	25,489	33,647
Share-based payments	25	—	—	253	—	—	—	253
Dividends	7	—	—	—	—	—	(3,170)	(3,170)
Transactions with owners		—	—	253	—	—	(3,170)	(2,917)
Profit and total comprehensive income for the financial year		—	—	—	—	—	7,407	7,407
Balance at 31 December 2022		373	13,159	491	162	(5,774)	29,726	38,137

Company

	Notes	Share capital £'000	Share premium £'000	Share-based payments reserve £'000	Revaluation reserve £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2021		351	12,150	968	(50)	8,101	20,449	41,969
Changes in equity								
Issue of equity share capital	19	22	1,009	—	—	—	—	1,031
Share-based payments	25	—	—	223	—	—	—	223
Transfer upon exercise or cancellation of share options		—	—	(953)	—	—	953	—
Dividends	7	—	—	—	—	—	(3,288)	(3,288)
Transactions with owners		22	1,009	(730)	—	—	(2,335)	(2,034)
Profit and total comprehensive income for the financial year		—	—	—	—	—	7,418	7,418
Balance at 31 December 2021		373	13,159	238	(50)	8,101	25,532	47,353
Share-based payments	25	—	—	253	—	—	—	253
Dividends	7	—	—	—	—	—	(3,170)	(3,170)
Transactions with owners		—	—	253	—	—	(3,170)	(2,917)
Profit and total comprehensive income for the financial year		—	—	—	—	—	5,594	5,594
Balance at 31 December 2022		373	13,159	491	(50)	8,101	27,956	50,030

The accompanying notes form an integral part of these consolidated financial statements.

Statements of cash flows

For the financial year ended 31 December 2022

	Notes	Group		Company	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Operating activities					
Cash generated from/(used in) operating activities	20	10,828	10,338	(1,660)	(851)
Tax paid		(1,226)	(1,782)	—	—
Net cash flows generated from/(used in) operating activities		9,602	8,556	(1,660)	(851)
Investing activities					
Acquisitions net of cash acquired	23	(4,044)	(4,374)	(47)	(4,078)
Sale of assets held for sale	14	—	591	—	—
Capital expenditure on intangible trademark licences		(10)	—	(3)	—
Capital expenditure on property, plant and equipment	11	(144)	(101)	(34)	—
Disposal of corporate offices		691	—	—	—
Franchisee loans granted		(909)	(796)	—	—
Loans repaid by franchisees		771	1,015	—	—
Finance income received	5	214	167	41	—
Dividends received	20	—	—	7,300	9,000
Net cash flows (used in)/generated from investing activities		(3,431)	(3,498)	7,257	4,922
Financing activities					
Proceeds from share issue	19	—	1,031	—	1,031
Loan repayments		(6,758)	(890)	(6,758)	(890)
Equity dividends paid	7	(3,170)	(3,288)	(3,170)	(3,288)
Lease payments	12	(218)	(221)	—	—
Finance costs		(221)	(211)	(221)	(191)
Net cash used in financing activities		(10,367)	(3,579)	(10,149)	(3,338)
Net change in cash and cash equivalents		(4,196)	1,479	(4,552)	733
Cash and cash equivalents at the beginning of the financial year		7,413	5,934	5,144	4,411
Cash and cash equivalents at the end of the financial year		3,217	7,413	592	5,144

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the financial statements

For the financial year ended 31 December 2022

1 Accounting policies

General information

Belvoir Group PLC is the ultimate parent company of the Group, whose principal activity during the year under review was that of selling, supporting and training residential property franchises. The Group also operates a network of financial services advisers who, through our franchise property networks, provide advice to our residential property clients.

Belvoir Group PLC, a public company limited by shares listed on AIM, is incorporated and domiciled in the United Kingdom.

Registered office

The address of the registered office and principal place of business of Belvoir Group PLC is The Old Courthouse, 60A London Road, Grantham, Lincolnshire NG31 6HR.

Basis of preparation

The Group and Company financial statements have been prepared under the historical cost convention with the exception of the freehold property which has been revalued and certain financial assets which are included at fair value through profit or loss. Being listed on AIM, the Company is required to present its consolidated financial statements in accordance with UK-adopted international accounting standards and with those parts of the Companies Act 2006 applicable to companies reporting under International Financial Reporting Standards (IFRS).

Going concern

The Group continues to operate from a sound financial platform, is strongly cash generative and demonstrates excellent resilience throughout ever-changing market conditions. The base case forecasts indicate the Group will generate sufficient cash to support its growth ambitions, both organically and through acquisition of moderate-sized companies. Should the Board decide to make a substantial acquisition, then indications from the Group's bankers suggest they would be supportive of providing a new, larger facility.

The Board has nonetheless carried out stress-testing of its base case forecast including a 5% fall in lettings revenue, and 20% fall in both sales and financial services revenue in the period to 31 December 2024. Under such circumstances, the Board has concluded that the Group has adequate resources to continue in operational existence and to meet its financial obligations as they fall due in the period to 28 March 2024.

The bank balance as at the date of this report is £2.9m. The outstanding bank loan of £2.0m as at the year-end was fully repaid on 1 March 2023 and the Group has put in place an overdraft facility of £1.0m with HSBC to meet any short-term cash requirements.

In conclusion, the Board is satisfied that it remains appropriate to prepare these financial statements on a going concern basis and that no material uncertainties exist.

Standards adopted for the first time

The following standards, interpretations and amendments are effective for annual periods starting on or after 1 January 2022. Adoption of these standards has not had an impact on the Group's financial statements:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018–2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

Standards, amendments and interpretations to existing standards that are not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12).

The following amendments are effective for the period beginning 1 January 2024:

- IFRS 16 Leases (Amendment – Liability in a Sale and Leaseback);
- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-current); and
- IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants).

Notes to the financial statements continued

For the financial year ended 31 December 2022

1 Accounting policies continued

Standards, amendments and interpretations to existing standards that are not yet effective continued

The Group is currently assessing the impact of these new accounting standards and amendments. The Group does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities, as the conversion feature in its convertible debt instruments is classified as an equity instrument and, therefore, does not affect the classification of its convertible debt as a non-current liability.

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Group.

Basis of consolidation

The Group financial statements include those of the parent company and its subsidiaries, drawn up to 31 December 2022. Subsidiaries are entities over which the Group obtains and exercises control through voting rights. Income, expenditure, unrealised gains and intra-Group balances arising from transactions within the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

At the time of the IPO, the acquisition of the trading subsidiaries was achieved principally by way of share for share exchange and the difference between the par value of the shares issued and the fair value of the cost of investment was recorded as an addition to the merger reserve. The parent company statement of financial position shows a merger reserve of £8,101,000 and an investment of £12,450,000. On a Group basis, an accounting policy was adopted based on the pooling of interests method. Under this method, the financial statements of the parties to the combination are aggregated and presented as though the combining entities had always been part of the same group. The investment by Belvoir Group PLC in Belvoir Property Management (UK) Limited was eliminated and the difference between the fair value and nominal value of the shares was adjusted through the merger reserve in the Group statement of financial position.

Subsequent acquisitions of subsidiaries outside of common control business combinations are dealt with by the acquisition method. The acquisition method involves recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition.

Acquisitions which include an element of deferred consideration which is contingent on events after the acquisition date are recognised at the date of acquisition based on all information available at that date. Any subsequent changes to these amounts are recognised through the income statement.

Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of fair value of consideration transferred over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Acquisition-related transaction costs are recorded as an exceptional administrative expense in the Group statement of comprehensive income.

Goodwill is capitalised and reviewed annually for impairment. Goodwill is carried at cost less accumulated impairment losses. Negative goodwill (where the fair value of the assets acquired exceeds the purchase price) is recognised immediately after the acquisition in the Group statement of comprehensive income.

Revenue recognition

Revenue represents income from management service fees (MSF), fees from the sale of franchise licences (initial franchise fees), commission on resales of franchise offices, fees generated from corporate-owned offices and commission receivable on financial services.

MSF are invoiced to individual franchisees on a monthly basis in relation to a percentage of their turnover for any given month. They are recognised in the month in which the income is receivable.

Initial franchise fees are recognised upon signing of the contract as it is at this point that the new franchisee has a legal obligation to make good the terms of the contract. The initial fees are for branding, training, support and promotion during the opening phase of the new office. As such the Group regards this as a separate initial transaction for which it has fulfilled its obligations.

Corporate-owned offices are those that are operated directly by the Group and not by franchisees. These corporate offices invoice landlords on a monthly basis and so recognise the income during the period in which the work is carried out. Corporate revenue also arises from fees on property sales which are recognised by reference to the legal exchange date of the housing transaction as all obligations have been fulfilled at that point.

Commission from financial services is recognised on amounts receivable on a weekly basis from the Mortgage Advice Bureau on policies written by Brook Financial Services Ltd. There is a clawback of the commission on the cancellation of the life policy within four years of taking out the policy. The commission income is therefore considered to represent variable consideration and the transaction price of commission income is determined by using the expected value method, such that revenue is recognised only to the extent that it is highly probable that there will not be a significant reversal of revenue recognised in future periods. The sum of the range of probabilities of clawback in different scenarios based on historical trends is used to calculate the extent to which the variable consideration is reduced and a refund liability is recognised in current liabilities.

1 Accounting policies continued

Cost of sales

Costs attributable to cost of sales comprise amounts paid to advisers and introducer commission paid to companies in relation to financial services.

Dividend

Dividend income is recognised in the Company from its subsidiary companies when the right to receive payment is established.

Final dividends to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

Intangible assets

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 is charged on intangibles with a finite life. 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, as follows:

Trade names/brands	–	between 10 and 20 years
Customer relationships	–	15 years
Master franchise agreements	–	25 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 which have been identified separately are assessed as having a life reflecting their respective trading histories.

Acquired customer relationships 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, which is reassessed annually.

Acquired franchise master 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 a remaining life of 25 years as historical analyses show that, on average, 4% of franchises will change ownership p.a.

Subsequent to initial recognition, intangible assets are stated at deemed cost less accumulated amortisation and impairment charges.

Property, plant and equipment

Freehold land and buildings held at the date of transition to IFRS were measured at fair value, which became their deemed cost, and, going forward, these assets are carried at amortised cost, less accumulated depreciation and any provision for impairment. Other property, plant and equipment is stated at historical cost, less accumulated depreciation and any provision for impairment.

Depreciation is calculated so as to write off the cost or revaluation of an asset, less its estimated residual value, over the useful economic life of that asset, as follows:

Freehold land	–	not depreciated
Freehold property	–	2% straight line on cost
Fixtures and fittings	–	20% to 33% straight line on cost

Material residual value estimates and expected useful lives are updated as required.

The revaluation reserve reflects a revaluation of the freehold property to market value. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Leases

Right-of-use assets are stated 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 Group's incremental borrowing rate at commencement of the lease, less accumulated depreciation. Depreciation is calculated so as to write off the value of an asset over the lease term.

The lease liabilities associated with right-of-use assets 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 Group's incremental borrowing rate at commencement of the lease.

Low value and short-term leases have not been capitalised as right-of-use assets or recognised in the lease liability. The lease payments are charged to administrative expenses.

Notes to the financial statements continued

For the financial year ended 31 December 2022

1 Accounting policies continued

Impairment testing of goodwill, other intangible assets, and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (cash generating units). Typically, this will be at an acquired network or company level other than for certain corporate offices that have been brought back into the Group.

Goodwill is allocated to those cash generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash generating units are tested whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell, reflecting market conditions, and the value in use based on estimated future cash flows from each cash generating unit, discounted at a suitable rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures is directly linked to the Group's latest approved budgets, adjusted as necessary to exclude any future restructuring to which the Group is not yet committed.

Impairment losses for cash generating units reduce first the carrying value of any goodwill allocated to that cash generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. Impairment charges are included in operating costs in the statement of comprehensive income.

Investments

Investments in subsidiaries are stated at cost less provision for impairment.

Taxation

Current tax is the tax currently payable based on the taxable profit for the year.

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. 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 tax expense in the statement of comprehensive income, except where they relate to items that are charged or credited directly to equity, in which case the related deferred tax is also charged or credited directly to equity.

Client money

The Group holds client monies on behalf of landlords in separate bank accounts that do not form part of the financial statements.

Financial assets

The classification of financial assets is based on the way a financial asset is managed and its contractual cash flow characteristics.

Financial assets are measured at amortised cost if both of the following conditions are met and the financial asset or liability is not designated as at fair value through profit and loss (FVTPL):

- the financial asset is held with the objective of collecting or remitting contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Neither the Group nor Company has any financial assets measured at fair value through other comprehensive income (FVOCI); the treatment of financial instruments measured at FVTPL is set out below.

The amortised cost of financial assets is reduced by impairment losses as described below. Interest income, impairments and gains or losses on derecognition are recognised through the statement of comprehensive income.

Financial assets are initially measured at fair value; trade receivables are held at their original invoiced value, as the interest that would be recognised from discounting future cash flows over the short credit period is not considered to be material.

Impairment losses against financial assets carried at amortised cost are recognised by reference to any expected credit losses against those assets. The simplified approach for calculating impairment of financial assets has been used for trade receivables. Lifetime expected credit losses are calculated by considering, on a discounted basis, the cash shortfalls that would be incurred in various default scenarios over the remaining lives of the assets and multiplying the shortfalls by the probability of each scenario occurring. The allowance is the sum of these probability weighted outcomes. The loans to franchisees policy below sets out the impairment rules applied to them.

1 Accounting policies continued

Cash and cash equivalents

Cash and cash equivalents are defined as cash balances in hand and in the bank including short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Loans to franchisees

Impairment provisions against loans to franchisees are recognised based on an expected credit loss model. The methodology used to determine the amount of provision is based on whether there has been a significant increase in credit risk since initial recognition of these financial assets and is calculated by considering the cash shortfalls that would be incurred and probability of these cash shortfalls using the Group's model. Where a significant increase in credit risk is identified, lifetime expected credit losses are recognised; alternatively, if there has not been a significant increase in credit risk, a twelve-month expected credit loss is recognised. Such provisions are recorded in a separate allowance account with the loss being recognised within operating expenses in the statement of comprehensive income. On confirmation that the franchisee loan will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Other debtors

The Group recognises amounts withheld by Mortgage Advice Bureau from weekly commission payments in respect of unearned indemnity commission as a financial asset. This financial asset has no credit terms and management assesses that the credit risk and probability of default are low. As such no provision for impairment is made.

On a weekly basis the estimated clawback of commission recoverable from our advisers arising on the cancellation of life assurance policies within four years of inception is accounted for within other debtors. An assessment is made on the recoverability of these amounts and the Board has determined the expected credit loss within twelve months to be insignificant.

Amounts owed by Group undertakings

Amounts due from Group undertakings represent dividends due from the subsidiary at the year end and interest-free loans which are repayable on demand. In assessing the expected credit loss, the general approach has been applied. The subsidiary has resources to repay the amount outstanding at the year end on demand and as such the probability of default is considered to be very low and any expected credit loss is insignificant. There has been no change in credit risk since initial recognition.

Financial liabilities

Financial liabilities comprise trade payables, borrowings, lease liabilities and other short-term monetary liabilities, which are initially recognised at fair value net of transaction costs and subsequently carried at amortised cost using the effective interest method.

Refund liability

As there is a potential for clawback on financial services commissions, revenue is recognised only to the extent that it is highly probable that it will not reverse in future periods. The refund liability is recognised for indemnity commission if the highly probable test for revenue recognition has not been met. The refund liability is made against new written policies on a weekly basis to reflect the estimated clawback by Mortgage Advice Bureau (Holdings) plc. These clawbacks arise on the cancellation of life assurance policies within four years following inception.

Share-based employee remuneration

The Group operates the Belvoir Group Performance Share Plan 2017 (LTIP) and a Company Share Option Plan (CSOP) under which equity-settled share-based payments are issued to incentivise, retain and reward key Executive Directors and employees.

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value so determined is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. The level of vesting is reviewed annually, and the charge is adjusted to reflect actual and estimated levels of vesting.

The fair value of services received in return for share options granted is measured by reference to the fair value of share options. The estimate of the fair value of the services received is measured based on the Black Scholes option pricing model. This model takes into account the following variables: exercise price, share price at date of grant, expected term, expected share price volatility, risk-free interest rate and expected dividend yield. Expected volatility is estimated by considering historical average share price volatility.

Belvoir Group PLC has the obligation to settle the share-based payment transaction and as such recognises the award to employees of Belvoir Property Management (UK) Limited as an equity-settled transaction. Belvoir Group PLC does not have a direct investment in Belvoir Property Management (UK) Limited. However, to reflect the substance of the transaction, Belvoir Group PLC has recognised an investment in Belvoir Property Management (UK) Limited with a corresponding equity reserve. This investment is tested for impairment annually.

Notes to the financial statements continued

For the financial year ended 31 December 2022

1 Accounting policies continued

Equity

Equity comprises the following:

- share capital represents the nominal value of equity shares;
- share premium represents the excess over nominal value of the fair value of consideration received for shares, net of expenses of the share issue;
- share-based payments reserve represents the reserve arising from the fair value of the share options charge;
- revaluation reserve represents the accumulated net surplus on revaluation of freehold property;
- merger reserve represents the reserve arising in the Group and Company accounts following the application of merger accounting in the treatment of the reorganisation and flotation of the Group and Company; and
- retained earnings represent retained profits and losses.

Significant judgements and key sources of estimation uncertainty

The Group 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.

Significant judgements

Acquisition accounting

On acquisition the assets and liabilities acquired are assessed to determine the separable intangibles acquired and the fair value to be recognised on consolidation. The fair value of customer relationships, brands and master franchise agreements is recognised on each individual acquisition and requires the exercise of management judgement in each case to identify relevant assets. The assessment is based on management's knowledge of the sector and of the operating characteristics of the business acquired.

Key sources of estimation uncertainty

Carrying value of intangible assets

The carrying value of intangibles is subject to impairment review. In the current year intangible assets have been tested for impairment based on the Board approved cash forecast for the next five years which includes a sales growth rate and gross margin estimates.

The discount rate used to derive the present value of the cash flow is based on a WACC analysis which takes into account estimates of the risk-free rate, equity risk premium and company size premium. Further detail is given in note 9.

Carrying value of investments

The carrying value of investments in subsidiaries requires the exercise of management judgement in each case. This is assessed for impairment against the discounted cash flow for each cash generating unit based on management's estimates of growth and discount rates. Potential impairment of carrying values or changes to estimates can result in significant variations in the carrying value and amounts charged to the statement of comprehensive income in specific periods. Further details on the movement on investments are presented in note 10.

Useful lives

Customer relationships, master franchise agreements and brands are amortised over their useful lives. Useful lives are based on management's estimates of the period that the assets will generate revenue. Changes to the useful life would increase or decrease the level of amortisation charged to the income statement in the year.

Recoverability of franchise debtors

The recoverability of loans to franchisees is assessed by management by assessing the credit risk of each loan. A Board approved model is used to determine if there has been a significant increase in credit risk by comparing the carrying value of the loan to the underlying valuation of the franchisee using a revenue multiple and an assessment of current trading performance. The multiple is determined by historical data.

Refund liability

The liability relates to the estimated value of repaying commission received upfront on life assurance policies that may lapse in a period of up to four years following inception. The potential liability for unearned indemnity commission is assessed by management based on an estimation of the level of policy cancellation and the associated clawback of commission. The estimate is based on historical trends of cancellation in different scenarios and the liability is calculated as the sum of the range of probabilities of clawback in the different scenarios.

2 Segmental information

The Executive Committee of the Board, as the chief operating decision maker, reviews financial information for and makes decisions about the Group's overall business. In the year ended 31 December 2022 the Board identified two operating segments, that of franchisor of property agents and property-related financial services.

The Directors consider gross profit as the key performance measure. The reported segments are consistent with the Group's internal reporting for performance measurement and resource allocation.

Management does not report on a geographical basis and no customer represents greater than 10% of total revenue in either of the periods reported. The Directors believe there to be: three material property franchise income streams, which are management service fees, revenue from corporate-owned offices and fees on the sale or resale of franchise territory fees; and one material financial services income stream, which is commission receivable on financial services. These revenue streams are split as follows:

	Lettings		Property sales		Total revenue	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Management service fees	8,629	8,227	2,329	2,483	10,958	10,710
Corporate-owned offices	2,572	2,431	973	1,200	3,545	3,631
	11,201	10,658	3,302	3,683	14,503	14,341
Initial franchise fees and other resale commissions					461	314
Other income					614	555
Property franchise division					15,578	15,210
Financial services division					18,140	14,437
Total revenue					33,718	29,647

Gross profit for the two divisions is split as follows:

	Gross profit	
	2022 £'000	2021 £'000
Property franchise division	15,578	15,210
Financial services division	4,691	3,835
Total gross profit	20,269	19,045

Profit for the financial year

The parent company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own statement of comprehensive income in these financial statements. The profit on ordinary activities after taxation of the Company for the year was £5,594,000 (2021: £7,418,000).

3 Cost of sales and administrative expenses

Group

Cost of sales and administrative expenses (non-exceptional) by nature:

	2022 £'000	2021 £'000
Staff costs	8,741	7,361
Depreciation of property, plant and equipment and right-of-use assets	306	341
Amortisation of intangible assets	745	626
Marketing	425	336
Auditor's remuneration:		
– Fees payable to the Company's auditor for the audit of the Company's annual accounts	106	79
– Tax compliance services	12	15
– Tax due diligence	10	—
Other cost of sales and administrative expenses	14,335	11,549
	24,680	20,307

Notes to the financial statements continued

For the financial year ended 31 December 2022

4 Directors and employees**Group**

Staff costs (including Directors)

	2022 £'000	2021 £'000
Wages and salaries	7,461	6,131
Social security costs	825	840
Pension costs	202	167
Share-based payment charge	253	223
	8,741	7,361
The average monthly number of employees during the year was as follows:		
Management and administration	218	178

Key management personnel is defined as the Directors of the Group.

The Company has no employees.

Directors' remuneration

	2022 £'000	2021 £'000
Directors' emoluments	1,156	818
Social security costs	156	107
Share-based payment charge	181	183
Other pension costs	57	42
	1,550	1,150
Executive Directors	1,370	1,052
Non-Executive Directors	180	98
	1,550	1,150

The highest paid Director received remuneration of £490,000 (2021: £344,000).

5 Finance income and costs**Group**

Finance costs

	2022 £'000	2021 £'000
Bank interest	263	191
Interest on right-of-use assets	20	20
	283	211

Finance income

	2022 £'000	2021 £'000
Deposit account interest	60	—
Interest on franchisee loans	154	167
	214	167

6 Taxation

Group

	2022 £'000	2021 £'000
UK corporation tax at 19% (2021: 19%)		
Current taxation on profits for the year	1,909	1,138
Adjustments in respect of prior years	2	11
Deferred taxation origination and reversal of temporary differences	(200)	305
Impact of change in tax rate	—	458
Total tax charge in the statement of comprehensive income	1,711	1,912

Factors affecting the tax charge for the year:

	2022 £'000	2021 £'000
Profit before taxation	9,118	9,296
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	1,732	1,766
Tax effects of:		
– Expenses not deductible for tax purposes	45	184
– Adjustment in respect of prior years	2	11
– Remeasurement of deferred tax	(48)	458
– Recognition of deferred tax asset	(20)	(507)
Total tax charge in the statement of comprehensive income	1,711	1,912

7 Dividends

Group

	2022 £'000	2021 £'000
Final dividend for 2021		
4.5p per share paid 30 May 2022 (2021: 5.1p per share paid 16 June 2021 including 1.3p catch-up on final 2019 dividend)	1,678	1,796
Interim dividend for 2022		
4.0p per share paid 28 October 2022 (2021: 4.0p per share paid 29 October 2021)	1,492	1,492
Total dividend paid	3,170	3,288

The Directors propose a final dividend of 5.0p per share totalling £1,865,000 for 2022, payable 22 May 2023, to shareholders on the register on 11 April 2023. As this remains conditional on shareholders' approval, provision has not been made in these financial statements.

Notes to the financial statements continued

For the financial year ended 31 December 2022

8 Earnings per share**Group**

Earnings per share is calculated by dividing the profit for the financial year by the weighted average number of ordinary shares in issue during the year. Options over ordinary shares and rights of conversion are described in note 25. The calculation of diluted earnings per share is derived from earnings per share, adjusted to allow for the issue of shares under these instruments.

	2022	2021
	£'000	£'000
Profit for the financial year	7,407	7,384
	Number	Number
Weighted average number of ordinary shares		
Basic	37,292	36,142
Diluted	37,803	36,434
	Pence	Pence
Earnings per share		
Basic	19.9p	20.4p
Diluted	19.6p	20.3p

9 Intangible assets**Group**

	Brand £'000	Goodwill £'000	Master franchise agreements £'000	Customer relationships £'000	Total £'000
Gross carrying amount					
At 1 January 2021	583	20,189	10,595	1,232	32,599
Additions	211	2,937	373	1,924	5,445
At 31 December 2021	794	23,126	10,968	3,156	38,044
Additions (note 23)	13	3,879	69	58	4,019
Disposals	—	(145)	—	(582)	(727)
At 31 December 2022	807	26,860	11,037	2,632	41,336
Amortisation and impairment					
At 1 January 2021	139	—	1,966	552	2,657
Amortisation for the year	41	—	440	145	626
At 31 December 2021	180	—	2,406	697	3,283
Amortisation for the year	44	—	450	187	681
Amortisation on disposals	—	—	—	(57)	(57)
Impairment provision	—	1	—	120	121
At 31 December 2022	224	1	2,856	947	4,028
Net book value					
At 31 December 2022	583	26,859	8,181	1,685	37,308
At 31 December 2021	614	23,126	8,562	2,459	34,761

9 Intangible assets continued

Group continued

On 11 March 2022 Belvoir Group PLC acquired Mr and Mrs Clarke Ltd, a network of ten franchised personal estate agents.

On 23 May 2022 Brook Financial Services Ltd, a wholly owned subsidiary, acquired The TIME Group Ltd, a network of 63 mortgage advisers and 13 support staff and administrators. This transaction gave rise to additional goodwill of £3,717,000.

On 23 September 2022 White Kite Ltd sold a wholly owned subsidiary, White Kite (Burton) Limited, to the branch manager who now operates this branch as a franchise. This gave rise to a disposal against goodwill and customer relationships of £145,000 and £582,000 respectively.

Four London-based Belvoir territories came under corporate ownership in 2021. The estimated realisable value on disposal has been assessed by reference to the performance of the portfolio which resulted in an impairment provision of £120,000.

On the conversion of an independent estate agency in Worksop to a Newton Fallowell franchise office on 14 November 2022, Newton Fallowell acquired the goodwill for £42,000.

Goodwill is deemed to have an indefinite useful life. It is currently carried at cost and tested annually for impairment by reference to the value of the relevant cash generating units (CGUs) and their recoverable amount. The Group has defined its key CGUs as Northwood, Newton Fallowell, Lovelle, Brook (incorporating TIME), Nicholas Humphreys and corporate-owned Belvoir offices. Where the recoverable amount is less than the carrying value, an impairment arises. During the year, goodwill was tested for impairment, with no impairment charge arising.

	At 31 December 2021 £'000	Additions £'000	Disposals £'000	Impairment of goodwill £'000	At 31 December 2022 £'000
Newton Fallowell	5,869	42	—	(1)	5,910
Lovelle	589	—	—	—	589
Northwood	8,373	—	—	—	8,373
Brook (incorporating BMS and TIME)	5,747	3,717	—	—	9,464
Nicholas Humphreys	2,302	—	(145)	—	2,157
Mr and Mrs Clarke	—	120	—	—	120
Corporate-owned Belvoir offices	246	—	—	—	246
Total	23,126	3,879	(145)	(1)	26,859

The recoverable amount of all CGUs has been determined based on a value in use calculation. These calculations use pre-tax cash flow projections over a period of five years, using Board approved budgets for the period to 31 December 2023, followed by an annual growth rate of 2% followed by a terminal growth rate of 2% (2021: 2%), discounted at a pre-tax discount rate of 19.1% (2021: 16.6%) equivalent to the Group's weighted average cost of capital.

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

Company

During the year the Company incurred costs of £3,000 in renewing certain trademarks.

10 Investments

Investments in subsidiaries

	Company £'000
Cost	
At 1 January 2021	40,354
Additions	4,302
At 31 December 2021	44,656
Additions	300
At 31 December 2022	44,956
Provision for impairment	
At 1 January 2021, 31 December 2021 and 31 December 2022	—
Net book value	
At 31 December 2022	44,956
At 31 December 2021	44,656

Notes to the financial statements continued

For the financial year ended 31 December 2022

10 Investments continued

Investments in subsidiaries continued

On 11 March 2022 the Company acquired 100% of the share capital of Mr and Mrs Clarke Ltd for £47,000.

The remaining addition of £253,000 (2021: £223,000) related to the obligation to settle the share-based remuneration awarded to employees of Belvoir Property Management (UK) Limited.

As at 31 December 2022 the Company owned 100% of the ordinary share capital and voting rights of the following companies:

Subsidiary	Country of incorporation	Company number	Principal activity
Belvoir Property Management (UK) Limited ⁷	England and Wales	03141281	Property sales and lettings franchising
Newton Fallowell Limited ⁷	England and Wales	05372232	Property sales and lettings franchising
Northwood GB Limited ⁷	England and Wales	03570861	Property sales and lettings franchising
White Kite Holdings 2021 Limited ⁷	England and Wales	13208817	Holding company
White Kite Ltd ^{5,7}	England and Wales	04545088	Property sales and lettings franchising
White Kite (Derby) Limited ^{4,7}	England and Wales	13767602	Property sales and lettings franchising
White Kite (Leicester) Limited ^{4,7}	England and Wales	13767660	Property sales and lettings franchising
Mr and Mrs Clarke Ltd ⁷	England and Wales	09174353	Property sales and lettings franchising
Brook Financial Services Ltd ⁷	England and Wales	07311674	Financial services
The TIME Group Ltd ^{1,7}	England and Wales	10080298	Holding company
TIME Mortgage Experts Ltd ^{6,7}	England and Wales	08124266	Financial services
TIME Mortgage Experts 2 Ltd ^{6,7}	England and Wales	09277394	Financial services
TIME Mortgage Experts 3 Limited ^{6,7}	England and Wales	13072932	Financial services
Nicholas Humphreys Franchise Limited ⁴	England and Wales	04582891	Dormant
Brook Mortgage Services Limited ¹	England and Wales	03089887	Dormant
MAB (Gloucester) Limited ¹	England and Wales	09668913	Dormant
Purely Mortgage Consultants Limited ¹	England and Wales	06521922	Dormant
Goodchilds Estate Agents & Lettings Limited	England and Wales	05249161	Dormant
Claygold Property Limited ²	England and Wales	02649237	Dormant
Redwoods Estate Agents Limited ²	England and Wales	03416122	Dormant
Uplong Ltd ³	England and Wales	05816728	Dormant
Newton & Derry Limited ^{3,8}	England and Wales	03695733	Dormant

1. Subsidiary of Brook Financial Services Ltd.

2. Subsidiary of Belvoir Property Management (UK) Limited.

3. Subsidiary of Newton Fallowell Limited.

4. Subsidiary of White Kite Ltd.

5. Subsidiary of White Kite Holdings 2021 Limited.

6. Subsidiary of The TIME Group Ltd.

7. The Company has agreed to guarantee the liabilities of its trading subsidiaries, thereby allowing them to take exemption from an audit under Section 479A of the Companies Act 2006.

8. Newton & Derry was dissolved on 31 January 2023.

The registered office address for all subsidiary companies is the same as for the parent company (see note 1).

The carrying value of the investments has been considered for impairment and the Directors believe that the carrying value is supportable.

11 Property, plant and equipment

	Group				Company
	Freehold land £'000	Freehold property £'000	Fixtures and fittings £'000	Total £'000	Fixtures and fittings £'000
Cost					
At 1 January 2021	150	235	1,225	1,610	90
Additions	—	—	101	101	—
At 31 December 2021	150	235	1,326	1,711	90
Cost of assets acquired	—	—	13	13	—
Additions	—	—	144	144	34
Disposals	—	—	(1)	(1)	—
At 31 December 2022	150	235	1,482	1,867	124
Accumulated depreciation					
At 1 January 2021	—	59	1,040	1,099	53
Charge for the year	—	5	106	111	16
At 31 December 2021	—	64	1,146	1,210	69
Depreciation on assets acquired	—	—	10	10	—
Charge for the year	—	4	103	107	13
At 31 December 2022	—	68	1,259	1,327	82
Net book value					
At 31 December 2022	150	167	223	540	42
At 31 December 2021	150	171	180	501	21

12 Leases

Right-of-use assets

	Group			
	Property £'000	Motor vehicles £'000	Office equipment £'000	Total £'000
At 1 January 2021	365	86	4	455
Additions	423	65	—	488
Disposals	—	(14)	—	(14)
Amortisation	(152)	(77)	(1)	(230)
At 31 December 2021	636	60	3	699
Additions	80	18	—	98
Disposals	(59)	—	—	(59)
Amortisation	(168)	(29)	(2)	(199)
At 31 December 2022	489	49	1	539

Notes to the financial statements continued

For the financial year ended 31 December 2022

12 Leases continued**Lease liabilities**

	Group			Total £'000
	Property £'000	Motor vehicles £'000	Office equipment £'000	
At 1 January 2021	375	85	4	464
Additions	423	65	—	488
Disposals	—	(18)	—	(18)
Interest expense	17	3	—	20
Lease payments	(164)	(75)	(2)	(241)
At 31 December 2021	651	60	2	713
Additions	79	18	—	97
Disposals	(58)	—	—	(58)
Interest expense	19	2	—	21
Lease payments	(187)	(30)	(1)	(218)
At 31 December 2022	504	50	1	555

Maturity of lease liabilities

	Group				Total £'000
	Up to 6 months £'000	6–12 months £'000	1–5 years £'000	Over 5 years £'000	
At 31 December 2022	89	88	310	68	555
At 31 December 2021	101	90	436	86	713

13 Trade and other receivables

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Current				
Trade receivables	1,945	1,616	—	—
Loans to franchisees	1,004	805	—	—
Other debtors	2,883	2,300	—	—
Prepayments	312	405	112	59
Accrued income	615	479	—	—
Amounts owed by Group undertakings	—	—	7,870	6,771
	6,759	5,605	7,982	6,830
Non-current				
Loans to franchisees	1,741	1,788	—	—

As at 31 December 2022 trade receivables of £1,684,000 (2021: £1,460,000) were not due. The expected loss rates are based on the Group's historical credit losses experienced over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macro-economic factors affecting the Group's customers and isolated items not deemed to be indicative of future credit losses. Trade receivables are collected using direct debit and historical credit losses are immaterial. At 31 December 2022 the Group has recognised a lifetime expected credit loss of £nil (2021: £32,000).

13 Trade and other receivables continued

At the year end £115,000 (2021: £26,000) of the franchise loan repayments were past the due date. Loans to franchisees are spread across varying terms. In determining the lifetime expected credit losses, the Board considers the recoverability of all indebtedness from franchisees. There have been no changes to the estimation techniques or the significant assumptions made during the financial year. The recoverable amount is assessed by management as being the average of the multiples paid in acquiring portfolios during the year on behalf of our franchisees under our assisted acquisitions programme. Where relevant, forward-looking information has been incorporated into management's assessment. The franchisee indebtedness risk profile has been assessed as follows:

- lower risk: loans where recoverable amounts are higher than indebtedness and the probability of default is considered less than 1%, the impact of which would not be material; and
- higher risk (significant increase in credit risk): loans where recoverable amounts are lower than indebtedness.

During the year the lifetime expected credit loss on franchisee indebtedness was increased by £nil (2021: £119,000).

	Group	
	2022 £'000	2021 £'000
Lower risk gross carrying value amount	2,745	2,315
Loss provision	—	—
Lower risk net carrying value amount	2,745	2,315
Higher risk gross carrying value amount	—	291
Loss provision:		
At 1 January	(13)	(252)
Utilised during the year	—	358
Released during the year	13	—
Increase in provision during the year	—	(119)
At 31 December	—	(13)
Higher risk net carrying value amount	—	278
Total net carrying value amount	2,745	2,593

Included within other debtors is £706,000 (2021: £576,000) due from advisers relating to commissions that are refundable to the Group when a life policy is cancelled within 48 months of the policy being written. As these balances have no credit terms, they can be recovered directly from subsequent new business entered into with the financial adviser.

Amounts owed by Group undertakings are due on demand and interest free. In assessing the expected credit loss, the general approach has been applied. Based upon historical performance and forward-looking factors, the subsidiary has resources to repay the amount outstanding at the year end; as such the probability of default is considered to be very low and any expected credit loss is insignificant. There has been no change in credit risk since initial recognition.

14 Assets held for sale

Group

	Total £'000
At 1 January 2021	591
Disposals	(591)
At 31 December 2021	—
At 31 December 2022	—

The acquisition of Lovelle in January 2020 included five corporate-owned offices that were held for resale, of which four were franchised in 2020. On 15 January 2021, the remaining Grimsby Lettings office was franchised to the branch manager for £591,000.

Notes to the financial statements continued

For the financial year ended 31 December 2022

15 Cash and cash equivalents

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Cash and cash equivalents	3,217	7,413	592	5,144

16 Trade and other payables

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Current				
Trade payables	1,120	808	48	4
Refund liability	2,075	1,548	—	—
Other taxes and social security	852	664	—	24
Accruals	976	957	103	74
Deferred income	89	123	—	—
Other creditors	643	426	—	7
Amounts owed to Group undertakings	—	—	1,344	456
	5,755	4,526	1,495	565

17 Borrowings

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Current				
Bank loans – term loan	2,039	861	2,039	861
Long term				
Bank loans – term loan	—	7,867	—	7,867
	2,039	8,728	2,039	8,728

All current amounts are short term and their carrying values are considered reasonable approximations of fair value.

18 Maturity of borrowings

	2022 £'000	2021 £'000
Group and Company		
Repayable in less than six months	2,064	519
Repayable in seven to twelve months	—	514
Current portion of long-term borrowings	2,064	1,033
Repayable in years one to five	—	7,906
Total borrowings	2,064	8,939
Less: interest included	(25)	(211)
Total debt	2,039	8,728
Less: cash and cash equivalents	(3,217)	(7,413)
Net (cash)/debt	(1,178)	1,315

Borrowings comprise a term loan of £2,046,000 (2021: £8,764,000) secured by a fixed and floating charge over the Group assets. The outstanding balance was settled in full by March 2023. Interest was charged at 1.95% over the Bank of England base rate. The arrangement fee of £144,000 is being amortised over the life of the loan, which gave rise to a charge to the profit and loss account of £29,000 (2021: £29,000). All bank covenants were complied with throughout the year.

19 Called up share capital

	2022		2021	
	Number	£'000	Number	£'000
Group and Company				
Allotted, issued and fully paid				
Ordinary shares of 1p each	37,292,113	373	37,292,113	373
		Group and Company Number	Nominal share capital £'000	Share premium £'000
At 1 January 2021		35,122,005	351	12,150
Issue of shares during the year:				
8 January 2021 – share price 98p		30,612	—	30
15 January 2021 – share price 98p		61,224	1	59
11 March 2021 – share price 98p		12,000	—	12
10 June 2021 – share price 1p		687,709	7	—
10 June 2021 – share price 132p		260,000	3	341
10 June 2021 – share price 98p		57,612	1	56
13 July 2021 – share price 132p		60,000	1	79
13 July 2021 – share price 116p		20,000	—	23
13 July 2021 – share price 98p		10,000	—	9
15 July 2021 – share price 98p		30,612	—	30
11 August 2021 – share price 98p		10,000	—	10
9 September 2021 – share price 132p		235,000	2	307
9 September 2021 – share price 116p		20,000	—	23
9 September 2021 – share price 98p		30,612	—	30
9 September 2021 – share price 1p		644,727	7	—
		2,170,108	22	1,009
At 31 December 2021		37,292,113	373	13,159
At 31 December 2022		37,292,113	373	13,159

Notes to the financial statements continued

For the financial year ended 31 December 2022

20 Reconciliation of profit before taxation to cash generated from operations**Group**

	2022 £'000	2021 £'000
Profit before taxation	9,118	9,296
Depreciation and amortisation charges	930	967
Impairment of intangibles and goodwill	121	—
Profit on disposal of corporate office	(149)	—
Share-based payment charge	253	223
Impairment of franchisee loan book	—	85
Amortisation of debt costs	29	29
Finance costs	262	191
Interest paid on lease liabilities	21	20
Finance income	(214)	(167)
	10,371	10,644
Increase in trade and other receivables	(955)	(186)
Increase in trade and other payables	1,228	—
Trade and other receivables acquired	1,391	—
Trade and other payables acquired	(1,207)	(120)
Cash generated from operations	10,828	10,338

Company

	2022 £'000	2021 £'000
Profit before taxation	5,600	7,418
Dividend received	(7,300)	(9,000)
Amortisation of debt costs	29	29
Finance income	(41)	—
Finance costs	262	191
Depreciation and amortisation charges	13	16
	(1,437)	(1,346)
(Increase)/decrease in trade and other receivables	(1,152)	9
Increase in trade and other payables	929	486
Cash used in operations	(1,660)	(851)

21 Financial instruments**Capital management policy**

The Group manages its capital to ensure its operations are adequately provided for as described below. The principal risks faced by the Group are detailed on pages 33 to 35. The Group's objective when managing capital is to safeguard its ability to continue as a going concern and so provide increasing shareholder value. The Group is meeting this objective through a combination of underlying organic growth and targeted growth by acquisition, which will generate regular and increasing returns to shareholders.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to the shareholders comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity.

Financial instruments – risk management

The Group is exposed through its operations to the following financial risks:

- interest rate risk;
- credit risk; and
- liquidity 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. Further quantitative information in respect of these risks is presented throughout these financial statements. 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.

21 Financial instruments continued

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are included in the summary below.

Summary of financial assets and financial liabilities by category:

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Financial assets				
Trade receivables	1,945	1,616	—	—
Other receivables	3,498	3,989	7,870	6,771
Loans to franchisees	1,004	805	—	—
Cash and cash equivalents	3,217	7,413	592	5,144
	9,664	13,823	8,462	11,915

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Financial liabilities				
Trade payables	1,120	808	48	4
Refund liability	2,075	1,548	—	—
Loans and borrowings	2,039	8,728	2,039	8,728
Other creditors	512	426	—	—
Lease liabilities	555	713	—	—
	6,301	12,223	2,087	8,732

Maturity analysis of financial liabilities:

In less than one year

Trade payables	1,120	808	48	4
Refund liability	2,075	1,548	—	—
Loans and borrowings	2,039	861	2,039	861
Other creditors	512	426	—	—
Lease liabilities	177	191	—	—
	5,923	3,834	2,087	865

In more than one year

Lease liabilities	378	522	—	—
Long-term borrowings	—	7,867	—	7,867
	378	8,389	—	7,867

All of the financial assets and liabilities above are carried in the statement of financial position at amortised cost. The above amounts reflect the contractual undiscounted cash flows, including future interest charges, which may differ from carrying values of the liabilities at the reporting date.

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 Group's finance function. The Board receives monthly reports 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 overleaf.

Notes to the financial statements continued

For the financial year ended 31 December 2022

21 Financial instruments continued**Interest rate risk**

Interest rate risk arises from the Group's management of interest-bearing assets and liabilities.

The Group does not use hedging products to manage interest rate risk but uses treasury products for deposits until such time as required for acquisitions as part of the Group's acquisition strategy.

Credit risk

Credit risk is the risk of financial loss to the Group if a franchisee or a 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.

The highest risk exposure is in relation to loans to franchisees and their ability to service their debt. The Directors have established a credit policy under which each new franchisee is analysed individually for creditworthiness before a franchise is offered. The Company's review includes external ratings, when available, and in some cases bank references. The Group does not consider that it has a significant concentration of credit risk.

The credit risk for liquid funds and other short-term financial assets is considered small. The substantial majority of these assets are deposited with HSBC.

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 developments, the Group monitors forecast cash inflows and outflows on a monthly basis.

Fair values of financial instruments

Financial assets and liabilities are carried at amortised cost which equates to fair value. The Group's management assessed that the fair values of cash, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

22 Deferred taxation

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Balance at 1 January	2,872	1,446	5	5
Attributable to intangible assets	(127)	631	—	—
(Credited)/charged to the income statement	(200)	795	6	—
Balance at 31 December	2,545	2,872	11	5
Deferred taxation has been provided as follows:				
Attributable to intangible assets	2,596	2,862	—	—
Accelerated capital allowances	86	120	11	5
Recognition of deferred tax asset short-term timing differences	(137)	(110)	—	—
	2,545	2,872	11	5

The March 2021 Budget commitment to increase corporation tax to 25% with effect from April 2023 was substantially enacted in May 2021. As a result, deferred tax balances expected to reverse after April 2023 were remeasured at 25% in 2021. There are no temporary differences for which deferred tax balances are unrecognised.

23 Acquisitions

Belvoir Group PLC acquired Mr and Mrs Clarke Ltd (MMC), a network of personal estate agents operating through ten partners and associates, on 11 March 2022 for cash consideration of £47,000. The acquisition provides a platform from which to build the Group's personal agency model.

Brook Financial Services Ltd acquired The TIME Group Ltd (TIME), a network of 63 mortgage advisers, on 23 May 2022 for cash consideration of £4,488,000.

For both acquisitions, the goodwill represents the value attributable to the new businesses and the assembled and trained workforce.

The above transactions met the definition of a business combination and have been accounted for using the acquisition method under IFRS 3. The assets and liabilities below are shown at their provisional fair values as at acquisition.

On the conversion of an independent estate agency in Worksop to a Newton Fallowell franchise office on 14 November 2022, Newton Fallowell acquired the goodwill for £42,000.

	NF Worksop £'000	Mr and Mrs Clarke £'000	The TIME Group £'000	Total £'000
Intangible assets – master franchise agreement	—	69	—	69
Intangible assets – trade names	—	13	—	13
Intangible assets – website	—	48	—	48
Tangible assets	—	—	2	2
Trade and receivables	—	62	1,329	1,391
Cash	—	—	403	403
Trade and other payables	—	(244)	(963)	(1,207)
Deferred tax liabilities	—	(21)	—	(21)
Identifiable net assets/(liabilities) acquired	—	(73)	771	698
Goodwill on acquisition	42	120	3,717	3,879
Consideration	42	47	4,488	4,577
Consideration settled in cash	42	47	4,358	4,447
Deferred consideration	—	—	130	130
Consideration settled in cash	42	47	4,488	4,577

Post-acquisition financial results

	Mr and Mrs Clarke £'000	The TIME Group £'000	Total £'000
Revenue	128	2,727	2,855
Profit/(loss)	(195)	359	164

If the acquisitions had completed on the first day of the financial year, Group revenues would have been £35.7m and Group profit before tax would have been £9.3m.

Notes to the financial statements continued

For the financial year ended 31 December 2022

24 Related party disclosures

In the nine months to 30 September 2022 the Group paid fees of £61,000 (2021: £55,000) to The Property Ombudsman Limited, a company of which Michael Stoop is a director. The balance outstanding as at 31 December 2022 in respect of those fees was £nil (2021: £nil).

During 2022, emoluments were paid to a person related to a Director of £9,310 (2021: £950). The amount paid was commensurate with other employees performing a similar role with a similar level of qualification and experience.

During the year the Directors received the following dividends from their shareholdings:

	28 October 2022	30 May 2022	29 October 2021
	2022 interim £'000	2021 final £'000	2021 interim £'000
Dorian Gonsalves	26	29	26
Louise George	16	18	16
Mark Newton	17	20	17
Michelle Brook	19	21	—
Jon Di-Stefano	—	—	—
Michael Stoop	—	1	1
Paul George	1	1	1
Total dividends	79	90	61

During the year Belvoir Group PLC received a dividend of £7.3m (2021: £9.0m) from its subsidiary companies.

At the year end the Company was owed/(owing) the following amounts by/(to) subsidiary companies, all of which are payable on demand:

	2022 £'000	2021 £'000
Belvoir Property Management (UK) Limited	(702)	5
Newton Fallowell Limited	930	1,370
Northwood GB Limited	(287)	20
Brook Financial Services Ltd	6,730	5,376
Mr and Mrs Clarke Ltd	210	—
Goodchilds Estate Agents & Lettings Limited	(1)	(1)
White Kite Ltd	(354)	(456)

25 Share-based employee remuneration

The following share options issued were outstanding as at 31 December 2022:

Share option scheme	Date of issue	Quantity	Exercise price £	Vesting period	Expiry date
Long-term incentive plan	02/08/2022	329,265	0.01	2 years and 8 months	02/08/2032
Long-term incentive plan	30/06/2021	532,142	0.01	2 years and 9 months	30/06/2031
Company Share Option Plan	28/01/2020	213,365	1.48	3 years	27/01/2030
		1,074,772			

The movement in the number of share options was as follows:

	2022 Number	2021 Number
Share option movement		
At 1 January	785,507	2,443,473
Options granted in the year	329,265	635,183
Recognition of dividend equivalents upon options vested	—	—
Options exercised in the year	—	(2,170,108)
Options lapsed in the year	(40,000)	(123,041)
At 31 December	1,074,772	785,507
Exercisable at the end of the year	Nil	Nil

Options have been valued using the following inputs to the Black Scholes model:

	CSOP 2020	LTIP 2021	LTIP 2022
Expected volatility (based on closing prices in the year prior to issue)	40%	30%	30%
Expected life	3 years	3 years	3 years
Risk-free rate	0.5%	0.5%	0.5%
Expected dividend yield	4.60%	3.75%	3.90%

The Group recognised the following expenses relating to equity-settled share-based transactions:

	2022 £'000	2021 £'000
Employee benefits (note 4)	253	223

26 Contingent liabilities

Belvoir Group PLC and its subsidiaries have a cross-company guarantee, which creates a fixed and floating charge on the assets of each company. As at 31 December 2022 the outstanding contingent liability under this agreement amounted to £2,046,000 (2021: £8,764,000), which was fully settled on 1 March 2023.

27 Post balance sheet event

On 1 March 2023 the Nicholas Humphreys Derby office was franchised to the branch manager for £513,000.

Notice of Annual General Meeting

Belvoir Group PLC

Notice is hereby given that the Annual General Meeting of Belvoir Group PLC (the "Company") will be held at Belvoir's Central Office, The Old Courthouse, 60A London Road, Grantham, Lincolnshire NG31 6HR, at 10 am on 18 May 2023 for the purpose of considering and, if thought fit, passing the following resolutions. Resolutions 1–6 will be proposed as ordinary resolutions and resolutions 7–9 will be proposed as special resolutions.

Ordinary resolutions

1. Report and accounts

To receive the Company's financial statements for the financial year ended 31 December 2022, together with the Directors' and the auditor's reports thereon.

2. Declaration of dividend

To declare a final dividend for the financial year ended 31 December 2022 of 5p per ordinary share payable on 22 May 2023.

3. Re-appointment of auditor

To re-appoint BDO LLP as auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting of the Company at which the Company's accounts are laid.

4. Auditor's remuneration

To authorise the Directors of the Company (the "Directors") to determine the auditor's remuneration.

5. Re-appointment of Dorian Gonsalves

To re-appoint Dorian Gonsalves, who retires by rotation and offers himself for re-election under Article 71 of the Company's Articles of Association, as Director.

6. Re-appointment of Mark Newton

To re-appoint Mark Newton, who retires by rotation and offers himself for re-election under Article 71 of the Company's Articles of Association, as Director.

Special resolutions

7. Directors' authority to allot shares

That the Directors of the Company be and are hereby generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (as amended) (the "Act") to exercise all the powers of the Company to allot shares in the Company, or to grant rights to subscribe for or to convert any security into shares in the Company (such shares and such rights to subscribe for or to convert any security into shares in the Company being "equity securities") being on such terms and in such manner as they shall think fit, provided that this authority shall be limited to the allotment of equity securities up to a maximum aggregate nominal amount of £124,348, being one-third of the nominal value of the Company's share capital, at any time (unless and to the extent previously renewed, revoked or varied by the Company in general meeting) during the period from the date hereof until the conclusion of the next Annual General Meeting of the Company or 15 months after the passing of this resolution (whichever is earlier), provided that the Directors of the Company may make an offer or enter into an agreement which would or might require equity securities to be allotted, offered or otherwise dealt with or disposed of after the expiry of such authority and the Directors of the Company may allot any equity securities after the expiry of such authority in pursuance of any such offer or agreement as if this authority had not expired.

8. Directors' powers to issue shares for cash

That the Directors of the Company be given power pursuant to Sections 570 and 573 of the Act to allot equity securities (as defined by Section 560 of the Act) of the Company for cash pursuant to the authority conferred by resolution 7 as if Section 561 of the Act did not apply to any such allotment. This power is limited to the allotment of equity securities up to a maximum aggregate nominal amount of £37,304 (being equal to 10% of the Company's share capital) and otherwise to the allotment of equity securities for cash in connection with a rights issue or other pre-emptive offer to holders of ordinary shares where the equity securities respectively attributable to the interest of such holders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them, but subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient to deal with any fractional entitlements or any legal or practical problems under the laws of, or the requirements of any regulatory body or any recognised stock exchange in, any territory, in each case at any time (unless the authority conferred by resolution 8 is previously renewed, revoked or varied) until the conclusion of the next Annual General Meeting of the Company or 15 months after the passing of this resolution (whichever is earlier), provided that before any such expiry the Directors of the Company may make an offer or enter into an agreement which would or might require equity securities to be allotted after the expiry of such power and the Directors of the Company may allot equity securities after such expiry under this power in pursuance of any such offer or agreement as if this power had not expired.

The power granted by this resolution applies in relation to any sale or shares in an allotment of equity securities by virtue of Section 560(3) of the Act as if in the first paragraph of this resolution the words "pursuant to the authority conferred by paragraph 6 of this resolution" were omitted.

The authority granted by this resolution shall replace all existing authorities to allot any shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company previously granted to the Directors pursuant to Sections 551, 570 and 573 of the Companies Act 2006, save for any existing authorities in respect of options granted to employees.

9. Authority to purchase shares (market purchases)

That the Company be and is hereby unconditionally and generally authorised for the purposes of Section 701 of the Act to make market purchases (within the meaning of Section 693(4) of the Act) of its ordinary shares of 1p each ("Ordinary Shares") provided that:

- (i) the maximum number of Ordinary Shares authorised to be purchased is 3,730,443;
- (ii) the minimum price which may be paid for any such Ordinary Share is 1p;
- (iii) the maximum price which may be paid for an Ordinary Share shall be the higher of:
 - a. an amount equal to 105% of the average middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased; and
 - b. the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out; and
- (iv) this authority shall, unless previously renewed, revoked or varied, expire on the earlier of the date falling 15 months after the date of the passing of this resolution and the conclusion of the next AGM, but the Company may enter into a contract for the purchase of Ordinary Shares before the expiry of this authority which would or might be completed (wholly or partly) after its expiry.

The Directors have no present intention to make such market purchases but consider it desirable for the proposed general authority from shareholders to be available providing the flexibility to do so.

By order of the Board

Louise George

Company Secretary

Notes:

1. Please arrive 15 minutes prior to the start of the meeting.
2. A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote on his or her behalf. A proxy need not be a member of the Company.
3. Completion and return of a form of proxy does not preclude a member from attending and voting at the meeting in person should he or she wish.
4. A form of proxy is available on the Company's website, www.belvoirgroup.com, or by request from the Company Secretary. To be valid for use at the Annual General Meeting, the form of proxy must be completed, signed and returned in accordance with the instructions printed on it, to Belvoir Group PLC's registrar, Computershare Investor Services PLC, at The Pavilions, Bridgwater Road, Bristol BS99 6ZY, so as to be received as soon as possible but in any event not later than 10 am on Tuesday 16 May 2023.
5. As permitted by Regulation 41 of the Uncertificated Securities Regulations 2001, members who hold shares in uncertificated form must be entered on the Company's register of members by 6 pm on 16 May 2023 in order to be entitled to attend and/or vote at the meeting in respect of the number of shares registered in their name at such time. Changes to entries on the register of members after that time will be disregarded in determining the rights of any person to attend and/or vote at the meeting.
6. Copies of the Directors' service contracts will be available for inspection at the registered office of the Company during normal business hours.

Corporate information

Board of Directors

Jon Di-Stefano

Non-Executive Chairman

Dorian Gonsalves

Chief Executive Officer

Louise George

Chief Financial Officer

Michelle Brook

Financial Services Director

Paul George

Non-Executive Director

Mark Newton

Non-Executive Director

Company Secretary

Louise George, FCA, ACIS

Registered office

The Old Courthouse
60A London Road
Grantham
Lincolnshire
NG31 6HR

Registered number

07848163

Country of incorporation

England and Wales

Website

www.belvoirgroup.com

Nominated adviser and broker

finnCap Limited

1 Bartholomew Close
London
EC1A 7BL

Independent auditor

BDO LLP

Chartered Accountants
and Statutory Auditor
Water Court
116–118 Canal Street
Nottingham
NG1 7HF

Principal banker

HSBC UK plc

Donington Court
Pegasus Business Park
Herald Way
East Midlands
DE74 2UZ

Registrar and transfer office

Computershare Investor Services PLC

The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

Lawyers

Browne Jacobson

Mowbray House
Castle Meadow Road
Nottingham
NG2 1BJ

Hamilton Pratt

Franchise House
3a Tournament Court
Tournament Fields
Warwick
CV34 6LG

Corporate calendar

Preliminary announcement of full year results

27 March 2023

Annual report

Posting date

11 April 2023

Available on the Company's website, www.belvoirgroup.com

11 April 2023

Dividend dates

Ex-dividend date

6 April 2023

Record date

11 April 2023

Payment date

22 May 2023

Annual General Meeting

18 May 2023

Half year results

On or around 4 September 2023

Our awards

Corporate & Financial Awards 2022

Bronze award for Best Printed Report



AIM Awards 2022

Shortlisted for Best Investor Communication Award

MAB Awards 2022

Gold award for Top Business – 16+ Advisers



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designportfolio



Belvoir Group PLC

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